

LAW OFFICES  
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March 2, 2011

BY: Electronic Filing

Honorable Jaclyn A. Brilling  
Secretary  
NYS Public Service Commission  
3 Empire State Plaza  
Albany, New York 12223-1350

RE: 11-W-\_\_\_\_ – Proceeding on Motion of the Commission as to the  
Rates, Charges, Rules and Regulations of Hopewell Service Corporation

Dear Secretary Brilling:

Hopewell Service Corporation (“Hopewell” or “the Company”) hereby seeks to increase its rates for water service and implement a surcharge reflecting the cost of system improvements. Supporting revenue requirement tables are attached. Workpapers associated with the development of the revenue requirement tables is available to the Department of Public Service staff.

Hopewell provides flat-rate water service to 139 residential customers located in a real estate development known as Worley Homes in Hopewell Junction, Town of East Fishkill, Dutchess County. Fire service is not provided. The current rates do not generate enough revenue to pay the Company’s operating expenses. The increase is needed to pay operating expenses and provide an operating margin to assure continued service.

Hopewell’s rates have not increased in approximately 16 years. The Company’s owners and management have focused on providing dependable service to the customers and have neglected to file for rate increases that would have been justified. In the process, to the benefit of the customers, the Company has not drawn compensation for management, rents, and other expenses.

The proposed tariff leaf increases the Company’s base rates by 24%. If adopted, the Company’s annual base revenues would increase by approximately \$10,500.

In addition to the rates requested, the Company is proposing a quarterly surcharge of \$31.68 per customer per quarter, which would last for five years. The proposed surcharge would repay a loan from Sagamor Water Corporation (“Sagamor”). Sagamor and Hopewell have common owners. The 1.5% per month interest rate on the loan was selected to reflect the *interest*

cost the Public Service Commission could assess on Sagamor for loaning the money to Hopewell. From 2005 through 2007, Hopewell made almost \$67,000 in improvements to the system. In order to have the cash to pay for these improvements, it borrowed \$57,798 from Sagamor.

To help assure that the Company can pay its bills, it is requesting a modest operating margin. The margin is computed using a method approved by the Public Service Commission for other small water utilities.

The Company will notify each customer of the proposed increase by mail and, therefore, is requesting waiver of the statutorily required newspaper publications.

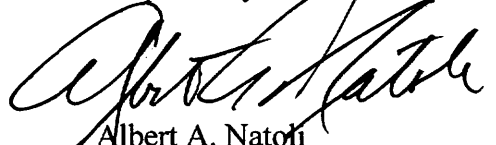
Attached are the tariff leaves that have been issued by Hopewell and are being transmitted for filing in compliance with the Commission's regulations. The tariffs are filed to become effective on June 1, 2011.

Leaf No. 12, Revision 1, Superseding Revision 0

Statement Type: SUR 1, Statement No. 1,  
Superseding Statement No. 0

The enclosed tariff leaves are revisions to the Company's Schedule, P.S.C. No. 2 – Water. Questions concerning this filing should be directed to me at the phone number listed on this letterhead.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Albert A. Natoli', is written over the typed name.

Albert A. Natoli

On Behalf of Hopewell Service Corporation

AAN:khn  
Enclosures

CC: Mr. Michael Gillespie