

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

February 18, 2011

Hon. Jaclyn Brilling, Secretary
New York State Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

Dear Secretary Brilling:

Re: Village of Spencerport - Rates

Enclosed please find an electronic copy of the revised Leaf Nos. 1, 2, 3, 4, 5, 6, 6.1, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 of PSC No. 1 - Electricity for the Village of Spencerport (Village), issued February 18, 2011, to be effective June 1, 2011.

The proposed Tariff Leaves will increase the base revenue portion (customer charge and energy charge) of the monthly bill of a residential customer using 750 kilowatt-hours from \$22.18 to approximately \$25.53, or 15.1%. The proposed change will increase the Village's annual base revenues by \$289,561 (from \$1,920,147 to \$2,209,708). The filing is a "mini-filing" under the Commission's Rules of Procedures, and a hearing is not required.

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 2,800 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; however, some minor system growth is anticipated in the next two years. This rate filing includes the effect of this growth. 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 Village continues to be an efficient and successful public power community. The Village will continue to provide safe, reliable, low cost power to its customers. Recognizing the need to use its low cost power prudently and efficiently, the Village will continue its programs promoting energy efficiency and strategically invest in economic development.

The Rate Filing

The Village's last rate increase was three years ago with an effective date of February 1, 2008 (Case 07-E-0892). There are two main reasons for the current rate increase. First, the Village's rate of return for fiscal year 2010 was negative at (0.72)%. The forecasted rate of return before the requested revenue increase is expected to be a negative (4.71)%. This negative rate of return is due to the 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 \$290,000 which allows the Village to file as a "mini-filing" under the Commission's Rules and Regulations.

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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 has made significant efforts to increase opportunistic revenues and revenue sources and to economize and improve efficiencies to generate cash flows. These efforts have not been sufficient to offset rising mandated costs, inflation, and the impact of reduced demand.

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 1.030864 to 1.030041, 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, 2010 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. Notice will also be made to the public in a local newspaper for four (4) consecutive weeks.

Further Information

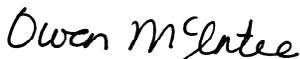
The Village asks that questions regarding this filing be directed to:

Karen Kimbler, Treasurer
Village of Spencerport
27 West Avenue
Spencerport, New York 14558
Tel: (585) 352-4771

The Village also utilized the assistance of William C. Freitag, CPA, of Bollam, Sheedy, Torani & Co. LLP, in the development and submission of this filing. Please feel free to contact Mr. Freitag at (518) 459-6700.

Respectfully submitted,

VILLAGE OF SPENCERPORT



Owen McIntee, Electric Superintendent

OM/dmc
Enclosures