



ELECTRIC POWER ENGINEERING

46 LIZOTTE DRIVE, STE 201, MARLBOROUGH, MA 01752 TEL: (508) 435-0200 WWW.PLMNET.COM

Via Electronic Delivery

July 31, 2023

Hon. Michelle L. Phillips
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12233-1350

Re: Case 23-E-_____ - Minor Rate Filing of the Village of Wellsville to Increase Its Annual Revenues by about \$516,000 or 19.7% in Rate Year 1 and by about \$89,000 or 2.8% in Rate Year 2.

Dear Secretary Phillips:

Please see attached as Appendix A the list of revised Tariff leaves filed by the Village of Wellsville, issued July 31, 2023, to be effective December 1, 2023.

The Village of Wellsville is a public power community in Allegany County, New York. Its annual revenues are less than \$3 MM. It has about 3,000 customers. Its 2022 peak load was approximately 9.5 MW. The Village's electric rates are extremely low. The average residential rate is about 2.99 cents per kWh. The increase proposed in this filing would raise the overall bill for that customer from the current \$25.26 to approximately \$33.03 in Rate Year 1 and \$34.37 in Rate Year 2. The Village's last base rate change was adopted by the Commission nine years ago, in September 2014, in Case 14-E-0083 – *Minor Rate Filing of the Village of Wellsville to Increase its Annual Revenues by about \$217,052 or 7.8%* (Issued and Effective September 4, 2014).

The Village has provided community-owned electric service to its residents and citizens since 1915. In addition to electric service, the Village provides water, refuse and sewer services. The Village electric department is governed by the elected Mayor and Board of Trustees. By Resolution adopted on July 24, 2023, at a public meeting, the Board of Trustees directed the filing of these revised tariffs. A copy of the resolution is attached.

Wellsville is a small community. The electric department is publicly owned and administered. The citizenry is active, informed, and involved. Customers visit the office with any questions about their service and to gather information on conservation and energy efficiency measures, and often to pay their bills in person. The electric department has four linemen, who are overseen by the Electric Superintendent. Office functions are handled by the Village Treasurer and several other Village employees as necessary, none of whom work exclusively for the electric department.

The Village's electric department provides efficient and reliable service. System reliability is excellent. Customer service is excellent, provided personally by Village personnel. There have been few complaints—only one in the last year—and all customer service questions are promptly resolved.

The filing utilizes a base year ending May 31, 2022, which is the Village fiscal year and the last complete fiscal year for which information is available. The forecast rate year commenced June 1, 2023. The Village realizes that fiscal year 2023 has ended and is actively working on completing its 2023 Annual Report. The Village will update its filing once the 2023 Annual Report is available. However, in order to expedite review and to ensure that new rates go into effect as quickly as possible, this filing is being submitted now.

The electric department's total capitalization is \$5.9MM, which includes \$2.3MM of long-term debt used to finance a substation project. Last year the Village reported operating income of approximately \$178,000, for a return on surplus of 4.73%. The prior year, ending May 31, 2021, the electric department suffered a loss of approximately \$40,000, or a return on surplus of -1.75%. As loath as the Village is to raise rates, it must protect the financial and operational integrity of its precious public power resource.

Purchased power is the greatest single cost element, comprising approximately 58% of total expenses. Labor and employee health and pension costs are the other major cost drivers and make up another 23% of expenses. The electric department has a fairly significant capital budget in the rate year. In addition to the typical replacement projects for aging infrastructure, the Village has determined that, to continue to provide safe and reliable service, it must completely rebuild one of its substations. Accordingly, the Village proposes a multi-year plan to account for the substation rebuild, half of which will be in service in Rate Year 2. In addition, the Village proposes to provide an update the following year when the substation rebuild is complete and to reflect other known items (such as labor and benefits). The Trustees have determined that the revenue requirement presented in this filing is the minimum necessary to achieve its goal of providing safe and reliable service. The Village proposes that new rates be implemented by December 1, 2023.

The proposed rate design is an equal across-the-board percentage increase. The Village is also proposing to make several other modifications to its tariff. The Village proposes to update its rates for Service Classification ("SC") No. 4 to include 87-watt LED fixtures and update its reconnection and insufficient check charges to reflect current costs. Due to the Village's aggressive energy efficiency efforts, most outdoor lights currently used are energy saving LEDs. The Village also proposes to modify its Purchased Power Adjustment Clause Reconciliation calculation procedure because the current calculation applies the applicable rate to load as opposed to sales thereby resulting in an under-recovery of costs.

In addition, the Village is proposing to modify SC No. 6 – Large General Service. SC No. 6 was originally designed by the Village to accommodate a large Dresser-Rand plant, which owned electric facilities stretching from a dedicated substation to the plant's property. In 2020, Dresser-Rand closed the plant. The current owner of the property is not equipped to take primary service directly from the substation. Accordingly, work is currently being undertaken to modify the facilities serving the property. The departure of Dresser-Rand has had significant negative consequences on the Village tax base and broader economic outlook. However, the Village has been proactive in trying to attract new economic development customers. The revised SC 6 –

Hon. Michelle L. Phillips

July 31, 2023

Page 3 of 4

Individual Service Agreements, would allow the Village to leverage its inexpensive electricity to attract customers who would benefit the community. The Public Service Commission (“Commission”) has previously approved individually-negotiated flexible rate service classifications for municipally-owned electric systems¹ and SC 6 complies with the Commission’s Guidelines for Flexible Rate Service Contracts.²

The Village requests waiver of newspaper publication of the proposed rate change. The public has been notified and provided an opportunity to comment through the Village Board meetings, postings at Village Hall, the Village website, and of course, most effectively, by personal communication.

