

**VILLAGE OF FAIRPORT
31 SOUTH MAIN STREET
FAIRPORT, NEW YORK 14450**

July 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 Fairport - Electric Rates

Enclosed please find an electronic copy of the First Revised Leaf Nos. 1, 3, 9, and 18; Second Revised Leaf No. 19; Third Revised Leaf Nos. 2, 4, 5, 6, 7, 8, 10, 12, 13, 14, 15, 16, and 17; and Fourth Revised Leaf No. 11 of PSC No. 1 - Electricity for the Village of Fairport (FMC) on behalf of the Village of Fairport (Village), issued July 9, 2014, to be effective October 6, 2014.

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 \$31.03 to approximately \$31.47 or 1.4%. The proposed change will increase the Village's normalized annual base revenues by \$293,425 (from \$21,553,103). The filing is a "mini-filing" under the Commission's Rules of Procedures using an abbreviated filing form, and a hearing is not required.

The Village

The Village operates a municipal electric utility in the Village of Fairport, New York. It is governed by a Mayor and Board of Trustees and the Fairport Municipal Commission (FMC), and provides service to approximately 14,000 customers. The Village's service area is located in the Village and certain areas of the Town of Perinton, in New York's Monroe 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 2 years ago with an effective date of March 1, 2012. That rate increase was in response to a rate filing which provided less than could be justified because the Village wished the filing to remain a "Mini Filing". This supplemental filing is based on the attached abbreviated filing which focuses on the significant changes from the last, fairly recent filing.

This filing requests an increase in base revenues of approximately \$293,425 which allows the Village to file as a "mini-filing" under the Commission's Rules and Regulations.

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The Village has continued to make 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, much of the reduced demand has been due to the energy efficiency programs that the Village promotes.

The Village's proposed rate design was structured so that each customer class would receive the same rate increase.

The Village also proposes to continue to use the fixed factor of adjustment of 1.0457, as determined in the previous rate filing, to be applied to its customer billings, via the Purchased Power Adjustment.

The abbreviated filing provides an ample basis for the Commission to process the application expeditiously. As detailed in the attached abbreviated filing, the filing contains the four (4) areas which have significantly changed from the prior filing. The abbreviated filing is based on fiscal year May 31, 2013 data, the Village's most recent year-end for which data is available. The Village has detailed back-up workpapers supporting the calculations 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 billing inserts. 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:

Bryan L. White, Village Manager
Village of Fairport
31 South Main Street
Fairport, New York 14450
Tel: (585) 421-3201
BLW@FairportNY.com

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

Respectfully submitted,

VILLAGE OF FAIRPORT

Bryan L. White
Village Manager

BLW/dmc
Enclosures