

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

RATE REQUEST

**BASED ON THE YEAR ENDED MAY 31, 2016 (BASE YEAR)
FORECAST PERIOD JULY 1, 2017 (EFFECTIVE DATE
OF RATE INCREASE) TO JUNE 30, 2018
Issued February 9, 2017**

**VILLAGE OF ARCADE
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FORECAST PERIOD JULY 1, 2017 (EFFECTIVE DATE
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**VILLAGE OF ARCADE
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**FORECASTED STATEMENT OF OPERATIONS -
ADJUSTED BASE YEAR AND RATE YEAR
Based on the Year Ended May 31, 2016 (Base Year)**

	<u>Base Year May 31, 2016</u>	<u>Normalizing Adjustments</u>	<u>Adjusted Base Year</u>	<u>Rate Year Adjustments</u>	<u>Normalized Rate Year Before Revenue Increase</u>	<u>Revenue Increase Request</u>	<u>Rate Year After Increase</u>	<u>Note Reference</u>
Revenues								
Operating revenues - Base	\$ 4,523,758	\$ 108,239	\$ 4,631,997	\$ -	\$ 4,631,997	\$ 395,756	\$ 5,027,753	1
Operating revenues - PPAC	2,463,901	(12,994)	2,450,907	(67,532)	2,383,375	-	2,383,375	1
Late charges	14,639	164	14,803	-	14,803	-	14,803	1
Rent from electric property	13,830	-	13,830	-	13,830	-	13,830	1
Miscellaneous operating revenues	464,849	(35,678)	429,171	-	429,171	-	429,171	1
Total revenues	<u>7,480,977</u>	<u>59,731</u>	<u>7,540,708</u>	<u>(67,532)</u>	<u>7,473,176</u>	<u>395,756</u>	<u>7,868,932</u>	
Expenses								
Purchased power	4,710,700	55,821	4,766,521	-	4,766,521	-	4,766,521	2.a.
Labor, net of capitalized labor	866,242	-	866,242	66,102	932,344	-	932,344	2.b.1.
FICA, medical, retirement, workers' compensation, etc.	497,915	-	497,915	24,064	521,979	-	521,979	2.b.2.
Contractual/material expenses								
Transmission	246	-	246	8,141	8,387	-	8,387	2.b.3.
Maintenance of poles and fixtures	-	-	-	-	-	-	-	2.b.3.
Distribution	274,572	-	274,572	88,473	363,045	-	363,045	2.b.3.
Street lights	6,681	-	6,681	268	6,949	-	6,949	2.b.3.
Consumer accounting and collection	44,940	-	44,940	3,760	48,700	-	48,700	2.b.3.
Sales expense	3,636	-	3,636	2,927	6,563	-	6,563	2.b.3.
Administrative and general	232,267	-	232,267	48,409	280,676	-	280,676	2.b.3.
Insurance	30,112	-	30,112	(124)	29,988	-	29,988	2.b.4.
Uncollectible revenues	-	-	-	10,732	10,732	-	10,732	2.b.5.
Depreciation	641,294	-	641,294	(40,958)	600,336	-	600,336	2.b.6.
Taxes and PILOT	281,687	-	281,687	(47,866)	233,821	-	233,821	2.b.7.
PSC Regulatory Assessment	85,352	-	85,352	(22,006)	63,346	-	63,346	2.b.8.
Contributions to IEEP and NYPA Insulation loan payments	204,234	-	204,234	(45,609)	158,625	-	158,625	2.b.9.
Amortization of rate filing costs	-	-	-	5,933	5,933	-	5,933	2.b.10.
Miscellaneous credits transferred (Allocation of overhead)	(422,109)	-	(422,109)	(25,707)	(447,816)	-	(447,816)	2.b.11.
Total expenses	<u>7,457,769</u>	<u>55,821</u>	<u>7,513,590</u>	<u>76,539</u>	<u>7,590,129</u>	<u>-</u>	<u>7,590,129</u>	
Operating income (loss) (*)	<u>\$ 23,208</u>	<u>\$ 3,910</u>	<u>\$ 27,118</u>	<u>\$ (144,071)</u>	<u>\$ (116,953)</u>	<u>\$ 395,756</u>	<u>\$ 278,803</u>	
Rate Base	<u>\$ 9,671,902</u>				<u>\$ 9,106,446</u>		<u>\$ 9,121,280</u>	
Rate of Return	<u>0.24%</u>				<u>-1.28%</u>		<u>3.06%</u>	
Return on Surplus	<u>-0.53%</u>				<u>-3.57%</u>		<u>2.75%</u>	

(*) Operating income (loss) does not include interest income or interest expense.

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

SUMMARY OF NORMALIZATION AND RATE YEAR ADJUSTMENTS

Base Year Normalization Adjustments

a) Operating revenues	
To reflect increase in base revenues due to weather normalization	\$ 108,239
b) To reflect increase in purchased power due to weather normalization of base revenues	55,821
c) To adjust PPAC revenues for over-billing of revenues in fiscal year 2016 (per PPAC Reconciliation)	(12,994)
d) To adjust late charge revenues to 3 year average percentage of total revenues for the Years 2014 to 2016	164
e) To adjust amounts included in Miscellaneous Revenues (Account 622) for re-connect fees, call out fees, etc., to average experience (based on Years 2014 to 2016)	(35,678)
Total normalization adjustments	<u>\$ 3,910</u>

Rate Year Adjustments

f) To reflect net increase in expensed labor dollars due to anticipated wage increases, net of amounts to be allocated to capital accounts	\$ 66,102
g) To reflect net decrease in property taxes and PILOT to be paid to the Village's General Fund based on calculation using Village's existing tax rate and equalization rate	\$ (47,866)
h) To establish uncollectible revenues to equal 0.01525% (benchmark) of normalized gross revenues	\$ 10,732
i) To reflect net changes in employee benefits due to payroll tax calculation or allocated budgeted or known amounts for shared costs	\$ 24,064
j) <u>Contractual/material expenses</u>	
Transmission - 3 Year average with no inflation factor	\$ 8,141
Distribution - 3 year average with no inflation factor	\$ 88,473
Street lights - 3 year average with no inflation factor	\$ 268
Consumer accounting and collection - 3 year average with no inflation factor	\$ 3,760
Sales Expense - 2 year average with no inflation factor	\$ 2,927
Administrative and general - 2 year average with no inflation factor	\$ 48,409
k) To decrease insurance expense to equal 3 year average with no inflation factor	\$ (124)
l) To decrease depreciation expense for anticipated capital improvements and transfer of construction in progress for assets placed in service, net of correction for application of Contributions for Extension amounts	\$ (40,958)
m) To adjust PSC annual assessment to equal expected revenues in Rate Year multiplied by assessment rate (PPAC effect is shown in adjustment (n) below.	\$ (22,006)
n) To reflect decrease in PPAC revenues, related to decrease in PSC temporary assessment that is passed through the PPAC	\$ (21,923)
o) To reflect increase in IEEP contributions based on anticipated increase in kWh sales	\$ 7,019
p) Annual amortization of rate filing costs, over 3 years	\$ 5,933
q) To reflect increase in allocation of fringe benefits and supervision time due to increase in total direct labor dollars	\$ (25,707)
r) To reflect increase in PPAC revenues, related to billings for IEEP contributions, due to anticipated increase in kWh sales	\$ 7,019
s) To reflect decrease in PPAC revenues, related to expiration of NYPA payments connected to Insulation Program (previously passed through PPAC)	\$ (52,628)
t) To reflect decrease in NYPA payments connected to Insulation Program	\$ (52,628)
Total Rate Year Adjustments	<u>\$ (144,071)</u>

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**FORECASTED RATE OF RETURN CALCULATION
CAPITALIZATION MATRIX
Based on the Year Ended May 31, 2016,
Adjusted for Rate Year Adjustments and Revenue Increase Request**

		<u>Amount</u>	<u>Per- Cent</u>	<u>Cost Rate</u>	<u>Rate of Return</u>
<u>2016 (Base Year)</u>					
Long-term debt	Exhibit 10	\$ 3,822,718	33.6%	1.77%	0.59%
Customer deposits	Exhibit 10	24,193	0.2%	0.00%	0.00%
Net surplus	Exhibit 10	<u>7,546,787</u>	<u>66.2%</u>	-0.53%	<u>-0.34%</u>
Total		<u>\$ 11,393,698</u>	<u>100.00%</u>		<u>0.26%</u>
<u>Rate Year Before Revenue Increase</u>					
Long-term debt	Exhibit 10	\$ 3,310,000	31.2%	3.75%	1.17%
Customer deposits	Exhibit 10	22,232	0.2%	0.00%	0.00%
Net surplus	Exhibit 10	<u>7,288,472</u>	<u>68.6%</u>	-3.57%	<u>-2.45%</u>
Total		<u>\$ 10,620,704</u>	<u>100.00%</u>		<u>-1.28%</u>
<u>Rate Year After Revenue Increase</u>					
Long-term debt	Exhibit 10	\$ 3,310,000	31.2%	3.75%	1.17%
Customer deposits	Exhibit 10	22,232	0.2%	0.00%	0.00%
Net surplus	Exhibit 10	<u>7,288,472</u>	<u>68.6%</u>	2.75%	<u>1.89%</u>
Total		<u>\$ 10,620,704</u>	<u>100.00%</u>		<u>3.06%</u>

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT****SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
Based on the Year Ended May 31, 2016 (Base Year)****NOTE 1 - OPERATING REVENUES***Base Revenues*

Sales in kWh decreased approximately 6.6% for the fiscal year ended May 31, 2016 (Base Year). This decrease in electric consumption was primarily related to the extraordinarily warm winter period experienced during 2015/2016. Consumption decreases in the Residential, Commercial, and Industrial rate classes were approximately 12%, 3%, and 1%, respectively, for the fiscal year ended May 31, 2016 (Base Year).

As the decrease in kWh consumption was primarily attributable to weather conditions (and not a decrease in customers or normal usage patterns), kWh consumption and related Base Revenues in the Rate Year were calculated using weather normalization formulas discussed in Workpaper A. Weather normalization trends were developed using information included in the National Weather Service Forecast Office website ([http://www.nyserda.ny.gov/Abut/Publications/EA - Reports -and-Studies/Weather-Data/Monthly-Cooling-and-Heating-Degree-Day-Data.aspx](http://www.nyserda.ny.gov/Abut/Publications/EA-Reports-and-Studies/Weather-Data/Monthly-Cooling-and-Heating-Degree-Day-Data.aspx)) for heating degree days for the ten (10) year period 2007-2016. This data was specific to the Buffalo, New York area.

As the Department experienced minimal growth/decline in its customer base over the last six years, any impact on Base Revenues, as a result of customer growth or decline, has been ignored in this forecast.

Based on the weather normalization calculations described in Workpaper A, Base Revenues during the Rate Year are expected to increase \$108,239 (2.4% increase) from the Base Year.

PPAC Revenues

PPAC Revenues represent a “dollar-for-dollar” pass-through of incremental power costs (defined as power costs and other production costs in excess of base purchased power costs). This “dollar-for-dollar” pass-through is reconciled at the end of each fiscal year to identify if any overbilling or under billing of PPAC revenues had occurred during the fiscal period.

PPAC revenues were decreased for an overbilling of PPAC revenues experienced during the Base Year. This over billing totaled \$12,994 (see Workpaper D), and will be returned to customers via the PPAC process in the fiscal period subsequent to the Base Year.

In addition, PPAC revenues include certain other costs that are passed onto the customer as part of the PPAC process. The Department currently bills its customers at a rate of .001/kWh for its contributions to the Independent Energy Efficiency Program (IEEP). All PPAC revenues collected from these billings are remitted to the IEEP for energy efficiency projects, and the revenues generated and the expenses incurred under this program do not enter into the determination of the Department’s net operating income. As such, they are considered “revenue neutral.” Revenues generated by this process are based on kWh sold. As kWh consumption is expected to increase during the Rate Year (due to weather normalization), PPAC revenues related to this process are also expected to increase. As such, PPAC revenues have been increased by \$7,019. Conversely, contributions to the IEEP (classified as an expense) have also been increased by \$7,019, to remain “revenue neutral” in the determination of net operating income.

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT****SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
Based on the Year Ended May 31, 2016 (Base Year)****NOTE 1 - OPERATING REVENUES - Continued***PPAC Revenues - Continued*

The Department also made payments to the New York Power Authority (NYPA) in connection with the Department's Insulation Program. Similar to the IEEP contributions described above, these payments were also passed onto the customer as part of the PPAC process. The obligation (and related payments) to NYPA expired during May 2016. As such, there will be no payments to NYPA for the Insulation Program during the Rate Year. PPAC revenues related to the Insulation Program have been reduced to zero in the Rate Year (a \$52,628 decrease in PPAC revenues). Conversely, these payments (classified as an expense) have also been decreased by \$52,628 to remain "revenue neutral" in the determination of net operating income.

Also, as more fully described in Note 2.b. (8) below, the Department pays a regulatory assessment (Section 18-a) to the PSC, based on annual gross revenues in excess of \$500,000. This assessment is passed on to the Department's customers, on a dollar-for-dollar basis, via the PPAC process. Due to the anticipated reduction in the assessment rate (partially offset by an increase in normalized revenues), the expected Section 18-a assessment will be \$44,722 in the Rate Year, a reduction of \$21,923 from the Historic Base Year. As such, PPAC revenues have also been reduced by this amount to reflect the nature of this pass-through. Please refer to Workpaper F for the calculation of both the temporary assessment (Section 18-a) and the general assessment.

Base Revenue, Revenue Increase Rate

The increase in Base Revenues (as a result of an 8.54% increase in base rates effective July 1, 2017) requested herein to support operations, capital improvements, annual debt service, establish adequate cash balances, and provide a reasonable rate of return on Rate Base, is expected to total \$395,756. Base Revenues in the Rate Year are expected to be \$5,027,753 (versus normalized Base Year revenues of \$4,631,997).

Other Revenues

Other revenues consist of late charges, rent from electric property, and miscellaneous electric revenues.

Revenues from late charges have been fairly consistent for the last three years (2014 to 2016), and have approximated .00209 of total gross electric revenues (Base revenues and PPAC revenues). Revenues from late charges during the Rate Year are expected to equal \$14,803, which are .00209 of normalized base and PPAC revenues.

The Department receives rental income from Time Warner Cable for pole attachments. This income, which has remained consistent from year to year, is evidenced by a long standing agreement with Time Warner Cable. Revenues from pole attachments during the Rate Year are expected to equal \$13,830, the amount reported in the May 31, 2016 Historic Base Year.

The Department reports as "Miscellaneous Operating Revenues" revenues it receives from Noble Environmental Power (Noble) for a wind park located in Wyoming County. The Department has a twenty-year operating agreement with Noble, in which Noble will pay the Department \$345,000 per year through 2028.

In addition, the Department receives other miscellaneous operating revenues in the form of (1) re-connect fees, (2) after hours call out fees, (3) easement filing fees, and (4) demand response payments. Revenues from these sources have averaged \$84,171 per year for the last three years (2014 to 2016). As these revenues are difficult to estimate with any degree of certainty, revenues from these sources during the Rate Year are expected to equal the three-year average of \$84,171.

