



October 22, 2010

Hon. Jaclyn A. Brillling
Secretary
New York State Dept. of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

Dear Secretary Brillling:

The following tariff leaves, filed on behalf of the Bath Electric, Gas and Water Systems ("BEGWS"), in accordance with the provisions of the New York State Public Service Law and Public Service Commission's ("Commission") Regulations contain provisions and rates designed to increase the monthly bill of a residential customer using 850 kilowatt-hours in January from \$40.51 to approximately \$43.02, or 6.2%. The proposed increase will produce an estimated annual aggregate increase in revenues of \$272,965 based on forecast billing data for the twelve months ending May 31, 2011. The instant filing is a "mini" rate case under the Commission's Rules of Procedures and a hearing is not required.

Seventh Revised Leaves Nos. 4, 5, 6, 7, 8, 9, 11, 12, 14, 15

Notice to the public will be made in a local newspaper for four (4) consecutive weeks.

BEGWS last increased its rates in Case 09-E-0201 via another "mini" rate case.¹ As a result of the last rate case, base rates increased by \$180,146 or 6.3%.

BEGWS is a municipal electric utility governed by the Village of Bath. The Village Board has actively overseen the development of the electric system's plans. At a public meeting, held on October 4, 2010, the Village Board authorized BEGWS to seek an increase in its annual revenues and initiate the instant rate proceeding. The Village Board approved the minimum increase necessary to sustain the financial and physical integrity of BEGWS' system.

¹ Case 09-E-0201: Minor Rate Filing by Bath Electric, Gas and Water Systems, *Approved And Recommended And So Ordered* (Issued August 20, 2009).

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BEGWS supplies electricity to approximately 4,700 customers in the Village of Bath and in portions of the Town of Bath in Steuben County. The average number of customers has remained consistent over the past few years and there is no indication that this will change significantly in the near term. The quality of service is excellent with no complaints. The electric safety record is excellent and the utility is well managed and professionally operated.

The primary need for increased revenue is to meet the cost of a major capital improvement. BEGWS is undertaking a significant electric system modification program. BEGWS' consulting engineers, PLM, Inc., completed the "2008 Electric System Planning Study" in April 2008. The study concluded, *inter alia*, that the electric system requires significant upgrades to allow BEGWS to supply safe and adequate service. The plan concluded that a voltage conversion project is the most cost effective course. The current estimate of the total project cost is \$7.1 million. The project should be completed by the first quarter of 2012.

The proposed increase will not have a significant impact on BEGWS' customers. BEGWS' electric rates are, and will remain, incredibly low. For example, without the effect of the purchased power adjustment clause, an average residential customer using 850 kWh currently pays \$.0364/kWh or approximately \$30.94 (including \$3.06 customer charge) per month in the summer and winter. Accordingly, the same customer's bill will rise by approximately \$2.50 per month.

BEGWS would also like to update its Factor of Adjustment at this time. The six-year average Factor of Adjustment is 1.051624 which is the method that the Commission has historically used to set the Factor of Adjustment.

BEGWS is an efficient and successful public power community. BEGWS will continue to provide safe, reliable, low cost power to its customers. Recognizing the need to use its low cost power prudently and efficiently, BEGWS will continue its programs promoting energy efficiency and strategically invest in economic development. This filing provides a sound basis for the Commission to process the application expeditiously. The instant filing is based on fiscal year 2010 data and contains three years of income statements and projections of revenues, expenses and rate base. Detailed workpapers supporting the rate request will be forwarded to Commission Staff.

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Further Information and Communications

BEGWS asks that questions regarding this filing be directed to:

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Respectfully submitted,

For Bath Electric, Gas and Water Systems

By:



Frank W. Radigan