Received: 07/23/2009





# National Aqueous Corporation

483 82<sup>nd</sup> Street - Brooklyn, NY 11209-4110 www.nationalaqueous.com

NYS DEPT OF PUBLIC SERVICE RECEIVED

JUL 10 2009

June 27, 2009

New York State Department of Public Service, Office of Gas and Water 90 Church Street 4th Floor New York, NY 10007 212-417-3139 Attn: Alia Jassim

Water Rates Section

RE:

Melody Lake - Monticello, NY - PWS ID: NY5205653 - C-Community Water System Rate Increase Request

Dear Alia,

Please accept this letter as a formal petition for rate increase for the above referenced utility. Melody Lake has Sixty Three (63) Customers each paying \$172.15 per quarter. This includes a \$50 escrow account fee. I have included documentation showing that the escrow account has been completely depleted due to increases in operating expenses as well as increased treatment and testing regulations by the NYSDOH. (Note: Our contact at the NYSDOH Monticello District Office is Glenn Illing, PE, 845-794-2045) This escrow account was established on September 22, 2004 Case 04-W-0641 with a Funding Level of \$20,000. Since this funding amount has not been reached we request to continue funding for the escrow account at its current rate. We have included the requested documentation requesting a base increase assuming that the escrow fund will remain unchanged.

Included in this packet please find the following support documentation:

- Copies of National Aqueous Corp. Federal and State Tax Returns for the years 2006, 2007, and 2008
- 60 A copy of a typical bill
- Copies of Melody Lake Annual Water Quality Reports for the years 2006, 2007, and 2008
- A breakdown showing total annual revenue increase requested, comparing current billing structures to proposed.
- Comparative Income Statement
- Proposed Leaf 12 (and a copy of Revision 2)
- Copy of Canceled check Eight Thousand Dollar (\$8,000) loan check 711 to National Aqueous 6/10/09 from a personal account of James Barry.

As per our discussions we have been under tremendous financial strain at the utility and are hoping to expedite this approval as quickly as possible. This can be seen in our records and in the case of this year I have already made an \$8,000 personal loan to the company (see check referenced above.) I would also like to restate for the record that as owner and operator of this utility I have never withdrawn a salary.

Once approved we will make appropriate notifications to all customers via regular mail and will post to our website www.nationalaqueous.com. Should you have any further questions or if you require any additional information please do not hesitate to call 718-745-0207.

Thanks again for all of your help in this matter.

By James Barry

President

National Aqueous Corporation

MelodyLakeRateIncrease1

NatAg2009

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National Aqueous Corp.
Melody Lake - PWS ID: NY5205653 - C-Community Water System
Comparative Income Statement