VILLAGE OF ARCADE
ELECTRIC DEPARTMENTSUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
Based on the Year Ended May 31, 2016 (Base Year)

NOTE 1 - OPERATING REVENUES - Continued

Other Revenues - Continued

Normalization adjustments made to Miscellaneous Operating Revenues in this forecast were as follows:

Type	Base Year 2016	Rate Year	Rate Year Increase (Decrease)
Noble Environmental Power	\$ 345,000	\$ 345,000	\$ -
Other Sources	119,849	84,171	(35,678)
	<u>\$ 464,849</u>	<u>\$ 429,171</u>	<u>\$ (35,678)</u>

NOTE 2 - OPERATING EXPENSES

a. *Purchased Power* - The cost of electricity purchased for distribution is forecasted to be \$4,766,521 during the Rate Year. This forecasted amount is based on actual purchased power costs incurred during the Base Year, adjusted for weather normalization calculations described in Workpaper A. As weather normalization is expected to increase consumption and Base Revenues (Note 1), purchased power is also expected to increase to meet those consumption needs. Increases in purchased power, due to normalization adjustments, is expected to be \$55,821 (Workpaper A).

b. *Other Operating Expenses* - Other operating expenses are adjusted as follows:

(1) Labor (charged to expense accounts)

Labor charged to expense accounts includes:

- Salaries of the line crew laborers (allocated via the work order system based on the work performed).
- Salaries of the Superintendent, Village Clerk/Treasurer, clerical workers, and the Village Board (allocated to the Electric Department based on estimated level of effort).

Total salaries incurred during Base Year 2016 were \$934,052, of which \$67,810 was capitalized to operating property via the Department's work order system. Salaries charged to the various expense accounts of the Department totaled \$866,242 during Base Year 2016.

Total salaries to be incurred during the Rate Year are projected to be \$998,227, of which \$65,883 is expected to be capitalized to operating property, and \$932,344 will be expensed in the forecasted statement of operations. (See Exhibit 15 for capitalized salaries and Workpaper E-1 for expected salaries in the Rate Year.) Capitalized salaries during the Rate Year have been forecasted to be at the two-year average capitalized salaries percentage of total salaries experienced in fiscal years 2015 and 2016, which was 6.6% of total salaries. A two-year average was used for Rate Year capitalized salaries, as fiscal year 2014 experienced an unusual and significant amount of capitalized salaries due to the internal labor efforts associated with constructing and energizing the new substation.

VILLAGE OF ARCADE
ELECTRIC DEPARTMENTSUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
Based on the Year Ended May 31, 2016 (Base Year)

NOTE 2 - OPERATING EXPENSES - Continued

b. Other Operating Expenses - Continued

(1) Labor (charged to expense accounts) - Continued

The increase in total salaries from the Base Year was solely due to hourly wage increases and increases to salaried employees, which were implemented on June 1, 2016, and expected to be implemented on June 1, 2017. Forecasted salaries during the fiscal year ended May 31, 2017, as well as the Rate Year, are presented in Workpapers E and E-1, and are calculated by each specific employee allocated (in whole or in part) to the Electric Department. Workpapers E and E-1 take into consideration retirees and new hires, and only report those persons expected to be employed by the Electric Department during the Rate Year. The combined wage increases had the effect of increasing total annual salaries by approximately \$64,175 from the Base Year 2016 to the Rate Year.

(2) Employee Benefits

Employee benefits include medical insurance, workers' compensation, disability insurance, New York State retirement contributions, FICA, and allowances for safety clothing and related laundering. Costs in Base Year 2016 represent the Electric Department's share of actual invoiced amounts (or via calculation on labor dollars for FICA), and are primarily based on a ratio of Electric Department labor dollars to total Village labor dollars.

In general, employee benefit costs have remained fairly consistent over the past three years, primarily because health insurance and retirement contributions have stabilized somewhat after several years of significant increases. Employee benefits have approximated 50-55% of total salary costs over the last few years. It should be noted that employee benefit costs in the Base Year 2016, do not include any retirement expenses related to the implementation of GASB 68 (NYS Retirement System Net Pension Liability). As such, the Rate Year does not include GASB 68 pension expense in employee benefits.

Rate Year employee benefit costs are based on (1) actual invoiced amounts, (2) calculation (FICA), or (3) budgeted amounts based on historic trend or vendor estimates. Rate Year employee benefit costs are expected to be approximately 52% of total labor dollars, primarily due to the anticipated increase health insurance. The "net" increase in employee benefits costs is expected to be as follows:

Type	Base Year 2016	Rate Year	Rate Year Increase (Decrease)
Medical insurance (a)	\$ 224,173	\$ 246,600	\$ 22,427
NYS retirement (b)	152,461	142,380	(10,081)
FICA (c)	71,094	76,364	5,270
Workers' compensation and disability insurance (d)	44,114	48,874	4,760
Safety clothing and laundry (e)	6,073	7,761	1,688
	<u>\$ 497,915</u>	<u>\$ 521,979</u>	<u>\$ 24,064</u>

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT****SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
Based on the Year Ended May 31, 2016 (Base Year)****NOTE 2 - OPERATING EXPENSES - Continued***b. Other Operating Expenses - Continued***(2) Employee Benefits - Continued**

- (a) Medical insurance is based on quoted premiums from the Village of Arcade's insurance providers. These premiums have been included in the Village's entity-wide budgets and have been allocated to the Electric Department based on level of effort within the Department. Based on actual cost for 2016 of \$224,173 and the anticipated budget in the Rate Year, medical insurance is expected to increase 10% and total \$246,600 for the Rate Year, which is a \$22,427 increase from Base Year 2016.
- (b) The costs reported in the Rate Year is based on actual amounts paid in December 2016 (\$129,436) adjusted for an anticipated and estimated 10% increase in future New York State Retirement System contributions (due to the current unfunded status of the NYSRS). Retirement cost included in the Rate Year represents the Electric Department's allocated share of the NYSRS contribution based on level of effort within the Department. Given the performance of the NYS Retirement System over the past year, the retirement contribution is expected to be \$142,380 during the Rate Year, which is a \$10,081 decrease from Base Year 2016.
- (c) FICA is calculated at 7.65% of total gross salaries. Salaries expected in the Rate Year total \$998,227 (Note 2.b.)
- (d) Represents the cost of workers' compensation and disability insurance, and is based on the amount billed the Village for the fiscal year ended May 31, 2017. Rate Year costs are expected to be similar to the fiscal year 2017 costs.
- (e) Represents a clothing allowance and laundering of safety clothing used by the line crew. Amounts in the Rate Year are expected to equal the three-year average (2014-2016) for these type costs, which is \$7,761.

(3) Contractual/Material Expenses

Contractual and material expenses consist of materials, supplies, and/or services provided by outside vendors which are charged to the transmission, distribution, street lights, consumer accounting, sales, and administrative and general cost categories. In general, all of these cost categories have experienced decreasing costs over the last two fiscal years (2015-2016). The primary reason for this decreasing cost trend was due to operational cash flow deficiencies and the need to practice conservatism over spending. Due to these operational cash flow deficiencies, the Electric Department had to suspend or curtail certain operational and maintenance tasks over the past two years (2015-2016).

VILLAGE OF ARCADE
ELECTRIC DEPARTMENTSUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
Based on the Year Ended May 31, 2016 (Base Year)

NOTE 2 - OPERATING EXPENSES - Continued

b. Other Operating Expenses - Continued

(3) Contractual/Material Expenses - Continued

During the Rate Year, these costs are expected to equal the three-year average (2012-2014) of these categories, with no adjustment for inflation factors (see Workpaper C).

	Base Year 2016	Rate Year	Rate Year Increase (Decrease)
Transmission	\$ 246	\$ 8,387	\$ 8,141
Distribution	274,572	363,045	88,473
Street lights	6,681	6,949	268
Consumer accounting	44,940	48,700	3,760
Sales expense (a)	3,636	6,563	2,927
Administrative and general	232,267	280,676	48,409
	<u>\$ 562,342</u>	<u>\$ 714,320</u>	<u>\$ 151,978</u>

(a) A two-year average was used to estimate Sales Expense in the Rate Year. A three-year average did not prove realistic due to an accounting/reporting error in Fiscal Year 2014, in which costs associated with mutual aid were incorrectly included in this account (Account 772). The two-year average was much more indicative of normal annual Sales Expense.

(4) Insurance

Insurance expense represents the Electric Department's share of general liability insurance. As insurance premiums are not expected to change significantly from the past three years, general liability insurance during the Rate Year is based on the Electric Department's three year average (2014-2016).

Three-year average (2014-2016)	\$ 29,988
Base Year 2016	<u>30,112</u>
Rate Year decrease	<u>\$ (124)</u>

(5) Uncollectible Revenues

The Electric Department has been inconsistent with its recognition and accounting for uncollectible revenues. As such, significant delinquent customer balances have remained in the Department's detailed accounts receivable listing as well as its Accounts Receivable general ledger account.

Not recognizing an annual expense for uncollectible revenues is unrealistic, and the Village's Board and management is currently reviewing its policies for the recognition of uncollectible revenues, so as to not distort the true results of Department operations in any given year.

VILLAGE OF ARCADE
ELECTRIC DEPARTMENTSUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
Based on the Year Ended May 31, 2016 (Base Year)

NOTE 2 - OPERATING EXPENSES - Continued

b. *Other Operating Expenses* - Continued

(5) Uncollectible Revenues - Continued

As part of this rate filing, the Department is looking to establish an annual expense for uncollectible revenues. Without an established trend or history of uncollectible revenues, the Department has estimated its uncollectible revenues in the Rate Year to equal a benchmark percentage of 0.1525% of normalized gross revenues (Base and PPAC revenues). Normalized gross revenues (Exhibit 1) totals \$7,037,295 which yields uncollectible revenue of \$10,732 in the Rate Year. The benchmark percentage of 0.1525% was used in the Department's last rate case (Case 15-E-0132).

(6) Depreciation Expense

Depreciation expense (Exhibit 14) has been calculated based on existing operating property plus future operating property acquisitions detailed in Exhibit 15. Future operating property acquisitions include anticipated costs for material and capitalized labor costs. Future operating property acquisitions are reported "net" of anticipated retirement values.

During the preparation of this Rate Filing, it became known that in periods prior to Fiscal Year 2007, the Department did not properly account for Contributions for Extensions within its depreciation calculations. Specifically, the Department did not "net" the contributed amount from its operating property prior to performing its depreciation calculations. As such, depreciation expense (and related accumulated depreciation) in years prior to Fiscal Year 2007, were overstated. Beginning in Fiscal Year 2007, the Department began "netting" all new contributions directly against the applicable operating property accounts, which would allow for the correct calculation of depreciation expense on the "net" value of its operating property.

As part of this Rate Filing, the Department has corrected its accounting for contributions received prior to Fiscal Year 2007, and has calculated annual depreciation expense in the Rate Year on the "net" value of the affected operating property category (Exhibit 14). This correction in accounting has had the effect of decreasing annual depreciation expense in the Rate Year by approximately \$75,000 from amounts reported in the Historic Base Year 2016. This decrease in annual depreciation expense was partially offset by the depreciation on new property acquisitions in Fiscal Year 2017 and the Rate Year.

Depreciation charges are calculated using rates that are consistent with rates used in prior years, and as approved in the Department's last rate case (Case 15-E-0132). Depreciation charges are calculated on operating property balances, net of any contributed amounts, as required.

Depreciation expense, Rate Year	\$ 600,336
Depreciation expense, Base Year	<u>641,294</u>
Rate Year decrease	<u><u>\$ (40,958)</u></u>

VILLAGE OF ARCADE
ELECTRIC DEPARTMENTSUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
Based on the Year Ended May 31, 2016 (Base Year)

NOTE 2 - OPERATING EXPENSES - Continued

b. Other Operating Expenses - Continued

(7) Taxes and PILOT

The Department pays property taxes on certain property located outside the Village, as well as school taxes to the local school district. Property and school taxes paid to these taxing jurisdictions in the Rate Year are expected to be equal to amounts paid during the Department's current fiscal year (2017). Expected property and school taxes to be incurred during the Rate Year are as follows:

Town of Sardinia	\$ 3,171
Town of Yorkshire	5,991
Town of Freedom	26,761
Town of Arcade	44,476
Wyoming County	48,831
School taxes	44,591
	<u>\$ 173,821</u>

In addition, the Department makes a Payment in Lieu of Taxes (PILOT) to the Village's General Fund. The PILOT payment is based on the net book value of its operating property located within the Village multiplied by the Village's current property tax rate (adjusted for the current equalization rate). The expected PILOT payment during the Rate Year will be \$60,000 (rounded), and is calculated as follows (see Exhibit 14 for further analysis):

Operating property subject to PILOT calculation	\$ 7,708,707
Accumulated depreciation	<u>(3,659,255)</u>
Net book value	4,049,452
Equalization Rate	<u>89.27%</u>
Equalized net book value	3,614,946
Village tax rate per \$1,000	<u>16.57</u>
PILOT (rounded)	<u>\$ 60,000</u>

(8) PSC Regulatory Assessment

The Electric Department pays a regulatory assessment (General Assessment and Temporary Assessment under Section 18-a) to the PSC, based on its annual gross revenues in excess of \$500,000. It is understood that, during the Rate Year, the General Assessment rate will be 0.239% and the Temporary Assessment rate will be 0.730%. With normalized gross revenues (excluding the requested revenue requirement) anticipated to be \$6,537,295 (net of the \$500,000 exemption), the regulatory assessment is expected to be \$63,346 during the Rate Year, a reduction of \$22,006 from the Historic Base Year. The primary reasons for this decrease are (1) reduction in assessment rate and (2) reduction in assessed revenues. As the Temporary Assessment is passed onto the customers via the PPAC process, PPAC revenues were decreased by \$21,923. See Workpaper F for related calculations.

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT****SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
Based on the Year Ended May 31, 2016 (Base Year)****NOTE 2 - OPERATING EXPENSES - Continued***b. Other Operating Expenses - Continued***(9) Contributions to IEEP and Payments for NYPA Insulation Program**

The Department participates in the Independent Energy Efficiency Program (IEEP) to offer programs and make capital improvements to promote energy efficiency by and for its customers. As previously described, contributions to the IEEP are based on kWh sold multiplied by .001 per kWh. Expected kWh sold in the Rate Year, due to weather normalization, is expected to approximate 158,625,000 kWh, which calls for a \$158,625 contribution to the IEEP during the Rate Year. These costs and related revenues (recovered by the PPAC process) are “revenue neutral” to the operations of the Department.

Prior to May 31, 2016, the Department participated in the NYPA Insulation Loan Program. The program was established by NYPA several years ago to help finance certain insulation projects for the Department’s customers. Several municipal electric utilities in NYS also participated in this program.

Payments made to NYPA related to this program were treated in a similar manner as the IEEP contributions described above, as the costs and related revenues (recovered by the PPAC process) were “revenue neutral” to the operations of the Department. This program ceased on May 31, 2016. As such, no further payments are anticipated, and the effect of these payments has been removed from this Rate Filing.

(10) Amortization of Rate Filing Costs

The Department wishes to amortize the cost of its rate filing over a three-year period, the expected period of benefit. Amortization costs are expected to be \$5,933 per annum for each of the next three years. The unamortized portion of these rate filing costs have been included in the calculation of Rate Base, and is presented in “Prepaid Expenses” (Exhibits 7 and 9).

(11) Miscellaneous Credits Transferred

Miscellaneous credits transferred represent the allocation of employee benefits and supervision time (as the Superintendent’s salary does not go through the work order process) to the various tasks performed by the line crew. It is the Electric Department’s policy to allocate employee benefits and supervision time to capital (operating property) transactions and distribution system repair expense accounts. Employee benefits and the Superintendent’s salary are reported in the Electric Department’s general ledger (Accounts 785 and 741, respectively) at gross amounts, therefore, there is a need to have a “credit” account to properly allocate these costs to the various capital accounts, without losing the integrity of the actual amount of these costs in the general ledger.

