

**Village of Theresa - Electric Department  
124 Commercial Street  
Theresa, New York 13691-0299**

September 27, 2022

Hon. Michelle L. Phillips  
Secretary to the Commission  
New York State Public Service Commission  
Empire State Plaza  
Agency Building 3  
Albany, New York 12223-1350

Dear Secretary Phillips:

Re: Village of Theresa - Electric Department - Rates

Enclosed please find an electronic copy of the revised Leaf Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11 of PSC No. 1 - Village of Theresa (Village), issued September 27, 2022 to be effective March 1, 2023.

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 \$58.84 to approximately \$70.22, or 19.35%. The proposed change will increase the Village's "normalized" annual base revenues by \$112,527 (from \$400,427 to \$512,954).

### **The Board and Village**

The Village operates a municipal electric utility in the Village of Theresa, New York. It is governed by a Mayor and two Trustees and provides service to approximately 470 customers. The Village's service area is in northern New York in Jefferson 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 is well managed and professionally operated.

The Village continues to be an efficient and successful public power community. The Board 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 Board will continue its programs promoting energy efficiency and strategically invest in economic development. Currently, the Village's current customer rates are among the lowest rates in New York State. With the requested rate increase, the proposed customer rates will remain among the lowest rates in the New York State.

### **The Rate Filing**

The Village's last rate increase was approximately seventeen years ago with an effective date of June 1, 2005. There are two main reasons for the current rate increase. First, the Village's rate of return for fiscal year 2022 (its most recent year end in which published information is available) was a negative (23.34)%. The forecasted rate of return before the requested revenue increase is expected to be negative (27.37)%. This negative rate of return is due to the fact that the rate base and operating costs have grown considerably since the last rate increase, and the existing customer base rates can no longer sustain the Village's day-to-day operations. With the proposed change in base revenues, the rate of return on rate base is expected to be 4.00%.

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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.

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 ability to pay future debt service.

The Village's proposed rate design was structured so that each customer class would receive the same rate increase. The Board also proposes a factor of adjustment of 1.109733, the average factor of adjustment over the last six years.

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 March 31, 2022 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 public notice in a local newspaper for four (4) consecutive weeks.

#### **Further Information**

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

Tara Leeson, Clerk-Treasurer  
Village of Theresa, New York  
124 Commercial Street  
Theresa, New York 13691-0299  
Tel: (315) 628-4425  
tleeson@villageoftheresany.com

The Village also utilized the assistance of William C. Freitag, CPA, of BST & Co. CPAs, LLP, in the development and submission of this filing. Please feel free to contact Mr. Freitag at (518) 527-9872 or wf Freitag@bstco.com.

Respectfully submitted,

Village of Theresa – Electric Department

Tara Leeson, Clerk-Treasurer

TL/dmc  
Enclosures