|    | 9  |    |           | Actı           | Actual Figures |               |                       | ا س           | Forecast  | а - | Projected |  |
|----|--|----|-----------|----------------|----------------|---------------|-----------------------|---------------|-----------|-----|-----------|--|
| *  | Accounts   |    | Year 1    |                | Year 2         | Yea           | Year 3 (Base<br>Year) | ਹ             | Changes   | IE. | Rate Year | Notes  |
| -  | Operating Revenue:                                   | 69 | 25,437.33 | 65             | 36,466.96      | S             | 26,266.58             | 8             | 36,676.24 | 69  | 62,942.82 |  |
|    | O&M Expenses   | 44 |           |                |                |               |                       |               |           |     |           |  |
| 7  | Officers Salary.                                     | €  |           | €              | ı              | 69            | i                     | 69            | 1,800.00  | 69  | 1,800.00  | Owner has never withdrawn salary in 10 years of                                |
| က  | Supervisors Salary:                                  | -  | n/a       |                | n/a            |               | n/a                   | 9             | n/a       |     | n/a       | ownersnip  |
| 4  | Operators Salary:                                    | ↔  | 3,318.38  | €Э             | 7,295.00       | v             | 6,904.00              | €9            | 2,000.00  | ↔   | 8,904.00  | 2009 NYSDOH additional testing requirements & Increased cost of chemicals      |
| വ  | Purification Chemicals(Incl in 4):                   | 49 | ī         | 49             | ı              | 69            | i                     | 69            |           | 6   |           |  |
| ဖ  | Water Testing (incl in 4):                           | 69 | 1         | 43             | 1              | ↔             | 1                     | 69            | ,         | w   |           |  |
| 7  | Rent   | ↔  | 1         | €9             | 3              | €9            | k                     | €9            | 1,200.00  | ↔   | 1,200.00  | Owner has not been paid for rent for an office space in ten vears of ownership |
| ω  | Power Purchases (NYSEG):                             | 69 | 2,547.03  | 69             | 1,938.20       | S             | 3,255.85              | <del>69</del> | 500.00    | €9  | 3,906.46  |  |
| ത  | Materials  | 49 | 145.05    | ₩              | 1,671.56       | ક્ક           | 1,349.39              | 49            | 650.61    | 6   | 2,000.00  |  |
| 10 | Accounting (Composto & Felicia and CHASE bank fees): | ₩  | 2,118.50  | €9             | 2,342.00       | €9            | 1,684.00              | €9            | 816.00    | ↔   | 2,500.00  |  |
| 11 | Billing&Meter Reading(Incl in 10):                   | ↔  |           | ₩              |                | ₩             | ŧ                     | 69            | ı         | w   | ı         | *  |
| 12 | Insurance (Grundy Worldwide):                        | 69 | 2,667.57  | 63             | 2,742.57       | <del>69</del> | 2,792.49              | <del>69</del> | 100.00    | 49  | 2,892.49  |  |
| 13 | Repairs, Maintenance, Snow Removal:                  | 69 | 11,729.82 | €Э             | 21,842.72      | 69            | 12,311.00             |               | 2,689.00  | 49  | 15,000.00 |  |
| 14 | Transportation:                                      | €9 | 3,003.75  | εn             | 1,472.10       | €Э            | 1,353.32              | <del>()</del> | 146.68    | ↔   | 1,500.00  |  |
| 15 | Professional Fees &Annual Fees:                      | 69 | 4,472.84  | 69             | 8,456.00       | €             | 7,033.59              | G             | 966.41    | ↔   | 8,000.00  |  |
| 16 | Office Expenses:                                     | 69 | 1,408.14  | 69             | 2,280.13       | υ             | 1,834.15              | 49            | 665.85    | ₩   | 2,500.00  |  |
| 17 | Rate Case Expenses:                                  |    |           |                |                |               |                       |               |           | ¥   |           | ratew ramorano and sabuloal  |
| 8  | Uncollected Water Fees:                              | €9 | 17,939.43 | 69             | 6,909.80       | €9            | 17,110.18             | €9            |           | €   | 6,357.18  | credit in place until 2012 due to dispute                                      |
| 19 | Total O&M Expenses: (Lines 2 through 18):            | €9 | 49,350.51 | <del>(A)</del> | 56,950.08      | €9            | 55,627.97             |               |           | €9  | 56,560.13 |  |
| 20 | Amorlitzations                                       | 69 | 622.65    | en             | 32.89          | 69            | 1,653.96              | €5            | ,         | €5  | 1.000.00  |  |
|    |  | +  |           | ,              |                | +             | 20000                 | ,             |           | +   |           |  |

NatAquComparativeIncomeStatementrev2.xls Prepared by National Aqueous Corp.

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National Aqueous Corp.