The allocation of employee benefit and supervision costs is based on direct labor dollars charged by the line crew for capital and repair tasks multiplied by an overhead percentage representative of those costs to direct labor dollars. The overhead rate used for employee benefits and supervision in the Rate Year is 95%, which is similar to overhead rates used in the past five fiscal years. Direct labor dollars anticipated to be capitalized and/or charged to repair expense accounts during the Rate Year (adjusted for salary increases previously described) is approximately \$471,000, which is similar to the Historic Base Year 2016, adjusted for salary increases. Allocation of these overheads in the Rate Year is expected to be \$(447,816).

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
Based on the Year Ended May 31, 2016 (Base Year)**

NOTE 3 - INDEBTEDNESS

The Electric Department's indebtedness at the end of the Rate Year consists of existing debt obligations. No additional debt is expected to be incurred in the Rate Year, as all capital improvements are expected to be financed from operating cash balances and/or depreciation reserves.

A summary of indebtedness at the end of the Rate Year is as follows:

	<u>Beginning of Rate Year</u>	<u>End of Rate Year</u>
Public Improvement Bond, issued December 2013, interest at 2 to 3%, annual principal payments of \$115,000 to \$130,000 due September 2021 (a)	\$ 615,000	\$ 485,000
Public Improvement Bond, issued August 2016, interest at 3.0% to 4.75%, annual principal payments of \$70,000 to \$180,000, due August 2042 (b)	<u>2,795,000</u>	<u>2,725,000</u>
	<u><u>\$ 3,410,000</u></u>	<u><u>\$ 3,210,000</u></u>

- (a) Financing for improvements to substation, tap switch, and transmission line equipment.
- (b) Financing for improvements made to substation and related equipment.

NOTE 4 - RATE OF RETURN

The rate of return calculation is provided as an indicator of the level of forecasted income from operations compared to the risk/investment borne by the Electric Department.

The rate of return on Rate Base and Surplus for the year ended May 31, 2016, is calculated based on the prescribed format in the Village's Municipal Electric Utilities Annual Report filed with the New York State Department of Public Service for the year ended May 31, 2016. This rate of return on Rate Base and Surplus was negative 0.24% and negative 0.53%, respectively. The rate of return on Rate Base and Surplus for the Forecasted Rate Year of 3.06% and 2.75%, respectively, is calculated using Base Year 2016 amounts and applying forecasted changes to the Electric Department's operation, rate base, debt service, and surplus, as described herein.

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**BALANCE SHEETS
May 31,**

	Fiscal 2014	Fiscal 2015	Fiscal 2016	2014-2016 Average Balance
ASSETS				
Plant in service	\$ 17,832,434	\$ 20,498,558	\$ 20,652,060	\$ 20,575,309
Construction work in progress	3,572,894	349,599	563,890	456,745
Depreciation reserve	(9,950,934)	(9,593,629)	(10,099,792)	(9,846,711)
Contribution for extensions	-	-	-	-
Net plant	<u>11,454,394</u>	<u>11,254,528</u>	<u>11,116,158</u>	<u>11,185,343</u>
Depreciation reserve funds	903,801	904,412	663,958	784,185
Miscellaneous special funds	108,810	108,873	108,931	108,902
Cash	624,102	1,209,252	1,308,588	1,258,920
Working funds	-	-	-	-
Loans to operating municipality	-	-	-	-
Materials and supplies	303,783	288,510	395,921	342,216
Receivables from operating municipalities	290,987	234,887	234,887	234,887
Accounts receivable	888,922	566,337	419,106	492,722
Reserve for uncollectibles	(92,764)	(150,000)	(86,679)	(118,340)
Prepayments	-	-	-	-
Miscellaneous current assets	<u>176,642</u>	<u>103,572</u>	<u>60,776</u>	<u>82,174</u>
Total assets	<u>\$ 14,658,677</u>	<u>\$ 14,520,371</u>	<u>\$ 14,221,646</u>	<u>\$ 14,371,009</u>
LIABILITIES				
Accounts payable	-	\$ 109,870	18,575	\$ 64,223
Notes payable	3,024,384	2,931,917	2,856,417	2,894,167
Payables to operating municipality	-	-	-	-
Customer deposits	23,341	26,153	22,232	24,193
Taxes accrued	-	12,481	13,116	12,799
Interest accrued	55,376	37,313	37,287	37,300
Miscellaneous other current liabilities	<u>345,459</u>	<u>332,348</u>	<u>370,990</u>	<u>351,669</u>
Total current liabilities	3,448,560	3,450,082	3,318,617	3,384,350
Bonds payable	1,020,000	880,000	745,000	812,500
Long-term debt, other	109,363	69,281	162,821	116,051
Miscellaneous reserves	<u>22,570</u>	<u>35,095</u>	<u>35,095</u>	<u>35,095</u>
Total liabilities	<u>4,600,493</u>	<u>4,434,458</u>	<u>4,261,533</u>	<u>4,347,996</u>
Contributions for extensions	2,460,856	2,460,856	2,491,596	2,476,226
Contributions to municipality	(2,413,884)	(2,413,884)	(2,439,506)	(2,426,695)
Surplus	<u>10,011,212</u>	<u>10,038,941</u>	<u>9,908,023</u>	<u>9,973,482</u>
Total surplus	<u>10,058,184</u>	<u>10,085,913</u>	<u>9,960,113</u>	<u>10,023,013</u>
Total liabilities and surplus	<u>\$ 14,658,677</u>	<u>\$ 14,520,371</u>	<u>\$ 14,221,646</u>	<u>\$ 14,371,009</u>

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**INCOME STATEMENTS
(INCLUDING kWh SALES BY RATE CLASS)
Years Ended May 31,**

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Three-Year Average
Operating revenues					
A/C 601	Residential sales	\$ 4,826,732	\$ 4,117,073	\$ 3,390,609	\$ 4,111,471
A/C 602	Commercial sales	2,199,432	2,049,197	1,900,599	2,049,743
A/C 603	Industrial sales	1,902,077	1,636,575	1,578,204	1,705,619
A/C 604	Public street lighting - operating municipality	29,997	26,869	26,483	27,783
A/C 605	Public street lighting - other	14,581	13,484	13,191	13,752
A/C 606	Other sales to operating municipality	69,387	59,679	52,594	60,553
A/C 607	Other sales to other public authorities	3,214	3,285	3,310	3,270
A/C 608	Sales to other distributors	2,046	1,818	1,982	1,949
A/C 609	Sales to railroads	-	-	-	-
A/C 610	Security lighting	39,451	36,218	35,326	36,998
A/C 621	Rent from electric property	13,012	13,502	13,830	13,448
A/C 622	Miscellaneous electric revenues	375,455	447,210	464,849	429,171
	Total operating revenues	9,475,384	8,404,910	7,480,977	8,453,757
Operation and maintenance expense					
	Electricity purchased	6,485,568	5,456,124	4,710,700	5,550,797
	Transmission expense	16,480	36,888	626	17,998
	Poles, towers, and fixtures	-	-	-	-
	Distribution expense	869,808	765,297	697,528	777,544
	Street lighting and signal expense	13,605	15,335	16,973	15,304
	Customer accounting and collection	98,044	108,324	114,167	106,845
	Sales expense	55,720	22,409	9,238	29,122
	Administrative and general expense	909,716	744,536	781,322	811,858
	Depreciation	540,522	605,564	641,294	595,793
	Taxes, electric	281,296	301,214	281,687	288,066
	Uncollectible revenues	-	63,321	-	21,107
	Total operation and maintenance expense	9,270,759	8,119,012	7,253,535	8,214,435
	Income from operations	204,625	285,898	227,442	239,322
Other income (expense)					
	Interest income	1,226	674	499	800
	Interest expense	(29,811)	(33,369)	(33,743)	(32,308)
	Contractual appropriations of income	(216,388)	(218,155)	(204,234)	(212,926)
	Miscellaneous interest deductions	(42,742)	(20,514)	(15,703)	(26,320)
	Other	46,995	84	29,261	25,447
	Total other income (expense)	(240,720)	(271,280)	(223,920)	(245,307)
	Net income (loss)	\$ (36,095)	\$ 14,618	\$ 3,522	\$ (5,985)
kWh Sales					
A/C 601	Residential sales	77,897,870	75,956,281	66,969,426	73,607,859
A/C 602	Commercial sales	41,860,834	45,080,029	43,643,565	43,528,143
A/C 603	Industrial sales	38,581,020	37,908,300	37,814,960	38,101,427
A/C 604	Public street lighting, operating municipality	463,812	442,492	441,194	449,166
A/C 605	Public street lighting, other	206,900	206,688	204,614	206,067
A/C 606	Other sales to operating municipality	1,283,179	1,248,504	1,140,670	1,224,118
A/C 607	Other sales to other public authorities	10,560	10,560	10,780	10,633
A/C 608	Sales to other distributors	31,666	29,606	34,141	31,804
A/C 610	Security lighting	596,157	588,957	582,361	589,158
	Total kWh sold	160,931,998	161,471,417	150,841,711	157,748,375

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**STATEMENTS OF SURPLUS
Years Ended May 31,**

	<u>Fiscal 2014</u>	<u>Fiscal 2015</u>	<u>Fiscal 2016</u>
SURPLUS, <i>beginning of year</i>	\$ 9,841,942	\$ 10,011,212	\$ 10,038,941
Add:			
Net income (loss)	(36,095)	14,618	3,522
Prior period adjustment	205,365	13,111	
Deduct:			
Prior period adjustment (GASB 68)	<u>-</u>	<u>-</u>	<u>(134,440)</u>
SURPLUS, <i>end of year</i>	<u><u>\$ 10,011,212</u></u>	<u><u>\$ 10,038,941</u></u>	<u><u>\$ 9,908,023</u></u>

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**RATE OF RETURN STUDY
RATE BASE**

Based on the Year Ended May 31, 2016 (Base Year)

		(a)	(b)	(c)	(d)	(e)	
		Fiscal		Adjusted	Revenue	Year After	
		Year	Adjustments	Year	Change	Revenue	
		Reference (Page, Column, Row)				Change	
35	Utility Plant in Service	RB, Ln 5 (c)	\$ 20,575,309	\$ 1,076,213	\$ 21,651,522	\$ -	\$ 21,651,522
36	Construction Work in Progress	RB, Ln 8 (c)	456,745	(456,745)	-	-	-
37	Total Utility Plant	ROR, Ln 35 plus Ln 36	21,032,054	619,468	21,651,522	-	21,651,522
38							
39	Accumulated Provision for Depre and Amort	RB, Ln 14 (c)	(9,846,711)	(1,247,239)	(11,093,950)	-	(11,093,950)
40							
41	Contributions for Extensions	RB, Ln 17 (c)	(2,476,226)	(15,370)	(2,491,596)	-	(2,491,596)
42							
43	Net Utility Plant	ROR, Total Ln 37, Ln 39, Ln 41	8,709,117	(643,142)	8,065,976	-	8,065,976
44							
45	Materials and Supplies	RB, Ln 21 (c)	342,216	53,705	395,921	-	395,921
46							
47	Prepayments	RB, Ln 24 (c)	-	14,834	14,834	-	14,834
48							
49	Cash Working Capital	ROR, Ln 74	620,569	23,981	644,550	N/A	644,550
50							
51	Other: (Detail)						
52							
53							
54							
55							
56	Rate Base	ROR, Total Ln 43=>Ln 54	\$ 9,671,902	\$ (550,622)	\$ 9,121,280	\$ -	\$ 9,121,280

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**RATE OF RETURN BASE
CASH WORKING CAPITAL
Based on the Year Ended May 31, 2016 (Base Year)**

		(a)	(b)	(c)	(d)	(e)
	Reference (Page, Column, Row)	Fiscal Year	Adjustments	Adjusted Year	Revenue Change	Year After Revenue Change
57 <u>Cash Working Capital</u>						
58 Total Operating Expenses	ROR, Ln 22	\$ 7,457,769	\$ 132,360	\$ 7,590,129	\$ -	\$ 7,590,129
59						
60 Deduct:						
61 Fuel	ROR, Ln 6	-	-	-	N/A	-
62 Purchased Power	ROR, Ln 7	4,710,700		4,766,521	N/A	4,766,521
63 Depreciation	ROR, Ln16	641,294	(40,958)	600,336	N/A	600,336
64 Other Taxes	ROR, Ln17	281,687	(47,866)	233,821	N/A	233,821
65 Uncollectibles	ROR, Ln18	-	10,732	10,732	N/A	10,732
66						
67						
68 Adjusted Amount	ROR, Ln 58 minus Ln 61=>Ln 67	1,824,088	210,452	1,978,719	-	1,978,719
69						
70 Working Capital - Operating Expenses @ 1/8	ROR, Ln 68/8	228,011	26,307	247,340	N/A	247,340
71						
72 Working Capital - Purchased Power @ 1/12	ROR, Ln 61/12	392,558	-	397,210	N/A	397,210
73						
74 Total Cash Working Capital	ROR, Total Ln 70, Ln 72	\$ 620,569	\$ 26,307	\$ 644,550	N/A	\$ 644,550

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**DETAIL OF RATE BASE
Based on the Year Ended May 31, 2016 (Base Year)**

		(a)	(b)	(c)	(d)	(e)	(f)	
	Reference (Page, Column, Row)	Balance at Beg. of Year	Balance at End of Year	Avg Balance	Balance at Beg. of Rate Year	Balance at End of Rate Year	Avg. Balance	
1	<u>Utility Plant in Service</u>							
2	Operating Property - Electric	Pg 104, Ln 2 (c) & (d)	\$ 20,498,558	\$ 20,652,060	\$ 20,575,309	\$ 21,433,830	\$ 21,869,213	\$ 21,651,522
3	Operating Property - Other Operations	Pg 104, Ln 3 (c) & (d)	-	-	-	-	-	-
4	Operating Property - General	Pg 104, Ln 4 (c) & (d)	-	-	-	-	-	-
5	Utility Plant in Service		<u>\$ 20,498,558</u>	<u>\$ 20,652,060</u>	<u>\$ 20,575,309</u>	<u>\$ 21,433,830</u>	<u>\$ 21,869,213</u>	<u>\$ 21,651,522</u>
6								
7								
8	Construction Work in Progress	Pg 104, Ln 5 (c) & (d)	<u>\$ 349,599</u>	<u>\$ 563,890</u>	<u>\$ 456,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
9								
10								
11	<u>Accumulated Provision for Depre and Amort</u>							
12	Accumulated Provision for Depreciation	Pg 105, Ln 19 (c) & (d)	\$ 9,593,629	\$ 10,099,792	\$ 9,846,711	\$ 10,751,665	\$ 11,436,235	\$ 11,093,950
13	Accumulated Provision for Amortization	Pg 105, Ln 20 (c) & (d)	-	-	-	-	-	-
14	Accumulated Provision for Depre and Amort		<u>\$ 9,593,629</u>	<u>\$ 10,099,792</u>	<u>\$ 9,846,711</u>	<u>\$ 10,751,665</u>	<u>\$ 11,436,235</u>	<u>\$ 11,093,950</u>
15								
16								
17	Contributions for Extensions	Pg 105, Ln 21 (c) & (d)	<u>\$ 2,460,856</u>	<u>\$ 2,491,596</u>	<u>\$ 2,476,226</u>	<u>\$ 2,491,596</u>	<u>\$ 2,491,596</u>	<u>\$ 2,491,596</u>
18								
19								
21	Materials and Supplies	Pg104, Ln 18 (c) & (d)	<u>\$ 288,510</u>	<u>\$ 395,921</u>	<u>\$ 342,216</u>	<u>\$ 395,921</u>	<u>\$ 395,921</u>	<u>\$ 395,921</u>
22								
23								
24	Prepayments	Pg 104, Ln 23 (c) & (d)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,800</u>	<u>\$ 11,867</u>	<u>\$ 14,834</u>

