



August 11, 2014

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

Re: Case 14-E-____ - Minor Rate Filing of Village of Castile Electric Department to Increase its Annual Electric Revenues by \$135,554 or 27.8%.

Dear Secretary Burgess:

On behalf of the Village of Castile Electric Department (“Castile”), in accordance with the provisions of the New York State Public Service Law and Public Service Commission’s (“Commission”) Regulations, the following tariff leaves are being revised, Leaf Nos. 4, 5, 6, 7, 8, 9, 10, 11, 11.1, 12, and 12.1. The filing contains provisions and rates designed to increase the monthly bill of a residential customer using about 1,356 kilowatt-hours of energy per month from \$70.53 to \$88.42 or 25.4%. The proposed increase will produce an estimated annual aggregate increase in revenues of \$135,554 based on normalized data for the twelve months ending May 31, 2013 and forecast for the year ending January 31, 2015. The instant filing is a “mini” rate case under the Commission’s Rules of Procedures and a hearing is not required.

In accordance with Commission regulations and practices notice to the public will be

made in a local newspaper for four (4) consecutive weeks. Also Castile would also like to update its Factor of Adjustment at this time. The six-year average Factor of Adjustment is 1.0775 which is the method that the Commission has historically used to set the Factor of Adjustment.

Castile proposes to increase the monthly service charge to S.C. No. 1 – Residential and S.C. No. 2 – Small Commercial up to \$5.00 per month from the current levels of \$1.79 and \$2.04 per month respectively. Many of Castile's expenses are fixed including labor and customer accounting expenses. Labor costs alone in the summer period average over \$7,600 or over \$12 per month for the Village's 620 customers. Increasing the customer charge will help cover this cost in increase the cash flow during the low sales period.

‘ The reasons for the rate increase are increased labor costs, increased health insurance, increase pension costs and increased depreciation expense for new equipment.

Castile request that it be allowed to change its depreciation rate for transportation equipment from 6% to 10%. The 6% rate represents an average service life of 16 2/3 years which is too long. The 10% rate is based on an average service life of 10 years and is the time frame for which the Village will bond the new equipment. This proposal is consistent with the Commission's ruling that bond length and depreciation rate should be equal as was articulated in Case 13-G-0584 (page 29).

Castile oversees the Village's electric service, financed entirely by customer's rates. Commission members are appointed by the Mayor with approval of the Trustees. Castile serves more than 600 customers and the electric safety record is excellent. Castile is well managed, professionally operated and receives very few complaints.

This filing provides a sound basis for the Commission to process the application expeditiously. The instant filing is based on fiscal year 2013 data and contains three years of income statements and projections of revenues, expenses and rate base. Detailed work papers supporting

the rate request will be forwarded to Commission Staff.

Castile asks that questions regarding this filing be directed to:

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Albany, NY 12203
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Respectfully submitted,
For the Village of Castile

By:

A handwritten signature in black ink, appearing to read "Frank Radigan", written in a cursive style.