Melody Lake - PWS ID: NY5205653 - C-Community Water System
Comparative Income Statement

| #         Accounts         Year 1         Year 2         Year 3 (Base Changes)         Changes Page         Rate Year         No           21         Depreciation:         \$ 2,149.56         \$ 1,564.20         \$ 1,564.20         \$ 1352.12         \$ 600.00           22         Property Taxes:         \$ 5,149.56         \$ 1,564.20         \$ 1,367.81         \$ 600.00           23         Revenue Taxes:         \$ 1,64.35         \$ 1,564.20         \$ 1,360.00         \$ 600.00           24         MTA Taxes:         1/4         1/4         1/4         1/4         1/4           25         Federal Income Taxes:         \$ 1/4         1/4         1/4         1/4         1/4           27         NYS Corp. Tax:         \$ 155.00         \$ 155.00         \$ 117.00         \$ 38.00         \$ 155.00           28         Total Deductions (Lines 19 through 27):         \$ 52,790.07         \$ 68,997.83         \$ 59,060.02         \$ 59,246.36           29         Utility Operating Income - Profit (Line 1-Line 28):         \$ (27,352.74)         \$ (32,793.44)         \$ 3,376.76         \$ 43,376.76         \$ 43,376.76         \$ 43,376.76         \$ 59,246.36         \$ 59,246.36           30         Rate of Return. Line 29/Line 30):         -63%         -52% <td< th=""><th></th><th></th><th></th><th></th><th>Act</th><th>Actual Figures</th><th></th><th></th><th>8</th><th>Forecast</th><th>α "</th><th>Projected<br/>Figures</th><th></th><th>1</th></td<>   |    |          |    |             | Act | Actual Figures |     |                     | 8  | Forecast | α "           | Projected<br>Figures |       | 1             |
|--|----|----------|----|-------------|-----|----------------|-----|---------------------|----|----------|---------------|----------------------|-------|---------------|
| Property Taxes:  | #  | Accounts |    | Year 1      |     | Year 2         | Yea | ar 3 (Base<br>Year) | ວົ | anges    | œ             | ate Year             | Notes |               |
| Property Taxes:  | 2  |          | 69 | 2,149.56    | 49  | 1,564.20       | €   | 1,353.21            | 69 | (421.98) | <del>63</del> | 931.23               |       |               |
| Revenue Taxes:   | 22 |          | 69 | 512.35      | 49  | 295.66         | 69  | 307.88              | €9 | 292.12   | 69            | 00.009               |       |               |
| MTA Taxes:   | 23 |          | 49 | 1           | 69  |                | w   | 1                   | 8  |          | €             | 1                    |       |               |
| Federal Income Taxes: \$ 155.00 \$ 117.00 \$ 38.00 \$  NYS Corp. Tax: \$ 155.00 \$ 117.00 \$ 38.00 \$  Total Deductions (Lines 19 through 27): \$ 52,790.07 \$ 58,997.83 \$ 59,060.02 \$  Utility Operating Income - Profit (Line 1-Line 28): \$ 43,376.76 \$ 43,376       | 24 |          |    | n/a         |     | n/a            |     | n/a                 |    | n/a      |               | n/a                  |       |               |
| Federal Income Taxes: \$ 155.00 \$ 117.00 \$ 38.00 \$  NYS Corp. Tax: \$ 155.00 \$ 117.00 \$ 38.00 \$  Total Deductions (Lines 19 through 27): \$ 52,790.07 \$ 58,997.83 \$ 59,060.02 \$  Utility Operating Income - Profit (Line 1-Line 28): \$ (27,352.74) \$ (22,530.87) \$ (32,793.44) \$ \$  Rate Base: \$ 43,376.76 \$ 43,376.76 \$ 43,376.76 \$ 43,376.76 \$ -52% -76%.   | 25 | ±        |    | n/a         |     | n/a            |     | n/a                 |    | n/a      |               | n/a                  |       |               |
| NYS Corp. Tax:       \$ 155.00       \$ 117.00       \$ 38.00       \$         Total Deductions (Lines 19 through 27):       \$ 52,790.07       \$ 58,997.83       \$ 59,060.02       \$         Utility Operating Income - Profit (Line 1-Line 28):       \$ (27,352.74)       \$ (22,530.87)       \$ (32,793.44)       \$         Rate Base:       \$ 43,376.76       \$ 43,376.76       \$ 43,376.76       \$ 52%       -76%   | 26 |          | 69 |             |     |                |     |                     |    |          |               |                      |       | $\overline{}$ |
| Total Deductions (Lines 19 through 27): \$ 52,790.07 \$ 58,997.83 \$ 59,060.02 \$ \$ Utility Operating Income - Profit (Line 1-Line 28): \$ (27,352.74) \$ (22.530.87) \$ (32,793.44) \$ \$ Rate Base: \$ 43,376.76 \$ 43,376.76 \$ 43,376.76 \$ -76%.   | 27 |          | 69 | 155.00      | 69  | 155.00         | 69  | 117.00              | 69 | 38.00    | 63            | 155.00               |       |               |
| Utility Operating Income - Profit (Line 1-Line 28):       \$ (27,352.74)       \$ (22.530.87)       \$ (32,793.44)       \$         Rate Base:       \$ 43,376.76       \$ 43,376.76       \$ 43,376.76       \$ 63%       -52%       -76%   | 28 |          | 69 | 52,790.07   | 49  | 58,997.83      | 69  | 59,060.02           |    |          | 60            | 59,246.36            |       |               |
| Rate Base: \$ 43,376.76 \$ 43,37 | 29 |          | €  | (27,352.74) | €>  | (22,530.87)    | 69  | (32,793.44)         |    |          | €9            | 3,696.46             |       |               |
| Rate of Return: Line 29/Line 30): -63% -52% -76%   | 30 |          | 69 | 43,376.76   | 69  | 43,376.76      | 100 | 43,376.76           |    |          |               | 69,300.00            |       |               |
|  | 3  |          |    | -63%        |     | -52%           |     | -76%                |    |          | 18            | 2%                   |       |               |
|  | ×  |          |    |             |     |                |     |                     |    |          |               |                      |       | $\neg$        |
|  |    |          |    |             |     |                |     |                     |    |          |               |                      |       |               |
|  |    |          |    |             |     |                |     |                     |    |          | 1             |                      |       |               |