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**DETAIL OF RATE OF RETURN
Based on the Year Ended May 31, 2016 (Base Year)**

		(a) Balance at Beg. of Year	(b) Balance at End of Year	(c) Avg Balance	(d) Balance at Beg. of Rate Year	(e) Balance at End of Rate Year	(f) Avg. Balance
<u>Capital Structure</u>	<u>Reference (Page, Column, Row)</u>						
1 <u>Debt</u>							
2 Bonds	Pg 105, Ln 2 (c) & (d)	\$ 880,000	\$ 745,000	\$ 812,500	\$ 3,410,000	\$ 3,210,000	\$ 3,310,000
3 Equipment Obligations	Pg 105, Ln 3 (c) & (d)	-	-	-	-	-	-
4 Miscellaneous Long Term Debt - NYPA Loan	Pg 105, Ln 4 (c) & (d)	52,491	162,821	107,656	-	-	-
5 Notes Payable	Pg 105, Ln 9 (c) & (d)	2,931,917	2,856,417	2,894,167	-	-	-
6 Matured Long-Term Debt	Pg 105, Ln 12 (c) & (d)	-	-	-	-	-	-
7 Unamortized Premium on Debt	Pg 105, Ln 28 (c) & (d)	16,790	-	8,395	-	-	-
8 Unamortized Debt Discount and Expense	Pg 104, Ln 28 (c) & (d)	-	-	-	-	-	-
9							
10							
11 Debt		<u>\$ 3,881,198</u>	<u>\$ 3,764,238</u>	<u>\$ 3,822,718</u>	<u>\$ 3,410,000</u>	<u>\$ 3,210,000</u>	<u>\$ 3,310,000</u>
12							
13							
14 Customer Deposits	Pg 105, Ln 10 (c) & (d)	<u>\$ 26,153</u>	<u>\$ 22,232</u>	<u>\$ 24,193</u>	<u>\$ 22,232</u>	<u>\$ 22,232</u>	<u>\$ 22,232</u>
15							
16							
17 <u>Surplus</u>							
18 Contributions - Operating Municipality	Pg 105, Ln 32 (c) & (d)	\$ (2,413,884)	\$ (2,439,506)	\$ (2,426,695)	\$ (2,464,506)	\$ (2,489,506)	\$ (2,477,006)
19 Surplus	Pg 105, Ln 33 (c) & (d)	10,038,941	9,908,023	9,973,482	9,812,993	9,717,963	9,765,478
20 Deficit	Pg 104, Ln 37 (c) & (d)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
21							
22							
23 Surplus		<u>\$ 7,625,057</u>	<u>\$ 7,468,517</u>	<u>\$ 7,546,787</u>	<u>\$ 7,348,487</u>	<u>\$ 7,228,457</u>	<u>\$ 7,288,472</u>
24							
25							
26 <u>Interest Costs</u>							
27 <u>Interest on Debt</u>							
28 Bonds	Pg 252, Ln 20 (k)			\$ 33,605			\$ 124,082
29 Equipment Obligations	Pg 252, Ln 28 (k)			-			-
30 Miscellaneous Long-Term Debt	Pg 252, Ln 35 (k)			138			-
31 Notes Payable	Pg 250, Ln 22 (g)			33,743			-
32 Matured Long-Term Debt	N/A			-			-
33 Unamortized Premium on Debt (Credit)	Pg 106, Ln 36 (c)			-			-
34 Amortization of Debt Discount and Expense	Pg 106, Ln 35 (c)			-			-
35							-
36							-
37							-
38 Interest on Debt				<u>\$ 67,486</u>			<u>\$ 124,082</u>
39 Cost Rate				<u>1.77%</u>			<u>3.75%</u>
40							
41 Interest on Customer Deposits	Pg 309, Ln 10 (f)			<u>\$ -</u>			<u>\$ -</u>
Cost Rate				<u>0.00%</u>			<u>0.00%</u>

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**REVENUE CHANGE
For the Historic Year Ended May 31, 2016
and the Rate Year**

	<u>Reference (Page, Column, Row)</u>	<u>Amount</u>	
106 Rate Base	ROR, Ln 30 (e)	9,121,280	
107			
108 Rate of Return	ROR, Ln 32 (e)	3.05%	
109			
110 Required Operating Income	ROR, Ln 106 * Ln 108	278,199	
111			
112 Adjusted Operating Income	ROR, Ln 28 (c)	(116,953)	
113			
114 Deficiency (Surplus)	ROR, Ln 110 - Ln 112	395,152	
115			
116 Retention Factor	ROR, Ln 132	0.9985	
117			
118 Revenue Increase (Decrease)	ROR, Ln 114 / Ln 116	395,756	
119			
120			
121			
122 Calculation of the Retention Factor:		<u>Factor</u>	<u>Proof</u>
123 Sales Revenues		1.0000	395,756
124 - Revenue Taxes	N/A	N/A	N/A
125 - Uncollectibles	ROR, Ln 18/Ln 1	0.0015	604
126			
127			
128 Sub-Total	ROR, Ln123-Total Ln124=>Ln127	0.9985	395,152
129			
130 Federal Income Tax @ 35%	N/A	0.00	0
131			
132 Retention Factor	ROR, Ln 128 - Ln 130	0.9985	395,152

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**CALCULATION OF AVERAGE LINE LOSS AND FACTOR OF ADJUSTMENT
Based on Line Losses for Fiscal Years 2011 Through 2016**

	kWh Purchases	kWh Line Losses	Annual Line Loss	kWh Electric Dept. Use	kWh Sales
Fiscal Year 2011	162,154,955	(7,145,599)	-0.044066	674,280	154,335,076
Fiscal Year 2012	155,039,897	(7,547,998)	-0.048684	710,889	146,781,010
Fiscal Year 2013	159,813,928	(7,453,487)	-0.046639	893,023	152,360,441
Fiscal Year 2014	168,805,814	(7,873,816)	-0.046644	711,860	160,931,998
Fiscal Year 2015	169,517,941	(8,046,524)	-0.047467	748,796	161,471,417
Fiscal Year 2016	157,191,729	(6,350,018)	-0.040397	619,636	150,841,711
	<u>972,524,264</u>	<u>(44,417,442)</u>		<u>4,358,484</u>	<u>926,721,653</u>
Average Line Loss			<u>-0.045672</u>		

	kWh Purchases	kWh Sales	Annual Factor of Adjustment
Fiscal Year 2011	162,154,955	154,335,076	1.050668
Fiscal Year 2012	155,039,897	146,781,010	1.056267
Fiscal Year 2013	159,813,928	152,360,441	1.048920
Fiscal Year 2014	168,805,814	160,931,998	1.048926
Fiscal Year 2015	169,517,941	161,471,417	1.049832
Fiscal Year 2016	157,191,729	150,841,711	1.042097
	<u>972,524,264</u>	<u>926,721,653</u>	
Average Factor of Adjustment			<u>1.049424</u>

VILLAGE OF ARCADE
ELECTRIC DEPARTMENT

COMPARISON OF PRESENT AND PROPOSED RATES

	<u>Present</u>	<u>Proposed</u>	<u>Increase \$</u>	<u>Increase %</u>
<u>S.C. No. 1</u>				
Customer Charge	\$ 2.40	\$ 2.60	\$ 0.20	8.54%
Non-Winter Rate (May - October) Energy charge, per kWh	\$ 0.0289	\$ 0.0314	\$ 0.0025	8.54%
Winter Rate (November - April) Energy charge, per kWh				
first 750 kWh	\$ 0.0289	\$ 0.0314	\$ 0.0025	8.54%
over 750 kWh	\$ 0.0372	\$ 0.0404	\$ 0.0032	8.54%
<u>S.C. No. 2</u>				
Customer Charge	\$ 2.40	\$ 2.60	\$ 0.20	8.54%
Non-Winter Rate (May - October) Energy charge, per kWh	\$ 0.0276	\$ 0.0300	\$ 0.0024	8.54%
Winter Rate (November - April) Energy charge, per kWh	\$ 0.0372	\$ 0.0404	\$ 0.0032	8.54%
<u>S.C. No. 2A</u>				
Demand Charge, per kW	\$ 5.66	\$ 6.14	\$ 0.48	8.54%
Energy Charge, per kWh	\$ 0.0096	\$ 0.0104	\$ 0.0008	8.54%
<u>S.C. No. 3</u>				
Demand Charge, per kW	\$ 4.50	\$ 4.88	\$ 0.38	8.54%
Energy Charge, per kWh	\$ 0.0109	\$ 0.0118	\$ 0.0009	8.54%
<u>S.C. No. 4</u>				
Monthly Rate (Energy Charge Only)				
150 Watt Incandescent Lamp	\$ 0.0503	\$ 0.0546	\$ 0.0043	8.54%
175 Watt Mercury Vapor Lamp	\$ 0.0423	\$ 0.0459	\$ 0.0036	8.54%
70 Watt High Pressure Sodium Lamp	\$ 0.0869	\$ 0.0943	\$ 0.0074	8.54%
400 Watt Mercury Vapor Lamp	\$ 0.0439	\$ 0.0476	\$ 0.0037	8.54%
400 Watt High Pressure Sodium Lamp	\$ 0.0418	\$ 0.0454	\$ 0.0036	8.54%
250 Watt High Pressure Sodium Lamp	\$ 0.0395	\$ 0.0429	\$ 0.0034	8.54%
<u>S.C. No. 5</u>				
Facilities Charge, per Lamp	\$ 2.64	\$ 2.87	\$ 0.23	8.54%
Energy Charge, per kWh				
150 Watt Incandescent Lamp	\$ 0.0178	\$ 0.0193	\$ 0.0015	8.54%
175 Watt Mercury Vapor Lamp	\$ 0.0163	\$ 0.0177	\$ 0.0014	8.54%
70 Watt High Pressure Sodium Lamp	\$ 0.0203	\$ 0.0220	\$ 0.0017	8.54%
400 Watt Mercury Vapor Lamp	\$ 0.0143	\$ 0.0155	\$ 0.0012	8.54%
250 Watt High Pressure Sodium Lamp	\$ 0.0152	\$ 0.0165	\$ 0.0013	8.54%
400 Watt High Pressure Sodium Lamp	\$ 0.0143	\$ 0.0155	\$ 0.0012	8.54%
Traffic Signals	\$ 0.0367	\$ 0.0398	\$ 0.0031	8.54%

VILLAGE OF ARCADE
ELECTRIC DEPARTMENT

COMPARISON OF MONTHLY BILLS

S.C. NO. 1 - RESIDENTIAL (MAY - OCTOBER)

<u>kWh</u>	<u>Present</u>	<u>Proposed</u>	<u>Increase \$</u>	<u>Increase %</u>
0	\$ 2.40	\$ 2.60	\$ 0.20	8.33%
2	\$ 2.49	\$ 2.70	\$ 0.21	8.23%
10	\$ 2.85	\$ 3.08	\$ 0.23	7.89%
25	\$ 3.53	\$ 3.79	\$ 0.26	7.43%
50	\$ 4.66	\$ 4.99	\$ 0.33	6.97%
75	\$ 5.79	\$ 6.18	\$ 0.39	6.69%
100	\$ 6.92	\$ 7.37	\$ 0.45	6.50%
150	\$ 9.19	\$ 9.76	\$ 0.58	6.26%
200	\$ 11.45	\$ 12.15	\$ 0.70	6.12%
250	\$ 13.71	\$ 14.53	\$ 0.82	6.02%
500	\$ 25.02	\$ 26.47	\$ 1.45	5.80%
750	\$ 36.33	\$ 38.40	\$ 2.08	5.71%
1,000	\$ 47.63	\$ 50.33	\$ 2.70	5.67%
1,500	\$ 70.25	\$ 74.20	\$ 3.95	5.62%
2,000	\$ 92.87	\$ 98.07	\$ 5.20	5.60%
5,000	\$ 228.57	\$ 241.27	\$ 12.70	5.56%
PPA/kWh include.*	0.016334	0.016334		

* = PPAC factor in effect during Rate Year (equivalent to average PPAC Factor in Base Year)

VILLAGE OF ARCADE
ELECTRIC DEPARTMENT

COMPARISON OF MONTHLY BILLS

S.C. No. 1 - RESIDENTIAL (NOVEMBER - APRIL)

<u>kWh</u>	<u>Present</u>	<u>Proposed</u>	<u>Increase \$</u>	<u>Increase %</u>
0	\$ 2.40	\$ 2.60	\$ 0.20	8.33%
2	\$ 2.49	\$ 2.70	\$ 0.21	8.23%
10	\$ 2.85	\$ 3.08	\$ 0.23	7.89%
25	\$ 3.53	\$ 3.79	\$ 0.26	7.43%
50	\$ 4.66	\$ 4.99	\$ 0.33	6.97%
75	\$ 5.79	\$ 6.18	\$ 0.39	6.69%
100	\$ 6.92	\$ 7.37	\$ 0.45	6.50%
150	\$ 9.19	\$ 9.76	\$ 0.58	6.26%
200	\$ 11.45	\$ 12.15	\$ 0.70	6.12%
250	\$ 13.71	\$ 14.53	\$ 0.82	6.02%
500	\$ 25.02	\$ 26.47	\$ 1.45	5.80%
750	\$ 36.33	\$ 38.40	\$ 2.08	5.71%
1,000	\$ 49.71	\$ 52.58	\$ 2.88	5.78%
1,500	\$ 76.48	\$ 80.95	\$ 4.47	5.85%
2,000	\$ 103.24	\$ 109.32	\$ 6.07	5.88%
5,000	\$ 263.85	\$ 279.52	\$ 15.68	5.94%
PPA/kWh include.*	0.016334	0.016334		

* = PPAC factor in effect during Rate Year (equivalent to average PPAC Factor in Base Year)

VILLAGE OF ARCADE
ELECTRIC DEPARTMENT

COMPARISON OF MONTHLY BILLS

S.C. No. 2 - GENERAL SERVICE - NON-DEMAND METERED (MAY - OCTOBER)

<u>kWh</u>	<u>Present</u>	<u>Proposed</u>	<u>Increase \$</u>	<u>Increase %</u>
0	\$ 2.40	\$ 2.60	\$ 0.20	8.33%
2	\$ 2.49	\$ 2.69	\$ 0.20	8.23%
10	\$ 2.84	\$ 3.06	\$ 0.22	7.89%
25	\$ 3.50	\$ 3.76	\$ 0.26	7.43%
50	\$ 4.60	\$ 4.92	\$ 0.32	6.96%
75	\$ 5.70	\$ 6.08	\$ 0.38	6.67%
100	\$ 6.79	\$ 7.23	\$ 0.44	6.48%
150	\$ 8.99	\$ 9.55	\$ 0.56	6.23%
200	\$ 11.19	\$ 11.87	\$ 0.68	6.08%
250	\$ 13.38	\$ 14.18	\$ 0.80	5.98%
500	\$ 24.37	\$ 25.77	\$ 1.40	5.75%
750	\$ 35.35	\$ 37.35	\$ 2.00	5.66%
1,000	\$ 46.33	\$ 48.93	\$ 2.60	5.61%
1,500	\$ 68.30	\$ 72.10	\$ 3.80	5.56%
2,000	\$ 90.27	\$ 95.27	\$ 5.00	5.54%
5,000	\$ 222.07	\$ 234.27	\$ 12.20	5.49%
10,000	\$ 441.74	\$ 465.94	\$ 24.20	5.48%