This filing was prepared by the Village Treasurer, Ms. Melissa Mullen, with the assistance of PLM, Inc. Their contact information is below.

Respectfully submitted,

By: */s/ Dylan Marsland*
Dylan Marsland
PLM Electric Power Engineering
46 Lizotte Drive
Suite 201
Marlborough, MA 01752
T: (508) 435-0200
www.plmnet.com

cc: Melissa Mullen
Treasurer
Village of Wellsville
23 North Main Street
Wellsville, New York 14895
(585) 596-1759
treasurer@wellsvillenyc.com

¹ See, e.g., Case 11-E-0141, *New Tariff Schedule by the Village of Ilion, Light Department to Update the Current name of Ilion Board of Light Commissioners to Village of Ilion, Light Department and to Establish Service Classification No. 8 – Individual Service Agreements*, Special Permission Order Regarding Tariff Filing (June 16, 2011); Case 08-E-1074, *Tariff Filing by Frankfort Power & Light – to Establish Service Classification No. 7 – Individual Service Agreements*, Order Regarding Tariff Filing (Dec. 15, 2008); Case 06-E-0288, *Tariff filing by Massena Electric Department – to establish Service Classification No. 8 – Individual Service Agreements*, Order Regarding Tariff Filing (Oct. 25, 2006).

² Case 03-E-1761, *Policies and Tariffs for Flexible Rate Contract Service to Economic Development Customers*, Order Approving Guidelines for Flexible Rate Service Contracts (Apr. 14, 2005).

Hon. Michelle L. Phillips

July 31, 2023

Page 4 of 4

Konstantin Podolny
Kevin R. Brocks
Zachary W. Perdek
Read and Laniado, LLP
25 Eagle St.
Albany, NY 12207
T: (518) 465-9313
kp@readlaniado.com
[kreb@readlaniado.com](mailto:krb@readlaniado.com)
zwp@readlaniado.com

Appendix A

Revised Tariff Leaves

	<u>LEAF #</u>
TABLE OF CONTENTS	2
SERVICE CLASSIFICATION NO. 1	4
SERVICE CLASSIFICATION NO. 2	6
SERVICE CLASSIFICATION NO. 3	8
SERVICE CLASSIFICATION NO. 4	10
SERVICE CLASSIFICATION NO. 5	12
SERVICE CLASSIFICATION NO. 6	13
SERVICE CLASSIFICATION NO. 6 (CONT'D)	14
SERVICE CLASSIFICATION NO. 7	15
CHARGES	17
PURCHASED POWER ADJUSTMENT CHARGE	18



Village of Wellsville

Village Clerks Office

23 North Main Street * Wellsville, New York 14895

Phone: (585) 596-1754 * FAX: (585) 593-7260

RESOLUTION NO 23/24-09 OF THE VILLAGE BOARD OF TRUSTEES

AUTHORIZATION TO FILE RATE INCREASE WITH THE NYS PUBLIC SERVICE COMMISSION

At a regular meeting of the Board of Trustees of the Village of Wellsville, New York held on July 24, 2023, the following resolution was adopted:

WHEREAS, the Village of Wellsville provides community-owned electric service to its residents and citizens and the continued provision of such service is of great importance to the community; and

WHEREAS, the Village provides electric supply to its customers at lower rates compared to New York State's investor-owned utilities; and

WHEREAS, the Village has the obligation to provide safe and reliable service and must make investments to continue such quality of service; and

WHEREAS, the Village recognizes that the currently effective rates, last set by the Village in 2014, must be modified as they are insufficient to allow the Village to maintain and invest in its electric service infrastructure.

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of the Village of Wellsville hereby authorize the filing of a rate increase before the New York State Public Service Commission to set new rates so that the Village can continue to provide safe, reliable, and low-cost electric service.

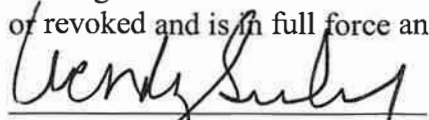
Dated: July 24, 2023; this resolution shall take effect immediately.

Moved by Trustee Fahs; Seconded by Trustee Pearson.

The foregoing resolution was adopted by the Board of Trustees of the Village of Wellsville by roll call:

Trustee Fahs	<u>AYE</u>	Trustee Monroe	<u>AYE</u>
Trustee Pearson	<u>AYE</u>	Trustee Roeske	<u>AYE</u>
Mayor Shayler	<u>AYE</u>		

I, Wendy Seely, do hereby certify that Resolution #23/24-09 was passed at a meeting of the Board of Trustees of the Village of Wellsville, New York held on July 24, 2023, and is incorporated in the original minutes of that said meeting, and that said resolution has not been altered, amended or revoked and is in full force and effect.


Certified by the Village Clerk