



ELECTRIC POWER ENGINEERING

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

Via Electronic Delivery

January 20, 2022

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

Re: Case 22-E-_____ - Minor Filing of the Village of Groton to increase annual electric revenues by \$329,000, or 32.7%

Dear Secretary Phillips:

Please see attached as Appendix A the list of revised Tariff leaves filed by the Village of Groton, issued January 20, 2022, to be effective June 1, 2022.

The Village of Groton is a public power community in Tompkins County, New York. Its annual revenues are less than \$1.5 MM. It has about 1,160 customers. Its 2021 peak load was approximately 6.2 MW. The Village's electric rates are extremely low. The average residential rate is about 3.64 cents per kWh. The increase proposed in this filing would raise electric rates to the average customer using 750 kW from the current \$30 to approximately \$40 and raise the overall bill for that customer from the current \$42.25 to approximately \$52.05. The Village's last base rate change was adopted by the Commission over a decade ago in September 2009, in Case 09-E-0247 – *Minor Rate Filing of Village of Groton to Increase its Annual Revenues by about \$218,001, or 26.2%* (Issued and Effective September 29, 2009).

The Village has provided community-owned electric service to its residents and citizens since 1896. The Village electric department is governed by the elected Mayor and Trustees of the Village, with the assistance of a Board of Light Commissioners. By Resolution adopted on December 13, 2021, at a public meeting, the Board of Light Commissioners directed the filing of these revised tariffs. At a regularly-scheduled public meeting of the Village Board, upon notice held on December 20, 2021, the Village trustees directed the filing of these revised tariff leaves.

Groton 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 pandemic has of course curbed the volume of in person contact). The electric department has four employees, assisted by the elected Village Clerk and other Village employees as necessary.

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—two in two years—and all customer service questions are promptly resolved.

The filing utilizes a base year ending May 31, 2021 which is the Village fiscal year. The forecast rate year commences June 1, 2022. The filing also presents information to assess the projected likely revenue requirement for Rate Year #2, starting June 1, 2023. The Village looks forward to discussing with the Department Staff whether a multi-year plan with a phased second stage rate change (to reflect items such as payroll and benefits) would be convenient and efficient and in the public interest.

The electric department's total capitalization is \$1.4MM. It has no outstanding debt. The Village Trustees and the Light Commissioners, like many of the small public power communities in New York, are reluctant to take on debt. Unfortunately, the Village electric department is losing money and has not recovered its revenue requirement for several years. Last year the Village lost approximately \$260k, for a negative return on surplus of 30%. The prior year, ending May 31, 2020, the electric department suffered a loss of approximately \$290k, or a negative return on surplus of 25%. As loath as the Village is to raise rates on its neighbors and citizens, it must protect the financial and operational integrity of its precious public power resource. The Trustees and Commissioners have determined that the revenue requirement presented in this filing is the minimum necessary to achieve that goal.

Purchased power is the greatest single cost element. Labor and employee health and pension costs are the other cost drivers. The electric department has a modest capital budget. Its plant and operations are in excellent shape. The electric department faces a challenge in retaining its highly trained and qualified work force in the face of intense competition.

The Village recognized \$153K in revenue in 2018 and 2019 associated with its high-density load tariff "Rider A" (cryptocurrency mining). During the base year, the Village had no currency miners. There are none active now. Due to a clerical confusion, the revenue was recognized the year received, and not deferred.¹ The revenue helped slow the avalanche of red ink, but did not get the electric department into the black. As such the revenue from Rider A benefited Groton's customers and the Village community.

The proposed rate design is an equal across-the-board percentage increase. The Village is also proposing a change to the re-connection fee to move it closer to that of other municipal utilities, as well as to reflect costs. The Village requests that new rates be implemented by June 1, 2022. We made that the effective date of the tariff for the convenience of the Commission to avoid the necessity of an order suspending the tariff. As mentioned earlier, the filing contains information on a second-rate year to allow for a multi-year rate plan.

¹ See Case 18-E-0126, *Tariff Filing by the New York Municipal Power Agency to Implement a New Rider A - Rates and Charges for High Density Load Service*, Order Approving Tariff Amendments with Modifications (Mar. 19, 2018), at 9.

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The Village requests waiver of newspaper publication of the proposed rate change. The public has been notified through the Light Commission and Trustee meetings, postings at Village Hall, the Village website, and of course, most effectively, by personal communication.

This filing was prepared by the Village Clerk and Treasurer, Village Administrator, and Clerk to the Lighting Board, Ms. Nancy Niswender, with the assistance of PLM, Inc. Their contact information is below.

Respectfully submitted,

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

cc: Kevin R. Brocks, Esq., Read and Laniado, LLP
Village of Groton
Ms. Nancy Niswender

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Appendix A

Revised Tariff Leaves

	<u>LEAF #</u>
SERVICE CLASSIFICATION NO. 1	4
SERVICE CLASSIFICATION NO. 1 (CONT'D)	5.1
SERVICE CLASSIFICATION NO. 2	6
SERVICE CLASSIFICATION NO. 2 (CONT'D)	7
SERVICE CLASSIFICATION NO. 3	8
SERVICE CLASSIFICATION NO. 3 (CONT'D)	9
SERVICE CLASSIFICATION NO. 4	10
SERVICE CLASSIFICATION NO. 4 (CONT'D)	11
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