PPA/kWh include.*	0.016334	0.016334
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* = PPAC factor in effect during Rate Year (equivalent to average PPAC Factor in Base Year)

VILLAGE OF ARCADE
ELECTRIC DEPARTMENT

COMPARISON OF MONTHLY BILLS

S.C. No. 2 - GENERAL SERVICE - NON-DEMAND METERED (NOVEMBER - APRIL)

<u>kWh</u>	<u>Present</u>	<u>Proposed</u>	<u>Increase \$</u>	<u>Increase %</u>
0	\$ 2.40	\$ 2.60	\$ 0.20	8.33%
2	\$ 2.51	\$ 2.71	\$ 0.21	8.23%
10	\$ 2.94	\$ 3.17	\$ 0.23	7.90%
25	\$ 3.74	\$ 4.02	\$ 0.28	7.49%
50	\$ 5.08	\$ 5.44	\$ 0.36	7.09%
75	\$ 6.42	\$ 6.86	\$ 0.44	6.86%
100	\$ 7.75	\$ 8.27	\$ 0.52	6.71%
150	\$ 10.43	\$ 11.11	\$ 0.68	6.52%
200	\$ 13.11	\$ 13.95	\$ 0.84	6.41%
250	\$ 15.78	\$ 16.78	\$ 1.00	6.34%
500	\$ 29.17	\$ 30.97	\$ 1.80	6.17%
750	\$ 42.55	\$ 45.15	\$ 2.60	6.11%
1,000	\$ 55.93	\$ 59.33	\$ 3.40	6.08%
1,500	\$ 82.70	\$ 87.70	\$ 5.00	6.05%
2,000	\$ 109.47	\$ 116.07	\$ 6.60	6.03%
5,000	\$ 270.07	\$ 286.27	\$ 16.20	6.00%
10,000	\$ 537.74	\$ 569.94	\$ 32.20	5.99%
PPA/kWh include.*	0.016334	0.016334		

* = PPAC factor in effect during Rate Year (equivalent to average PPAC Factor in Base Year)

VILLAGE OF ARCADE
ELECTRIC DEPARTMENT

COMPARISON OF MONTHLY BILLS

S.C. No. 2A - GENERAL SERVICE - DEMAND METERED

<u>kW</u>	<u>kWh</u>	<u>Present</u>	<u>Proposed</u>	<u>Increase \$</u>	<u>Increase %</u>
50	1,000	\$ 308.93	\$ 333.73	\$ 24.80	8.03%
	1,500	\$ 321.90	\$ 347.10	\$ 25.20	7.83%
	2,000	\$ 334.87	\$ 360.47	\$ 25.60	7.64%
75	2,000	\$ 476.37	\$ 513.97	\$ 37.60	7.89%
	3,000	\$ 502.30	\$ 540.70	\$ 38.40	7.64%
	4,000	\$ 528.24	\$ 567.44	\$ 39.20	7.42%
100	5,000	\$ 695.67	\$ 747.67	\$ 52.00	7.47%
	7,500	\$ 760.51	\$ 814.51	\$ 54.00	7.10%
	10,000	\$ 825.34	\$ 881.34	\$ 56.00	6.79%
PPA/kWh include.*		0.016334	0.016334		

* = PPAC factor in effect during Rate Year (equivalent to average PPAC Factor in Base Year)

VILLAGE OF ARCADE
ELECTRIC DEPARTMENT

COMPARISON OF MONTHLY BILLS

S.C. No. 3 - LARGE GENERAL SERVICE

<u>kW</u>	<u>kWh</u>	<u>Present</u>	<u>Proposed</u>	<u>Increase \$</u>	<u>Increase %</u>
50	1,000	\$ 252.23	\$ 272.13	\$ 19.90	7.89%
	1,500	\$ 265.85	\$ 286.20	\$ 20.35	7.65%
	2,000	\$ 279.47	\$ 300.27	\$ 20.80	7.44%
75	2,000	\$ 391.97	\$ 422.27	\$ 30.30	7.73%
	3,000	\$ 419.20	\$ 450.40	\$ 31.20	7.44%
	4,000	\$ 446.44	\$ 478.54	\$ 32.10	7.19%
100	5,000	\$ 586.17	\$ 628.67	\$ 42.50	7.25%
	7,500	\$ 654.26	\$ 699.01	\$ 44.75	6.84%
	10,000	\$ 722.34	\$ 769.34	\$ 47.00	6.51%
PPA/kWh include.*		0.016334	0.016334		

* = PPAC factor in effect during Rate Year (equivalent to average PPAC Factor in Base Year)

VILLAGE OF ARCADE
ELECTRIC DEPARTMENT

COMPARISON OF MONTHLY BILLS

S.C. No. 4 - PRIVATE OUTDOOR LIGHTING

Type of Lamps	Minimum Monthly kWh	Present	Proposed	Increase \$	Increase %
150 Watt Incandescent Lamp	50	\$ 3.33	\$ 3.55	\$ 0.22	6.45%
175 Watt Mercury Vapor Lamp	70	\$ 4.10	\$ 4.36	\$ 0.25	6.14%
70 Watt High Pressure Sodium Lamp	34	\$ 3.51	\$ 3.76	\$ 0.25	7.17%
400 Watt Mercury Vapor Lamp	152	\$ 9.16	\$ 9.72	\$ 0.56	6.14%
400 Watt High Pressure Sodium Lamp	159	\$ 9.24	\$ 9.82	\$ 0.57	6.19%
250 Watt High Pressure Sodium Lamp	105	\$ 5.86	\$ 6.22	\$ 0.36	6.09%

PPA/kWh include.*

0.016334

0.016334

* = PPAC factor in effect during Rate Year (equivalent to average PPAC Factor in Base Year)

VILLAGE OF ARCADE
ELECTRIC DEPARTMENTCOMPARISON OF MONTHLY BILLS
S.C. No. 5 - STREET LIGHTING

Type of Lamps	Minimum Monthly kWh	Present	Proposed	Increase \$	Increase %
150 Watt Incandescent Lamp	50	\$ 4.35	\$ 4.65	\$ 0.31	7.02%
175 Watt Mercury Vapor Lamp	70	\$ 4.92	\$ 5.25	\$ 0.33	6.66%
70 Watt High Pressure Sodium Lamp	34	\$ 3.89	\$ 4.17	\$ 0.29	7.41%
400 Watt Mercury Vapor Lamp	152	\$ 7.30	\$ 7.71	\$ 0.41	5.65%
250 Watt High Pressure Sodium Lamp	105	\$ 5.95	\$ 6.32	\$ 0.37	6.16%
400 Watt High Pressure Sodium Lamp	159	\$ 7.51	\$ 7.93	\$ 0.42	5.60%
Traffic Signals	11	\$ 3.22	\$ 3.49		

PPA/kWh include.*

0.016334

0.016334

* = PPAC factor in effect during Rate Year (equivalent to average PPAC Factor in Base Year)

VILLAGE OF ARCADE
ELECTRIC DEPARTMENTOPERATING PROPERTY ANALYSIS, INCLUDING ADDITIONS AND
DEPRECIATION CALCULATIONS
May 31, 2016 Through End of Rate Year

<u>A/C#</u>	<u>5/31/16 Beg of Yr. Bal.</u>	<u>Actual Additions 6/1/16 to 1/19/2017</u>	<u>Actual Retirements 6/1/16 to 1/19/2017</u>	<u>Estimated Additions, net of retirements 1/20/17 to 5/31/17</u>	<u>Transfer of Const. In Progress at 1/19/2017 To Operating Prop</u>	<u>Projected 5/31/17 End of Year Bal.</u>	<u>Rate Year Additions Net of Retirements</u>	<u>Projected End of Rate Yr. Bal.</u>
301	\$ 239					\$ 239		\$ 239
302	65					65		65
303						-		-
311	166,857					166,857		166,857
312	1,664,472	10,614	(18,832)		36,300	1,692,554	122,683	1,815,237
321						-		-
322						-		-
323						-		-
325						-		-
331						-		-
332						-		-
333						-		-
334						-		-
342						-		-
344						-		-
345						-		-
351	95,362					95,362		95,362
352	10,993					10,993		10,993
353	385,410				16,700	402,110		402,110
354						-		-
358	2,330,871	50,664	(4,820)		130,600	2,507,315	64,000	2,571,315
359	134,565	114,456				249,021		249,021
361	6,692,392					6,692,392	5,500	6,697,892
362						-		-
363	1,801,528	16,514	(450)		67,000	1,884,592		1,884,592
364	661,869	99,318			51,806	812,993		812,993
365	3,198,509	45,830	(949)	34,170	10,000	3,287,560	120,200	3,407,760
366	311,868	3,003	(606)			314,265		314,265
367	165,138		(327)			164,811		164,811
368	559,232	17,660		7,340		584,232	45,000	629,232
369						-		-
370	243,149	8,503	(3,188)			248,464		248,464
371	337,821	6,637	(2,173)	3,363		345,648	50,000	395,648
381	69,076					69,076		69,076
382	9,496					9,496		9,496
383						-		-
384	1,091,885			10,000		1,101,885	10,000	1,111,885
385	375,698	15,043				390,741	10,000	400,741
386	4,549					4,549	8,000	12,549
387	288,356	4,894				293,250		293,250
388	-					-		-
391	52,660				52,700	105,360		105,360
392						-		-
393						-		-
<hr/>								
	\$ 20,652,060	\$ 393,136	\$ (31,345)	\$ 54,873	\$ 365,106	\$ 21,433,830	\$ 435,383	\$ 21,869,213
<hr/>								
	(a)	(b)	(c)	(d)	(e)			

- (a) - Includes capitalized salaries, materials, and related overhead. These amounts represent actual amounts capitalized for the period June 1, 2016 through January 19, 2017 (date of which work orders were processed through). These amounts also include Construction Work In Progress at May 31, 2016, that were transferred to operating property, once the asset was placed in service.
- (b) - Historic value of operating property retired during the period June 1, 2016 through January 19, 2017.
- (c) - Represents estimated operating property additions to be made during the period January 20, 2017 through May 31, 2017. These amounts are equal to the 2016-2017 capital plan, less additions made from June 1, 2016 to January 19, 2017.
- (d) - Consists of Construction in Progress at January 19, 2017 that will be placed into service in Fiscal Year May 31, 2017.
- (e) - Includes cost from intended capital improvement plan, which includes capitalized salaries and material costs, net of retirements.

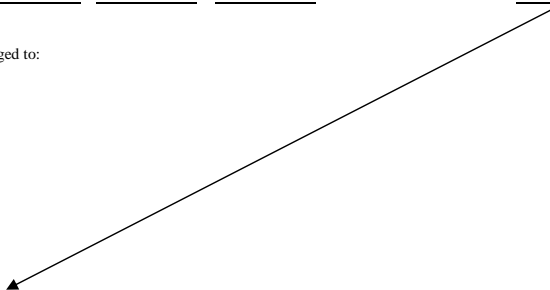
VILLAGE OF ARCADE
ELECTRIC DEPARTMENTOPERATING PROPERTY ANALYSIS, INCLUDING ADDITIONS AND
DEPRECIATION CALCULATIONS
Year Ended May 31, 2017

A/C#	5/31/2016 Beg. of Yr. Bal.	5/31/2017 End of Yr. Bal.	Avg. Gross Bal.	Less: Contributions for Extension	Avg. Balance Subject to Depreciation	Dep. Rate	Depreciation Expense A/C#	Amt.	Depreciation Reserves Beg. of Yr. Bal.	Retirements	5/31/2017 End of Yr. Bal.	Remaining Cost
301	\$ 239	\$ 239	\$ 239		\$ 239			-			\$ -	\$ 239
302	65	65	65		65			-			-	65
303	-	-	-		-			-			-	-
311	166,857	166,857	166,857		166,857			-	-		-	166,857
312	1,664,472	1,692,554	1,678,513		1,678,513	2.90%	788	48,677	897,933	(18,832)	927,778	764,776
321	-	-	-		-			-			-	-
322	-	-	-		-			-			-	-
323	-	-	-		-			-			-	-
325	-	-	-		-			-			-	-
331	-	-	-		-		711	-			-	-
332	-	-	-		-		711	-			-	-
333	-	-	-		-		711	-			-	-
334	-	-	-		-		711	-			-	-
342	-	-	-		-		717	-			-	-
344	-	-	-		-		717	-			-	-
345	-	-	-		-		717	-			-	-
351	95,362	95,362	95,362		95,362	2.50%	733	2,384	32,108		34,492	60,870
352	10,993	10,993	10,993		10,993	2.50%	733	275	5,441		5,716	5,277
353	385,410	402,110	393,760		393,760	2.50%	733	9,844	172,671		182,515	219,595
354	-	-	-		-		738	-			-	-
358	2,330,871	2,507,315	2,419,093	(586,985)	1,832,108	2.60%	738	47,635	1,028,520	(4,820)	1,071,335	1,435,980
359	134,565	249,021	191,793		191,793	2.50%	733	4,795	48,706		53,501	195,520
361	6,692,392	6,692,392	6,692,392	(801,376)	5,891,016	3.30%	743	194,404	2,870,103		3,064,507	3,627,885
362	-	-	-		-		743	-			-	-
363	1,801,528	1,884,592	1,843,060	(346,285)	1,496,775	2.50%	743	37,419	636,307	(450)	673,276	1,211,316
364	661,869	812,993	737,431	(196,875)	540,556	2.50%	743	13,514	217,121		230,635	582,358
365	3,198,509	3,287,560	3,243,035	(502,458)	2,740,577	3.90%	743	106,882	2,007,997	(949)	2,113,930	1,173,630
366	311,868	314,265	313,067		313,067	3.30%	743	10,331	144,583	(606)	154,308	159,957
367	165,138	164,811	164,975		164,975	3.30%	743	5,444	83,400	(327)	88,517	76,294
368	559,232	584,232	571,732		571,732	3.10%	743	17,724	315,922		333,646	250,586
369	-	-	-		-		743	-			-	-
370	243,149	248,464	245,807	(26,877)	218,930	3.00%	743	6,568	12,934	(3,188)	16,314	232,150
371	337,821	345,648	341,735		341,735	3.00%	753	10,252	154,617	(2,173)	162,696	182,952
381	69,076	69,076	69,076		69,076	4.40%	788	3,039	(24,969)		(21,930)	91,006
382	9,496	9,496	9,496		9,496	2.90%	788	275	9,347		9,622	(126)
383	-	-	-		-		788	-			-	-
384	1,091,885	1,101,885	1,096,885	(30,740)	1,066,145	9.50%	804	101,284	1,067,593		1,168,877	(66,992)
385	375,698	390,741	383,220		383,220	10.00%	788	38,322	132,266		170,588	220,153
386	4,549	4,549	4,549		4,549	2.80%	788	127	4,549		4,676	(127)
387	288,356	293,250	290,803		290,803	7.50%	788	21,810	253,419		275,229	18,021
388	-	-	-		-	10.00%	788	-	-		-	-
391	52,660	105,360	79,010		79,010	2.80%	788	2,212	29,224		31,436	73,924

