

**VILLAGE OF HOLLEY
72 PUBLIC SQUARE
HOLLEY, NEW YORK 14470**

January 16, 2009

Jaclyn Brilling, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Dear Secretary Brilling:

Re: Village of Holley - Rates

Enclosed please find five copies of the revised Leaf Nos. 1 through 14 of PSC No. 1 - Electricity for the Village of Holley (Village), issued January 16, 2009, to be effective June 1, 2009.

The proposed Tariff Leaves will increase the base revenue portion of the monthly bill of a residential customer using 750 kilowatt-hours from \$31.82 to approximately \$38.34, or 20.47%. The proposed change will increase the Village's annual base revenues by \$246,431 (from \$773,116 to \$1,019,547). The filing is a "mini-filing" under the Commission's Rules of Procedures, and a hearing is not required.

The Village

The Village operates a municipal electric utility in the Village of Holley, New York. It is governed by a Mayor and Board of Trustees and provides service to approximately 1,000 customers. The Village's service area is in western New York in Orleans County. The average number of customers has remained consistent over the last several years, and there are no indications that this will change 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 Rate Filing

The Village's last rate increase was seven years ago with an effective date of April 1, 2001. There are two main reasons for the current rate increase. First, the Village's rate of return for fiscal year 2008 was negative at (1.55%). The forecasted rate of return before the requested revenue increase is expected to be a negative (4.25%). This negative rate of return is due to the fact that the rate base and operating costs have grown considerably over the last few years. This filing requests an increase in base revenues of approximately \$246,000 which allows the Village to file as a "mini-filing" under the Commissions Rules and Regulations.

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Second, more than half of the Village 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 wishes to pay competitive wages and benefits in order to retain the existing workforce.

The Village's proposed rate design was structured so that each customer class would receive the same rate increase. The Village also proposes to increase the factor of adjustment from 1.047352 (the factor used in fiscal year 2008) to 1.067731, 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 May 31, 2008 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

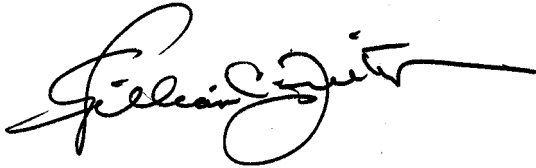
The Village will individually notify each of its customers regarding the rate request via billing inserts.

Further Information

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

William C. Freitag
Bollam, Sheedy, Torani & Co. LLP
26 Computer Drive West
Albany, New York 12205
Tel: (518) 459-6700

Respectfully submitted,
For the Village of Holley

A handwritten signature in black ink, appearing to read 'William C. Freitag', with a long horizontal flourish extending to the right.

William C. Freitag, CPA

WCF/dmc
Enclosures