

ARBOR HILLS WATERWORKS, INC.  
P.O. BOX 424  
PLEASANTVILLE, NY 10570  
(203) 570-0684

May 7, 2008

Jaclyn A. Brillling  
Secretary to the Commission  
NYS Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

Re: Arbor Hills Waterworks, Inc.  
Application to Increase Rates and file Fourth Revised Leaf No. 12

Dear Secretary Brillling:

Arbor Hills Waterworks, Inc. (the company) provides water service to 67 customers. No fire protection service is provided.

The enclosed Fourth Revised Leaf No. 12 to Tariff Schedule P.S.C. No. 3– Water, filed by Arbor Hills Waterworks, Inc., is transmitted electronically for filing in compliance with the requirements of the Public Service Commission of the State of New York.

P.S.C. No. 3 – Water  
4<sup>th</sup> Revised Leaf No. 12  
Superseding 3<sup>rd</sup> Revised Leaf No. 12

Effective date: August 1, 2008

The company's last rate increase went into effect August 1, 2005. The current rates do not generate enough revenue to pay our operating expenses and provide a return on our investment and an increase in rates is needed. In addition, because of supply problems, the company has had to ban water for outside use which has resulted and will continue to result in a reduction of revenue.

The company is requesting an increase in annual revenue over the level allowed in its 2005 rates of \$18,371 or 20.74%. Since the company already has a high usage rate it is proposing to recover the entire revenue increase through the service charge. In calculating its new service charge the company is estimating that it will incur a loss in revenue at current rates of about \$12,000 annually, due to the usage restrictions it must

keep in place. Because it is not known exactly what this revenue loss net of production costs will be, the company is also requesting that it be allowed to establish a revenue reconciliation mechanism. The company is also requesting that it be allowed an automatic increase beginning January 1, 2010 and for every year thereafter based on 5% per year or the CPI of Greater New York whichever is greater. This will allow the company to keep up with inflation and we will not have to apply for new rates as often. This will also result in a savings related to the costs as well as the time of both the company and Staff of the Department of Public Service.

By this letter, it is requested that the Staff of the Water Rates Section file the attached leaf as well as any other leaves required by the Commission electronically.

Arbor Hills Waterworks, Inc. also requests waiver of newspaper publication since it plans to individually notify its customers of the tariff filing.

Very truly yours,

Andrew Sferra, President  
Arbor Hills Waterworks, Inc.

Enclosure