<u>\$ 20,652,060</u>	<u>\$ 21,433,830</u>	<u>\$ 21,042,945</u>	<u>\$ (2,491,596)</u>	<u>\$ 18,551,349</u>	<u>\$ 683,218</u>	<u>\$ 10,099,792</u>	<u>\$ (31,345)</u>	<u>\$ 10,751,665</u>	<u>\$ 10,682,165</u>
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Amount of depreciation expense charged to:

A/C#	Amount Charged
733	17,298
738	47,635
743	392,286
753	10,252
788	114,463
Deprec Expense	<u>581,934</u>
804 (Clearing)	<u>101,284</u>
	<u>\$ 683,218</u>



VILLAGE OF ARCADE ELECTRIC DEPARTMENT

OPERATING PROPERTY ANALYSIS, INCLUDING ADDITIONS AND DEPRECIATION CALCULATIONS **Rate Year**

A/C#	5/31/2015 Beg. of Yr. Bal.	5/31/2016 End of Yr. Bal.	Avg. Gross Bal.	Less: Contributions for Extension	Avg. Balance Subject to Depreciation	Dep. Rate	Depreciation Expense A/C#	Amt.	Depreciation Reserves Beg. of Yr. Bal.	Retirements	5/31/2016 End of Yr. Bal.	Remaining Cost
301	\$ 239	\$ 239	\$ 239		\$ 239			\$ -	\$ -		\$ -	\$ 239
302	65	65	65		65			-	-		-	65
303	-	-	-		-			-	-		-	-
311	166,857	166,857	166,857		166,857			-	-		-	166,857
312	1,692,554	1,815,237	1,753,896		1,753,896	2.90%	788	50,863	927,778		978,641	836,596
321	-	-	-		-			-	-		-	-
322	-	-	-		-			-	-		-	-
323	-	-	-		-			-	-		-	-
325	-	-	-		-			-	-		-	-
331	-	-	-		-		711	-	-		-	-
332	-	-	-		-		711	-	-		-	-
333	-	-	-		-		711	-	-		-	-
334	-	-	-		-		711	-	-		-	-
342	-	-	-		-		717	-	-		-	-
344	-	-	-		-		717	-	-		-	-
345	-	-	-		-		717	-	-		-	-
351	95,362	95,362	95,362		95,362	2.50%	733	2,384	34,492		36,876	58,486
352	10,993	10,993	10,993		10,993	2.50%	733	275	5,716		5,991	5,002
353	402,110	402,110	402,110		402,110	2.50%	733	10,053	182,515		192,568	209,542
354	-	-	-		-		738	-	-		-	-
358	2,507,315	2,571,315	2,539,315	(586,985)	1,952,330	2.60%	738	50,761	1,071,335		1,122,095	1,449,220
359	249,021	249,021	249,021		249,021	2.50%	733	6,226	53,501		59,726	189,295
361	6,692,392	6,697,892	6,695,142	(801,376)	5,893,766	3.30%	743	194,494	3,064,507		3,259,001	3,438,891
362	-	-	-		-		743	-	-		-	-
363	1,884,592	1,884,592	1,884,592	(346,285)	1,538,307	2.50%	743	38,458	673,276		711,734	1,172,858
364	812,993	812,993	812,993	(196,875)	616,118	2.50%	743	15,403	230,635		246,038	566,955
365	3,287,560	3,407,760	3,347,660	(502,458)	2,845,202	3.90%	743	110,963	2,113,930		2,224,893	1,182,867
366	314,265	314,265	314,265		314,265	3.30%	743	10,371	154,308		164,679	149,586
367	164,811	164,811	164,811		164,811	3.30%	743	5,439	88,517		93,956	70,855
368	584,232	629,232	606,732		606,732	3.10%	743	18,809	333,646		352,454	276,778
369	-	-	-		-		743	-	-		-	-
370	248,464	248,464	248,464	(26,877)	221,587	3.00%	743	6,648	16,314		22,961	225,503
371	345,648	395,648	370,648		370,648	3.00%	753	11,119	162,696		173,815	221,833
381	69,076	69,076	69,076		69,076	4.40%	788	3,039	(21,930)		(18,890)	87,966
382	9,496	9,496	9,496		9,496	2.90%	788	275	9,622		9,898	(402)
383	-	-	-		-		788	-	-		-	-
384	1,101,885	1,111,885	1,106,885	(30,740)	1,076,145	9.50%	804	102,234	1,168,877	(18,000)	1,253,111	(141,226)
385	390,741	400,741	395,741		395,741	10.00%	788	39,574	170,588		210,162	190,579
386	4,549	12,549	8,549		8,549	2.80%	788	239	4,676		4,916	7,633
387	293,250	293,250	293,250		293,250	7.50%	788	21,994	275,229		297,223	(3,973)
388	-	-	-		-	10.00%	788	-	-		-	-
391	105,360	105,360	105,360		105,360	2.80%	788	2,950	31,436		34,386	70,974
	<u>\$ 21,433,830</u>	<u>\$ 21,869,213</u>	<u>\$ 21,651,522</u>	<u>\$ (2,491,596)</u>	<u>\$ 19,159,926</u>			<u>\$ 702,570</u>	<u>\$ 10,751,665</u>	<u>\$ (18,000)</u>	<u>\$ 11,436,235</u>	<u>\$ 10,432,978</u>

Amount of depreciation expense charged to:

A/C#	Amount Charged
733	18,937
738	50,761
743	400,584
753	11,119
788	118,935
Deprec Expense	<u>600,336</u>
804	<u>102,234</u>
	<u>\$ 702,570</u>

PILOT Calculation (on property located within the Village)

A/C# 311 to 371	\$ 7,708,707	Balance as of January 2017
Accum Deprec	(3,659,255)	Balance at Beg of Yr
Net Book Value	\$ 4,049,452	
Equalization Rate	89.27%	Fiscal Yr 2016-2017
Equalized NBV	\$ 3,614,946	
Prop Tax Rate	\$ 16.57	2016-2017 Tax Rate
PILOT	\$ 59,900	
PILOT - Rounded	<u>60,000</u>	

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

FORECASTED CAPITAL IMPROVEMENTS

The Department has identified certain capital improvements expected to be completed during the Rate Year. These improvements include material costs and capitalized labor, and are reported net of retirement values.

Rate Year - Per Superintendent's Capital Budget

<u>Account</u>	<u>Type</u>	Capitalized Labor	Capitalized Material/ Vendor Costs	Total Cost	Value of Asset(s) Retired	Net Additions
	<u>Industrial Park Substation Upgrades</u>					
312	Construct SCADA Building	\$ 22,683	\$ 75,000	\$ 97,683	\$ -	\$ 97,683
312	Upgrade battery bank, relays	-	25,000	25,000	-	25,000
361	LTC maintenance, with upgrade	-	5,500	5,500	-	5,500
365	Install Tie circuits to Co Line substation	6,200	4,000	10,200	-	10,200
	<u>System Upgrades</u>					
365	Voltage upgrade (Freedom)	5,000	5,000	10,000	-	10,000
	<u>Equipment</u>					
384	Pick up truck	-	28,000	28,000 (a)	18,000	10,000
386	Skid Steer	-	8,000	8,000	-	8,000
	<u>Distribution and Street Lighting</u>					
385	SCADA	-	10,000	10,000	-	10,000
368	Meters	-	20,000	20,000	-	20,000
368	Metering transformers	-	25,000	25,000	-	25,000
358	Poles	12,000	12,000	24,000	-	24,000
358	Primary conductor	20,000	20,000	40,000	-	40,000
365	Distribution transformers	-	100,000	100,000	-	100,000
371	Street Lighting	-	50,000	50,000	-	50,000
		<u>\$ 65,883</u>	<u>\$ 387,500</u>	<u>\$ 453,383</u>	<u>\$ 18,000</u>	<u>\$ 435,383</u>

(a) Cost of replacement for one (1) F15 pickup truck. Retirement of old pickup at historic cost is \$18,000.

Revised Tariff Leaves

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 1
REVISION: 3
SUPERSEDING REVISION: 1

COVER

VILLAGE OF ARCADE
CONCURRENCE TARIFF

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 2
REVISION: 5
SUPERSEDING REVISION: 2

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PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 3
REVISION: 3
SUPERSEDING REVISION: 1

GENERAL INFORMATION

A. CONCURRENCE:

The Village of Arcade concurs in and agrees to abide by the rules and regulations as set forth in the generic tariff filed by the New York Municipal Power Agency (NYMPA) in Case No. 97-E-1575.

B. TERRITORY TO WHICH SCHEDULE APPLIES:

These rules and regulations apply to the following territory:

TOWN OF ARCADE: Incorporated Village of Arcade, New York and the Town of Arcade, Wyoming County, New York.

TOWN OF FREEDOM: The Town of Freedom, Cattaraugus County, New York.

TOWN OF SARDINIA: From Yorkshire Bridge, north to about opposite dwelling house now occupied by Fred Wilkins, along Scott Street; West to opposite Mrs. J.E. Ward's house, and along Grove Street, and from Schutt's Corners, East to Floyd Holme's property and along Lake Street...upon the Chaffee Curriers Road, from the present terminus of said electric line opposite the Fred Wilkins premises on said road, to the boundary line between the Towns of Sardina, Erie County, and Arcade, Wyoming County, New York.

TOWN OF YORKSHIRE: Hamlet of Yorkshire, (otherwise described as the Village of Yorkshire, an unincorporated hamlet) within lots No. 1, 9, 16 and 25 of the said Town of Yorkshire, Cattaraugus County, New York; these lots as comprising a triangular area along the northerly part of town; i.e.: the base of the triangle being formed by the westerly extension of the southern boundary of Wyoming County.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 4
REVISION: 3
SUPERSEDING REVISION: 1

SERVICE CLASSIFICATION NO.
Residential

APPLICABLE TO USE OF SERVICE FOR:

Single-phase residential purpose usage in an individual residence; in an individual flat or individual apartment in a multiple-family dwelling; for residential purposes in a rooming house where not more than four (4) rooms are available for rent; and for single phase farm service when supplied through the farm residence meter; use exclusively in connection with religious purposes by corporations or associations organized and conducted in good faith for religious purposes, and including the operation by such corporation or association of a school, notwithstanding that secular subjects are taught at such school; for single-phase service exclusively in connection with a community residence as defined in subdivision 28, 28A or 28B of section 1.03 of the Mental Hygiene Law, provided that such residence is operated by a not-for-profit corporation and if supervisory staff is on site on a twenty-four hour per day basis that the residence provides living accommodations for fourteen or fewer residents; and use for any post or hall owned or leased by a not-for-profit organization that is a veterans organization.\

CHARACTER OF SERVICE:

Continuous alternating current at 60 cycles, and depending upon the character of service locally available; single phase-120 volt, two wire, or 120/240 volt, three wire; or three phase, three wire-277/480 volt or 240 volt or 480 volt: or three phase, four wire-120/240 volt or 120/208 volt. Voltage and frequency are approximate only.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 5
REVISION: 9
SUPERSEDING REVISION: 8

SERVICE CLASSIFICATION NO. 1 (CONT'D)
Residential

MONTHLY RATE:

	<u>Rate</u>
Customer Charge	\$2.60
Energy Charge, per kWh	
<u>Non-Winter (May - October)</u>	\$0.0314
<u>Winter Rate (November - April)</u>	
First 750 kWh	\$0.0314
Over 750 kWh	\$0.0404

MINIMUM CHARGE:

The minimum charge is the customer charge.

TERMS OF PAYMENT:

All bills are due when rendered. Full payment must be received on or before the date shown on the bill to avoid a late payment charge of 1.5% as provided in Rule VIII of the NYMPA generic tariff.

PURCHASED POWER ADJUSTMENT:

The charges set forth in this service classification shall be subject to a purchased power adjustment as explained in Rule IX of the NYMPA generic tariff.

BASE PURCHASED POWER PER KILOWATT-HOUR:

The base purchase power cost per kilowatt-hour pursuant to Rule IX.B of the NYMPA generic tariff is \$.016092.

FACTOR OF ADJUSTMENT:

The factor of adjustment pursuant to Rule IX.D of the NYMPA generic tariff is 1.049424.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 6
REVISION: 9
SUPERSEDING REVISION: 8

SERVICE CLASSIFICATION NO. 2
General Service - Non-Demand Metered

APPLICABLE TO USE OF SERVICE FOR:

Commercial, business, professional, and small industrial power installations that do not require the use of a demand meter in the entire territory.

CHARACTER OF SERVICE:

Continuous alternating current at 60 cycles, and depending upon the character of service locally available, single phase 120/240 volt three wire, voltage frequency being approximate only.

MONTHLY RATE:

	<u>Rate</u>
Customer Charge	\$2.60
Energy Charge, per kWh	
<u>Non-Winter (May - October)</u>	\$0.0300
<u>Winter Rate (November - April)</u>	\$0.0404

MINIMUM CHARGE:

The minimum charge is the customer charge.

TERMS OF PAYMENT:

All bills are due when rendered. Full payment must be received on or before the date shown on the bill to avoid a late payment charge of 1.5% as provided in Rule VIII of the NYMPA generic tariff.

BASE PURCHASED POWER PER KILOWATT-HOUR:

The base purchase power cost per kilowatt-hour pursuant to Rule IX.B of the NYMPA generic tariff is \$.016092.

FACTOR OF ADJUSTMENT:

The factor of adjustment pursuant to Rule IX.D of the NYMPA generic tariff is 1.049424.

Issued by: Mayor Jay May, 17 Church Street, Arcade, New York 14009

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 7
REVISION: 4
SUPERSEDING REVISION: 2

SERVICE CLASSIFICATION NO. 2 (CONT'D)
General Service - Non-Demand Metered

TERM:

One month and thereafter until terminated by three days' notice, provided that customer is not subject to certain provisions under Rule V of the NYMPA generic tariff.

SPECIAL PROVISIONS:

Any customer having two or more apartments which are located on the same premises and is currently supplied through one meter, shall be billed for such service under this classification.

PURCHASED POWER ADJUSTMENT:

The charges set forth in this service classification shall be subject to a purchased power adjustment as explained in Rule IX of the NYMPA generic tariff.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 8
REVISION: 9
SUPERSEDING REVISION: 8

SERVICE CLASSIFICATION NO. 2A
General Service - Demand Metered

APPLICABLE TO USE OF SERVICE FOR:

Commercial, business, professional, and small industrial power installations that require the use of a demand meter in the entire territory.

CHARACTER OF SERVICE:

Continuous alternating current at 60 cycles, and depending upon the character of service locally available, single phase 120/240 volt three wire; or three phase, 208, 240, or 277/480 volt four-wire, voltage frequently being approximate only.

MONTHLY RATE:

	<u>Rate</u>
Customer Charge	\$6.14
Energy Charge, per kWh	\$0.0104

MINIMUM CHARGE:

The minimum charge is the demand charge as defined in "DETERMINATION OF DEMAND."

TERMS OF PAYMENT:

All bills are due when rendered. Full payment must be received on or before the date shown on the bill to avoid a late payment charge of 1.5% as provided in Rule VIII of the NYMPA generic tariff.

BASE PURCHASED POWER PER KILOWATT-HOUR:

The base purchase power cost per kilowatt-hour pursuant to Rule IX.B of the NYMPA generic tariff is \$.016092.

