



January 11, 2005

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

RE: South Cross Road Water Company, Inc.

Dear Secretary Brillling:

Attached please find First Revised Leaf No. 12 of P.S.C. No. 2 – Water for South Cross Road Water Company, Inc. (the "Company"). Based on the SAPA deadline schedule, we're requesting that this increase be effective May 1, 2005. Also attached are work papers that constitute the primary basis for this rate filing.

The proposed tariff leaf will increase the typical residential customer's annual charge from \$168.75 to approximately \$213.18 per year or 26.3%. The proposed charge will increase the Company's annual revenues by \$8,666 from \$32,892 to \$41,559. The filing is a "mini-filing" under the Commission's Rules of Procedures and a hearing is not required. The company is also requesting to change their meter reading and billing cycle from quarterly to once every four months thus saving on reading and billing expenses.

#### The Company

South Cross Road Water Company, Inc. provides metered water service to 145 customers in a real estate development known as Golden Meadows located along Route 9G in the Town of Hyde Park, Dutchess County. Fire protection service is not provided. 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 Company is well managed and professionally operated.

#### The Rate Filing

The Company's last rate increase was six years ago. The main water supply tank the company utilizes is over 40 years old and will need to be replaced in the near future. Also, the Company is in the process of buying and installing an electric generator to serve as an emergency back-up for \$6,500.

Our review of recent mini-filings indicates that the average municipal electric company rate case is processed in less than four months and the effective date allows for that extent of review. The April 1<sup>st</sup> effective date also allows for the second quarter of usage to be billed at the new rates.

The filing contains three years of income statements and projections of revenues, expenses and rate base. The pro-forma rate year was developed by using a normalized test year which was developed by averaging the expenses for the last three fiscal years. Some adjustments were made and are detailed on the spreadsheet. The Company will also provide these work papers in electronic format.

Public Notice

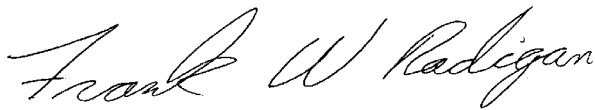
The Company will send a postcard to each customer notifying them of the pending rate case.

Further Information

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

Frank W. Radigan  
Hudson River Energy Group  
120 Washington St., 2<sup>nd</sup> Floor  
Albany, NY 12210  
(518) 436-1628

Respectfully submitted,

A handwritten signature in cursive script that reads "Frank W. Radigan". The signature is written in black ink and is positioned below the typed name and contact information.

South Cross Road Water Company, Inc.  
By: Frank W. Radigan

**South Cross Road Water Company, Inc.**

**Summary of ProForma Assumptions –**

- A. 2004 actual figures used for depreciation, revenue and property taxes, and interest income.
- B. Amounts allowed by PSC in Case #99-W-1058.
- C. Total of \$696 allowed by PSC for all office expenses.
- D. Three year average
- E. Rate case expense amortized over three years
- F. Inflation since 1998 at 2.5% per annum.

**South Cross Road Water Company, Inc.**

Exhibit 1 – Historic Balance Sheets

Exhibit 2 – Historic Income Statements

Exhibit 3 – Rate Base

Exhibit 4 – ProForma Income Statement

Exhibit 5 – Rate Design