

**VILLAGE OF SPENCERPORT
27 WEST AVENUE
SPENCERPORT, NEW YORK 14558**

July 31, 2007

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

Dear Secretary Brilling:

Re: Village of Spencerport - Rates

Enclosed please find five copies of the revised Leaf Nos. 1, 2, 3, 4, 5, 6, 6.1, 7, 8, 9, 10, 11, 12, 13, 14, and 15 of PSC No. 1 - Electricity for the Village of Spencerport (Village), issued July 31, 2007, to be effective December 1, 2007.

The proposed Tariff Leaves will increase the base revenue portion of the monthly bill of a residential customer using 750 kilowatt-hours from \$19.77 to approximately \$23.09, or 16.8%. The proposed change will increase the Village's annual base revenues by \$299,657 (from \$1,781,172 to \$2,080,829). The filing is a "mini-filing" under the Commission's Rules of Procedures, and a hearing is not required.

In addition, the proposed Tariff Leaves increase the NSF fee from \$25 to \$33, which is the current rate charged the Village by its bank. Also, the Tariff Leaves increase the reconnection and "call-out" fees of \$50 and \$70 to \$75 and \$200, respectively. The increase in these fees is necessary to properly reflect the actual cost for providing these services.

The Village

The Village operates a municipal electric utility in the Village of Spencerport, New York. It is governed by a Mayor and Board of Trustees and provides service to approximately 2,750 customers. The Village's service area is in western New York in Monroe 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 six years ago with an effective date of August 1, 2001. There are two main reasons for the current rate increase. First, the Village's rate of return for fiscal year 2007 was negative at (5.07%). The forecasted rate of return before the requested revenue increase is expected to be a negative (6.18%). This negative rate of return is due to the

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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 \$300,000 which allows the Village to file as a "mini-filing" under the Commissions Rules and Regulations.

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 decrease the factor of adjustment from 1.047348 to 1.030864, 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, 2007 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 Spencerport



William C. Freitag, CPA

WCF/dmc
Enclosures