FACTOR OF ADJUSTMENT:

The factor of adjustment pursuant to Rule IX.D of the NYMPA generic tariff is 1.049424.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 9
REVISION: 5
SUPERSEDING REVISION: 3

SERVICE CLASSIFICATION NO. 2A (CONT'D)
General Service - Demand Metered

DETERMINATION OF DEMAND:

- A. The demand will be determined by meter when three phase service is supplied or when the total connected load is equivalent to 15 KW or more; or when the customer's consumption has exceeded 2,000 kilowatt hours in each of two consecutive months; or when it is estimated that a new customer's consumption will exceed such an amount in future billing periods.
- B. When demand is so determined by measurement, the billing demand shall be the greatest of the following:
 - 1. The maximum fifteen-minute integrated kilowatt demand, determined by meter, occurring during the month for which charge is made.
 - 2. Seventy-five percent of the highest maximum demand which shall have occurred in winter months (December through March) during the preceding eleven months.
 - 3. Twenty-five percent of the highest maximum demand which shall have occurred in summer months (April - November) during the preceding eleven months.
 - 4. Fifteen kilowatts.

TERM:

- A. Single Phase Service: One month and thereafter until terminated by three days' notice, provided that customer is not subject to certain provisions under Rule V of the NYMPA generic tariff.
- B. Three Phase Service: One month and thereafter until terminated by three days' notice, provided that customer is not subject to certain provisions under Rule V of the NYMPA generic tariff.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 9.1
REVISION: 4
SUPERSEDING REVISION: 2

SERVICE CLASSIFICATION NO. 2A (CONT'D)
General Service - Demand Metered

SPECIAL PROVISIONS:

- A. Any customer having two or more apartments which are located on the same premises and is currently supplied through one meter, shall be billed for such service under this classification.
- B. Standby or breakdown service will be furnished under this classification to a customer part or all of whose source of energy, whether electrically or mechanically produced, shall be introduced or permitted, directly or indirectly, in connection with the operation of customer's equipment. For such service the monthly demand shall be taken at not less than seventy-five percent of the highest measured demand determined in any of the preceding 12 months.
- C. Where the installation includes devices which have a highly fluctuating or large instantaneous demand, such as X-ray apparatus, welders, etc., the demand of such devices shall be added to the monthly maximum demand determined either by meter or by estimate as above provided. The demand of such devices shall be taken either as the rated capacity to supply adequate service to such apparatus, or as determined by test.

PURCHASED POWER ADJUSTMENT:

The charges set forth in this service classification shall be subject to a purchased power adjustment as explained in Rule IX of the NYMPA generic tariff.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 10
REVISION: 9
SUPERSEDING REVISION: 8

SERVICE CLASSIFICATION NO. 3
Large General Service

APPLICABLE TO USE OF SERVICE FOR:

All customers who guarantee to pay for a minimum monthly demand of 75 kilowatts in the entire territory.

CHARACTER OF SERVICE:

Continuous alternating current at 60 cycles, three phase; three wire, 4800 or four wire, 8320 volts. The frequency and voltage specified are approximate only.

MONTHLY RATE:

	<u>Rate</u>
Demand Charge, per kWh	\$4.88
Energy Charge, per kWh	\$0.0118

DETERMINATION OF DEMAND:

The demand shall be the greatest of the following:

1. The maximum fifteen-minute integrated kilowatt demand, determined by meter, occurring during the month for which charge is made.
2. Seventy-five percent of the highest maximum demand which shall have occurred in winter months (December through March) during the preceding eleven months.
3. Twenty-five percent of the highest maximum demand which shall have occurred in summer months (April - November) during the preceding eleven months.
4. Seventy-five kilowatts.

MINIMUM CHARGE:

The demand charge as defined in "DETERMINATION OF DEMAND."

BASE PURCHASED POWER PER KILOWATT-HOUR:

The base purchase power cost per kilowatt-hour pursuant to Rule IX.B of the NYMPA generic tariff is \$.016092.

FACTOR OF ADJUSTMENT:

The factor of adjustment pursuant to Rule IX.D of the NYMPA generic tariff is 1.049424.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 11
REVISION: 5
SUPERSEDING REVISION: 3

SERVICE CLASSIFICATION NO. 3 (CONT'D)
Large General Service

TERMS OF PAYMENT:

All bills are due when rendered. Full payment must be received on or before the date shown on the bill to avoid a late payment charge of 1.5% as provided in Rule VIII of the NYMPA generic tariff.

TERM:

One year from commencement of service and thereafter until terminated by 30 days' notice by either party provided that a customer is not subject to certain provisions under Rule V of the NYMPA generic tariff.

SPECIAL PROVISIONS:

- A. Standby or breakdown service will be furnished under this classification to a customer part of all of whose source of energy, whether electrically or mechanically produced shall be introduced or permitted, directly or indirectly, in connection with the operation of customer's equipment. For such service the monthly demand shall be taken at not less than seventy-five percent of highest measured demand determined in any of the preceding 12 months.
- B. Customer, in taking three-phase electric energy, shall maintain as nearly as is reasonably possible, equal currents in each of the three-phase conductors at the point of taking. If at any time the current in any phase conductor shall exceed the average of the currents in all the three-phase conductors by more than five percent (5%), the amount to be paid by customer for the period within which the unbalance occurred may be increased by a percentage equal to that of the unbalance.

PURCHASED POWER ADJUSTMENT:

The charges set forth in this service classification shall be subject to a purchased power adjustment as explained in Rule IX of the NYMPA generic tariff.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 12
REVISION: 9
SUPERSEDING REVISION: 8

SERVICE CLASSIFICATION NO. 4
Private Outdoor Lighting

APPLICABLE TO USE OF SERVICE FOR:

Private street and area lighting.

CHARACTER OF SERVICE:

Unmetered service. Limited period, approximately 4,000 hours per year, 60 cycle alternating current at approximately 115 volts.

MONTHLY RATE:

	Rate (per kWh)
A. Post and lantern unit located on private property, with 150 Watt Incandescent Lamp (50 kWh per month).	\$0.0546
B. Four-six foot bracket mounted luminaire or open reflector unit located on private property with 175 Watt Mercury Vapor Lamp (70 kWh per month).	\$0.0459
C. Six foot bracket mounted enclosed luminaire located on private property, with 70 Watt High Pressure Sodium Lamp (34 kWh per month). \$	0.0943
D. Six foot bracket mounted enclosed luminaire located on private property, with 400 Watt Mercury Vapor Lamp (152 kWh per month).	\$0.0476
E. Six foot bracket mounted enclosed luminaire located on private property, with 400 Watt High Pressure Sodium Lamp (159 kWh per month).	\$0.0454
F. Six foot bracket mounted enclosed luminaire located on private property, with 250 Watt High Pressure Sodium Lamp (105 kWh per month).	\$0.0429

BASE PURCHASED POWER PER KILOWATT-HOUR:

The base purchase power cost per kilowatt-hour pursuant to Rule IX.B of the NYMPA generic tariff is \$.016092.

FACTOR OF ADJUSTMENT:

The factor of adjustment pursuant to Rule IX.D of the NYMPA generic tariff is 1.049424.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 13
REVISION: 3
SUPERSEDING REVISION: 1

SERVICE CLASSIFICATION NO. 4 (CONT'D)
Private Outdoor Lighting

TERMS OF PAYMENT:

All bills are due when rendered. Full payment must be received on or before the date shown on the bill to avoid a late payment charge of 1.5% as provided in Rule VIII of the NYMPA generic tariff.

TERM:

- A. For installation on private property, one (1) year, commencing at the date of installation and thereafter from year to year until canceled upon 30 days' written or verbal notice.
- B. When service has been discontinued at the request of the customer, and the customer applies for reconnection of service within six (6) months, there shall be a reconnection charge of \$ 10.00 per luminaire. Reconnection shall be made only during regular working hours of the electric department, Monday through Friday.

SPECIAL PROVISIONS:

- A. Upon application, the Village will furnish, own, operate, and maintain lighting equipment as follows at the monthly rates shown herein. (Installation by or at the expense of the applicant.)

Post mounted, photo-electrically controlled, enclosed lantern with seven foot metal post, necessary internal wiring and 150 Watt Incandescent Lamp.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 14
REVISION: 3
SUPERSEDING REVISION: 1

SERVICE CLASSIFICATION NO. 4 (CONT'D)
Private Outdoor Lighting

- B. Upon application, the Village will furnish, install, own, operate and maintain lighting equipment as follows at the monthly rates shown herein:
1. Four-six foot bracket mounted, photoelectrically controlled, enclosed luminaire or open reflector unit with necessary internal wiring and 175 Watt Mercury Vapor Lamp rated at approximately 8,000 lumens (initial).
 2. Six foot bracket mounted, photo-electrically controlled, enclosed luminaire with necessary internal wiring and 400 Watt Mercury Vapor Lamp rated at approximately 22,000 lumens (initial).
 3. Six foot bracket mounted, photo-electrically controlled, enclosed luminaire with necessary internal wiring and 70 Watt High Pressure Sodium Lamp rated at approximately 8,800 lumens (initial).
 4. Six foot bracket mounted, photo-electrically controlled, enclosed luminaire with necessary internal wiring and 400 Watt High Pressure Sodium Lamp rated at approximately 47,000 lumens (initial).
 5. Six foot bracket mounted, photo-electrically controlled, enclosed luminaire with necessary internal wiring, and 250 Watt High Pressure Sodium Lamp rated at approximately 26,000 lumens (initial).
- C. Lighting equipment installed on private property will be located only on land owned or leased by the applicant. The applicant will provide the pole or other support for equipment listed in SPECIAL PROVISIONS, paragraph (a) and, in all cases, the necessary wiring to connect the equipment to the line side of the applicants meter or nearest unmetered source. Where a Village owned pole is appropriately located on land owned or leased by the applicant, the Village may waive the requirement that the pole be provided by the applicant and install the equipment on the Village owned pole.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 15
REVISION: 3
SUPERSEDING REVISION: 1

SERVICE CLASSIFICATION NO. 4 (CONT'D)
Private Outdoor Lighting

SPECIAL PROVISIONS (CONT'D):

- D. When requested by the customer, the Village will change the location of any lighting unit providing a proper support is provided and the customer agrees to pay the Village for the cost incurred in making such change.
- E. Lighting service will be provided every night and all night during hours between 30 minutes after sunset and 30 minutes before sunrise aggregating about 4,000 hours per year unless prevented by an accident or other causes beyond the control of the Village.
- F. The customer shall notify the Village whenever the lamp shall become extinguished or out of service for any reason and the Village will replace the lamp and/or make necessary repairs with reasonable promptness.

PURCHASED POWER ADJUSTMENT:

The charges set forth in this service classification shall be subject to a purchased power adjustment as explained in Rule IX of the NYMPA generic tariff.

PSC NO: 1 ELECTRICITY
 COMPANY: VILLAGE OF ARCADE
 INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 16
 REVISION: 9
 SUPERSEDING REVISION: 8

SERVICE CLASSIFICATION NO. 5

Street Lighting

APPLICABLE TO USE OF SERVICE FOR:

Public street and area lighting.

CHARACTER OF SERVICE:

Limited period, approximately 4,000 hours per year, 60 cycles alternating current at approximately 115 volts.

MONTHLY RATE: \$2.87 per face per month plus energy.

	<u>Rate (per kWh)</u>
A. Post and lantern unit located in public street or highway, with 150 Watt Incandescent Lamp (50 kWh per month).	\$0.0193
B. Four-six foot bracket mounted luminaire or open reflector unit located in public street or highway, with 175 Watt Mercury Vapor Lamp (70 kWh per month).	\$0.0177
C. Four-six foot bracket mounted luminaire or open reflector unit located in public street or highway, with 70 Watt High Pressure Sodium Lamp (34 kWh per month).	\$0.0220
D. Six foot bracket mounted enclosed luminaire located in public street or highway, with 400 Watt Mercury Vapor Lamp (152 kWh per month).	\$0.0155
E. Six foot bracket mounted enclosed luminaire located in public street or highway, with 250 Watt High Pressure Sodium Lamp (105 kWh per month).	\$0.0165
F. Six foot bracket mounted enclosed luminaire located in public street or highway, with 400 Watt High Pressure Sodium Lamp (159 kWh per month).	\$0.0155
G. Traffic Signals (11 kWh per month).	\$0.0398

BASE PURCHASED POWER PER KILOWATT-HOUR:

The base purchase power cost per kilowatt-hour pursuant to Rule IX.B of the NYMPA generic tariff is \$.016092.

FACTOR OF ADJUSTMENT:

The factor of adjustment pursuant to Rule IX.D of the NYMPA generic tariff is 1.049424.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 17
REVISION: 3
SUPERSEDING REVISION: 1

SERVICE CLASSIFICATION NO. 5 (CONT'D)
Street Lighting

MINIMUM CHARGE:

No minimum monthly charge.

TERMS OF PAYMENT:

All bills are due when rendered. Full payment must be received on or before the date shown on the bill to avoid a late payment charge of 1.5% as provided in Rule VIII of the NYMPA generic tariff.

TERM:

- A. For installation in public street or highway, five (5) years commencing at the date of installation and thereafter from year to year until canceled upon 30 days written or verbal notice.
- B. When service has been discontinued at the request of the customer, and the customer applies for reconnection of service within six (6) months, there shall be a reconnection charge of \$10.00 per luminaire. Reconnection shall be made only during regular working hours of the electric department, Monday through Friday.

SPECIAL PROVISIONS:

- A. Upon application, the Village will furnish, own, operate, and maintain lighting equipment as follows at the monthly rates shown herein. (Installation by or at the expense of the applicant.)

Post mounted, photo-electrically controlled, enclosed lantern with seven foot metal post, necessary internal wiring and 150 Watt Incandescent Lamp.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 18
REVISION: 3
SUPERSEDING REVISION: 1

SERVICE CLASSIFICATION NO. 5 (CONT'D)
Street Lighting

SPECIAL PROVISIONS (CONT'D):

- B. Upon application, the Village will furnish, install, own, operate and maintain lighting equipment as follows at the monthly rates shown herein:
1. Four-six foot bracket mounted, photo-electrically controlled, enclosed luminaire or reflector unit with necessary internal wiring and 150 Watt Incandescent Lamp rated at approximately 4,700 lumens (initial).
 2. Four-six foot bracket mounted, photo-electrically controlled, enclosed luminaire or open reflector unit with necessary internal wiring and 175 Watt Mercury Vapor Lamp rated at approximately 8,000 lumens (initial).
 3. Six foot bracket mounted, photo-electrically controlled, enclosed luminaire with necessary internal wiring and 400 Watt Mercury Vapor Lamp rated at approximately 22,000 lumens (initial).
 4. Six foot bracket mounted, photo-electrically controlled, enclosed luminaire with necessary internal wiring and 250 Watt High Pressure Sodium Lamp rated at approximately 26,000 lumens.
 5. Six foot bracket mounted, photo-electrically controlled, enclosed luminaire with necessary internal wiring and 400 Watt High Pressure Sodium Lamp rated at approximately 26,000 lumens (initial).
 6. Six foot bracket mounted, photo-electrically controlled, enclosed luminaire with necessary internal wiring and 70 Watt High Pressure Sodium Lamp rated at approximately 8,800 lumens (initial).