National Aqueous Corp. Melody Lake - PWS ID: NY5205653 - C-Community Water System

# Base Rate Proposed Increase Analysis

Last increase 2004

| # Customers     | Qu    | arterly Fee | Qu | arterly Escrow<br>Surcharge |    | nnual Operating<br>enue (incl. Escrow<br>Account) |
|-----------------|-------|-------------|----|-----------------------------|----|---|
| 63              | \$    | 122.13      | \$ | 50.00                       | \$ | 43,376.76   |
| Proposed Increa | ase 2 | 009         |    |                             |    | 88  |
| 63              | \$    | 275.00      | \$ | 50.00                       | \$ | 81,900.00   |
| % Change from   | Last  | increase:   |    |                             |    | 500/  |
|                 |       | 44%         |    |                             | 8  | 53%   |

PROPOSED

PSC NO: 1 - WATER

COMPANY: National Aqueous Corp.

INITIAL EFFECTIVE DATE:

LEAF: 12 --REVISION: 3
SUPERCEDING REVISION: 2

#### SERVICE CLASSIFICATION NO.1

## Applicable to use of Service for:

Residential, small commercial and general use.

### Character of Service

Continuous

#### Rate:

Effective on November 1, 2009

\$275 per quarter per dwelling

## Minimum Charge:

Effective on November 1, 2009

\$275 per quarter per dwelling

### Terms of Payment

Bills shall be rendered quarterly in advance January 1, April, July 1, October 1, and are due and payable upon receipt. Bills not paid within 23 days of mailing are delinquent and the late payment charge becomes applicable and service may be discontinued after proper notice as required by law.

A late payment charge to be computed at the rate of 1 ½ percent per month, compounded monthly, may be applied to all balances left unpaid 23 days following mailing of the bill.

#### Term

Terminable by the customer upon 10 days written notice to the company.