

**VILLAGE OF SHERBURNE  
15 WEST STATE STREET  
SHERBURNE, NEW YORK 13460**

September 9, 2014

Hon. Kathleen H. Burgess, Secretary  
New York State Public Service Commission  
Empire State Plaza  
Agency Building 3  
Albany, New York 12223-1350

Dear Secretary Burgess:

Re: Village of Sherburne - Electric Rates

Enclosed please find an electronic copy of the revised Leaf Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 of PSC No. 1 - Electricity for the Village of Sherburne (Village), issued September 9, 2014, to be effective February 1, 2015.

The proposed Tariff Leaves will increase the base revenue portion (customer charge and energy charge) of the monthly bill of a residential customer using 750 kilowatt-hours from \$39.41 to approximately \$42.71, or 8.37%. The proposed change will increase the Village's normalized annual base revenues by \$300,000 (from \$2,228,604 to \$2,528,604). The filing is a "mini-filing" under the Commission's Rules of Procedures, and a hearing is not required.

**The Village**

The Village operates a municipal electric utility in the Village of Sherburne, New York. It is governed by a Mayor and Board of Trustees and provides service to approximately 2,400 customers. The Village's service area is located at the northern border of New York's Chenango County. The average number of customers has remained consistent over the last several years; with little or no growth expected in the near term. The quality of service is excellent with no complaints. The electric safety record of the Village is excellent. The Village's Electric Department is well managed and professionally operated.

The Village continues to be an efficient and successful public power community. The Village will continue to provide safe, reliable, low cost power to its customers. Recognizing the need to use its low cost power prudently and efficiently, the Village will continue its programs promoting energy efficiency and strategically invest in economic development.

**The Rate Filing**

The Village's last rate increase was approximately 22 years ago with an effective date of December 1, 1992. There are two primary reasons for the current rate increase. First, the Village's rate of return on surplus for fiscal year 2014 (its most recent year end) was in a negative position at (3.12)%. The forecasted rate of return on surplus, before the requested revenue increase, is expected to be negative (4.91) %. The negative rate of return generated in the most recent historic year (as well as the recent previous years) is due to the fact that the rate base and operating costs have grown considerably since

Hon. Kathleen H. Burgess, Secretary  
New York State Public Service Commission  
September 9, 2014  
Page 2

the last rate increase. With the proposed change in base revenues, the rate of return on surplus will be 2.74%.

Second, more than half of the Village's expenses are related to purchased power expense with the next largest expense item being labor and fringe benefits. These costs continue to increase because of outside forces, and the Village's wishes to pay competitive wages and benefits in order to retain the existing workforce.

In addition, the Village has identified certain capital improvements necessary to keep the system in good repair. These capital improvements will be financed through existing depreciation cash reserves, however, as a by-product of this requested rate increase, the Village intends to replenish those reserves over time, with increased cash flows.

This filing requests an increase in base revenues of approximately \$300,000 which allows the Village to file as a "mini-filing" under the Commission's Rules and Regulations.

The Village has made significant efforts to increase opportunistic revenues and revenue sources and to economize and improve efficiencies to generate cash flows. These efforts have not been sufficient to offset rising mandated costs, inflation, and the impact of reduced demand.

The Village's proposed rate design was structured so that each customer class would receive the same rate increase. The Village also proposes a fixed factor of adjustment of 1.055932, the average factor of adjustment over the last six years, to be applied to its customer billings, via the Purchased Power Adjustment.

In addition, the revised tariff includes the Village's desires to perform an annual reconciliation of its Purchased Power Adjustment to determine whether there was an under or over billing of purchased power expense during the preceding year.

The filing provides an ample basis for the Commission to process the application expeditiously. The filing contains three years of income statements and projections of revenues, expenses, and rate base. The filing is based on fiscal year February 28, 2014, data, the Village's most recent year-end for which data is available. The Village has detailed back-up workpapers supporting the rate request and will provide them to staff in electronic and hard copy format upon request.

#### **Public Notice**

The Village will individually notify each of its customers regarding the rate request via mail. Notice will also be made to the public in a local newspaper for four (4) consecutive weeks.

#### **Further Information**

The Village asks that questions regarding this filing be directed to:

Ione A. Rogers, Village Clerk-Treasurer  
Village of Sherburne  
15 West State Street, P.O. Box 704  
Sherburne, New York 13460  
Tel: (607) 674-2300  
sherbvil@frontiernet.net

Hon. Kathleen H. Burgess, Secretary  
New York State Public Service Commission  
September 9, 2014  
Page 3

The Village also utilized the assistance of William C. Freitag, CPA, of SaxBST LLP, in the development and submission of this filing. Please feel free to contact Mr. Freitag at (518) 459-6700.

Respectfully submitted,

VILLAGE OF SHERBURNE

*William Acee*  
*dmc*

William Acee, Mayor

WA/dmc  
Enclosures