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 19
REVISION: 3
SUPERSEDING REVISION: 1

SERVICE CLASSIFICATION NO. 5 (CONT'D)
Street Lighting

SPECIAL PROVISIONS (CONT'D):

- C. Lighting equipment installed in public street or highway will be installed only on existing, appropriately located Village owned poles of sufficient height. Where ever existing Village owned poles are not adequately or appropriately located, the applicant will bear the cost of furnishing and installing the necessary poles and wiring and/or the additional cost of special brackets or arms.
- D. When requested by the customer, the Village will change the location of any lighting unit providing a proper support is provided and the customer agrees to pay the Village for the cost incurred in making such change.
- E. Lighting service will be provided every night and all night during hours between 30 minutes after sunset and 30 minutes before sunrise aggregating about 4,000 hours per year unless prevented by an accident or other causes beyond the control of the Village.
- F. The customer shall notify the Village whenever the lamp shall become extinguished or out of service for any reason and the Village will replace the lamp and/or make the necessary repairs with reasonable promptness.

PURCHASED POWER ADJUSTMENT:

The charges set forth in this service classification shall be subject to a purchased power adjustment as explained in Rule IX of the NYMPA generic tariff.

PSC NO: 1 ELECTRICITY
COMPANY: VILLAGE OF ARCADE
INITIAL EFFECTIVE DATE: 07/01/2017

LEAF: 20
REVISION: 3
SUPERSEDING REVISION: 2

PURCHASED POWER ADJUSTMENT CHARGE

APPLICABILITY:

All customers receiving service under any of the Village of Arcade's Electric Department's Service Classification are subject to purchased power adjustment charges ("PPAC").

ADJUSTMENT CHARGE:

The PPAC shall be the amount which shall be added to each kilowatt-hour of each rate schedule to reflect and recover all purchased power and transmission costs billed to the Village of Arcade Electric Department from all service providers.

CALCULATION OF THE PURCHASED POWER ADJUSTMENT CHARGE:

The PPAC shall equal the total cost of all power and transmission costs billed to the Village of Arcade Electric Department in each month divided by the kWh purchases in that month, less the base cost of purchased power measured at system input level adjusted by a loss factor (Factor of Adjustment). The resultant cost per kWh shall be rounded to the nearest \$0.000001 and applied as a charge or credit to all kilowatt-hours billed in the following month.

The Base Cost of power is \$0.016092 per kWh.
The Factor of Adjustment is 1.049424.

ANNUAL RECONCILIATION:

At the end of each fiscal year, the Village of Arcade will perform a reconciliation to determine whether there was an under- or over-collection of purchased power expense during the preceding year. The calculation is as follows:

Total Purchased Power Cost - (kWh sold x Base Cost of Purchased Power x Factor of Adjustment).

The result will then be compared to the actual PPAC revenues recovered during this period to determine if a PPA Reconciliation Surcharge or Refund is applicable. The resultant Surcharge or Refund will be included as a line item in the following month(s) calculation(s) of PPAC in order to adjust revenues to more accurately reflect actual expenses. The number of months over which the Surcharge or Refund will be included will depend on the size of the Surcharge or Refund. If the Surcharge/Refund is under \$10,000 it will be included in one month. Surcharges/Refunds between \$10,000 and \$20,000 will be split between two months and any Surcharges/Refunds over \$20,000 will be charged/credited in \$10,000/month increments until complete in order to minimize the impact on rate payers.

Workpapers

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

WEATHER NORMALIZATION OF REVENUES (BASED ON MAY 31, 2016 YEAR END)

Assume non-weather load to be average of lowest two months kWh Sales

From 5/31/16 Annual Report: Actual kWh & Actual Base Revenue

	kWh Sold			Base Revenue		
	Winter	Summer	Total	Winter	Summer	Summer
	Nov-April kWh	May-Oct kWh	May-Oct kWh	Nov-April kWh	May-Oct kWh	May-Oct kWh
601 Residential	41,818,148	25,151,278	66,969,426	\$ 1,477,339	\$ 769,651	\$ 2,246,990
602 Commercial	22,194,147	21,449,418	43,643,565	\$ 618,765	\$ 595,966	\$ 1,214,731
Total	64,012,295	46,600,696	110,612,991	\$ 2,096,104	\$ 1,365,617	\$ 3,461,721

Weather Normalization - Sales

	Nov-April kWh	Nov-April kWh	Increase/(Decrease)	Adjusted
	Non-Weather kWh	Weather kWh	14.06% Weather Load	Nov-Apr kWh
601 Residential	20,016,228	21,801,920	24,867,270	44,883,498
602 Commercial	20,486,295	1,707,852	1,947,976	22,434,271
Total	40,502,523	23,509,772	26,815,246	67,317,769

	kWh Adjustment	% Adjustment
After Adjustment	67,317,769	
Before Adjustment	64,012,295	
Adjustment	3,305,474	5.16%

	Nov-April kWh Non-Weather \$	Nov-April kWh Weather \$	
601 Residential	\$ 1,477,339	1,553,626	
602 Commercial	\$ 618,765	650,717	
Total	\$ 2,096,104	2,204,343	\$ 108,239

Weather Normalization - Purchased Power

Change in kWh	3,305,474
Base Cost of Power	\$ 0.016092
FOA - RY	1.049424
	\$ 0.016887
Adjustment	\$ 55,821

	Staff Adjustment	Revenue Req. Effect
Revenue	\$ 108,239	\$ (108,239)
Purchased Power	\$ 55,821	\$ 55,821
Net		\$ (52,418)

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

WEATHER NORMALIZATION OF REVENUES (BASED ON MAY 31, 2016 YEAR END)

5/31/2016 Sales - From Annual Report

601-Residential

	<u>kWh</u>	<u>Lowest Two Months</u>	<u>Base Revenues</u>
June	4,211,952	0	\$ 128,994
July	3,367,230	3,367,230	101,821
August	3,475,330	0	107,934
September	3,304,846	3,304,846	103,086
October	3,657,035	0	113,150
November	3,775,962	0	129,623
December	4,876,623	0	169,419
January	6,938,086	0	244,361
February	9,460,114	0	336,311
March	9,236,534	0	328,604
April	7,530,829	0	269,021
May	7,134,885	0	214,666
TOTALS	66,969,426		\$ 2,246,990
AVERAGES		3,336,038	

602-Commercial

	<u>kWh</u>	<u>Lowest Two Months</u>	<u>Base Revenues</u>
June	3,643,639	0	\$ 100,975
July	3,510,369	0	97,020
August	3,554,796	0	99,356
September	3,712,469	0	100,200
October	3,480,872	3,480,872	97,583
November	3,347,893	3,347,893	95,320
December	3,589,319	0	102,621
January	3,714,350	0	101,775
February	3,717,814	0	104,800
March	4,181,574	0	111,176
April	3,643,197	0	103,073
May	3,547,273	0	100,832
TOTALS	43,643,565		\$ 1,214,731
AVERAGES		3,414,383	

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

WEATHER NORMALIZATION OF REVENUES (BASED ON MAY 31, 2016 YEAR END)

Heating Degree Data

<https://www.nyserda.ny.gov/About/Publications/EA-Reports-and-Studies/Weather-Data/Monthly-Cooling-and-Heating-Degree-Day-Data>

Buffalo, New York

Season	Nov	Dec	Jan	Feb	Mar	Apr	Total	% Deviation from 10 Year Average
2006-07	604	857	1,115	1,290	923	674	5,463	
2007-08	772	1,101	1,085	1,148	1,035	426	5,567	
2008-09	750	1,096	1,434	1,050	911	550	5,791	
2009-10	625	1,121	1,287	1,128	829	413	5,403	
2010-11	697	1,199	1,350	1,124	1,022	580	5,972	
2011-12	556	914	1,069	961	549	590	4,639	
2012-13	761	888	1,089	1,085	987	553	5,363	
2013-14	816	1,143	1,389	1,262	1,181	572	6,363	
2014-15	812	974	1,376	1,510	1,109	574	6,355	
2015-16	562	709	1,176	1,025	772	649	4,893	14.06%
							5,581	Ten Year Average of November - April

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**EXPENSE ALLOCATION
Fiscal Year May 31, 2016**

Expense	Fiscal Yr. 2016 Amount	Comment
Purchased Power	\$ 4,710,700	Account 721, PSC Report page 306
Labor	866,242	PSC Report, page 102. Total salaries less salaries capitalized (\$934,052 less \$67,810)
Taxes and PILOT	281,687	Account 403, PSC Report page 106
Uncollectible revenues	-	Account 404, PSC Report page 106
Rent	-	Account 786, PSC Report page 307
FICA, Medical, Retirement, DBL, Workers Comp, etc.	497,915	Actual per client (portion of Account 785, PSC Report page 307)
Insurance	30,112	Account 783, PSC Report page 307
Depreciation	641,294	Accounts 738, 743, 753, 788, PSC Report pages 306 and 307
Contractual		
Transmission	246	Represents an allocation of remaining costs based on cost of individual category. (See below)
Maint. Poles	-	Represents an allocation of remaining costs based on cost of individual category. (See below)
Distribution	274,572	Represents an allocation of remaining costs based on cost of individual category. (See below)
Street Lights	6,681	Represents an allocation of remaining costs based on cost of individual category. (See below)
Consumer Accounting and Collection	44,940	Represents an allocation of remaining costs based on cost of individual category. (See below)
Sales Expense	3,636	Represents an allocation of remaining costs based on cost of individual category. (See below)
General & Administ.	232,267	Represents an allocation of remaining costs based on cost of individual category. (See below)
PSC Annual Assessment	85,352	Included in Account 781, PSC Report page 307
Contractual Appropriations of Income (IEEP, etc)	204,234	Account 459, PSC Report page 106
Miscellaneous credits transferred	(422,109)	Account 793, PSC Report page 307
	<u>\$ 7,457,769</u>	

Cost Category (per PSC Report, excluding depreciation and separately stated costs)	Actual	%	Allocated Remaining Cost**
Transmission	\$ 626	0.04%	\$ 246
Maint. Poles	-	0.00%	-
Distribution	697,528	48.83%	274,572
Street Lights	16,973	1.19%	6,681
Consumer Accounting and Collection	114,167	7.99%	44,940
Sales Expense	9,238	0.65%	3,636
General & Administrative	590,052	41.30%	232,267
Total Cost in P&L (not incl. interest expense)	<u>\$ 1,428,584</u>	<u>100.00%</u>	<u>\$ 562,342</u>

** Contractual Costs

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**EXPENSE ALLOCATION
Fiscal Year May 31, 2015**

Expense	Fiscal Yr. 2015 Amount	Comment
Purchased Power	\$ 5,456,124	Account 721, PSC Report page 306
Labor	858,489	PSC Report, page 102. Total salaries less salaries capitalized (\$913,131 less \$54,642)
Taxes and PILOT	301,214	Account 403, PSC Report page 106
Uncollectible revenues	63,321	Account 404, PSC Report page 106
Rent	-	Account 786, PSC Report page 307
FICA, Medical, Retirement, DBL, Workers Comp, etc.	482,099	Actual per client (portion of Account 785, PSC Report page 307)
Insurance	27,070	Account 783, PSC Report page 307
Depreciation	605,564	Accounts 738, 743, 753, 788, PSC Report pages 306 and 307
Contractual		
Transmission	15,622	Represents an allocation of remaining costs based on cost of individual category. (See below)
Maint. Poles	-	Represents an allocation of remaining costs based on cost of individual category. (See below)
Distribution	324,102	Represents an allocation of remaining costs based on cost of individual category. (See below)
Street Lights	6,494	Represents an allocation of remaining costs based on cost of individual category. (See below)
Consumer Accounting and Collection	45,875	Represents an allocation of remaining costs based on cost of individual category. (See below)
Sales Expense	9,490	Represents an allocation of remaining costs based on cost of individual category. (See below)
General & Administ.	229,064	Represents an allocation of remaining costs based on cost of individual category. (See below)
PSC Annual Assessment	90,808	Included in Account 781, PSC Report page 307
Contractual Appropriations of Income (IEEP, etc)	218,155	Account 459, PSC Report page 106
Miscellaneous credits transferred	(396,324)	Account 793, PSC Report page 307
	<u>\$ 8,337,167</u>	

Cost Category (per PSC Report, excluding depreciation and separately stated costs)	Actual	%	Allocated Remaining Cost**
Transmission	\$ 36,888	2.48%	\$ 15,622
Maint. Poles	-	0.00%	-
Distribution	765,297	51.39%	324,102
Street Lights	15,335	1.03%	6,494
Consumer Accounting and Collection	108,324	7.27%	45,875
Sales Expense	22,409	1.50%	9,490
General & Administrative	540,883	36.32%	229,064
Total Cost in P&L (not incl. interest expense)	<u>\$ 1,489,136</u>	<u>100.00%</u>	<u>\$ 630,647</u>

** Contractual Costs

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**EXPENSE ALLOCATION
Fiscal Year May 31, 2014**

Expense	Fiscal Yr. 2014 Amount	Comment
Purchased Power	\$ 6,485,568	Account 721, PSC Report page 306
Labor	719,476	PSC Report, page 102. Total salaries less salaries capitalized (\$1,013,788 less \$294,312)
Taxes and PILOT	281,296	Account 403, PSC Report page 106
Uncollectible revenues	-	Account 404, PSC Report page 106
Rent	-	Account 786, PSC Report page 307
FICA, Medical, Retirement, DBL, Workers Comp, etc.	548,011	Actual per client (portion of Account 785, PSC Report page 307)
Insurance	32,781	Account 783, PSC Report page 307
Depreciation	540,522	Accounts 738, 743, 753, 788, PSC Report pages 306 and 307
Contractual		
Transmission	9,293	Represents an allocation of remaining costs based on cost of individual category. (See below)
Maint. Poles	-	Represents an allocation of remaining costs based on cost of individual category. (See below)
Distribution	490,462	Represents an allocation of remaining costs based on cost of individual category. (See below)
Street Lights	7,672	Represents an allocation of remaining costs based on cost of individual category. (See below)
Consumer Accounting and Collection	55,284	Represents an allocation of remaining costs based on cost of individual category. (See below)
Sales Expense	31,419	Represents an allocation of remaining costs based on cost of individual category. (See below)
General & Administ.	380,696	Represents an allocation of remaining costs based on cost of individual category. (See below)
PSC Annual Assessment	125,217	Included in Account 781, PSC Report page 307
Contractual Appropriations of Income (IEEP, etc)	216,388	Account 459, PSC Report page 106
Miscellaneous credits transferred	(436,938)	Account 793, PSC Report page 307
	<u>\$ 9,487,147</u>	

Cost Category (per PSC Report, excluding depreciation and separately stated costs)	Actual	%	Allocated Remaining Cost**
Transmission	\$ 16,480	0.95%	\$ 9,293
Maint. Poles	-	0.00%	-
Distribution	869,808	50.31%	490,462
Street Lights	13,605	0.79%	7,672
Consumer Accounting and Collection	98,044	5.67%	55,284
Sales Expense	55,720	3.22%	31,419
General & Administrative	675,145	39.05%	380,697
Total Cost in P&L (not incl. interest expense)	<u>\$ 1,728,802</u>	<u>100.00%</u>	<u>\$ 974,826</u>

** Contractual Costs

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

PROJECTED COSTS FOR RATE YEAR

<u>Expense</u>	<u>(Workpaper B) Fiscal Yr. 2016 Amount</u>	<u>(Workpaper B-1) Fiscal Yr. 2015 Amount</u>	<u>(Workpaper B-2) Fiscal Yr. 2014 Amount</u>	<u>Three Year Average</u>	<u>Costs Adjusted for Known or Calculated Changes</u>	<u>Cost Determined by:</u>
Purchased Power	\$ 4,710,700	\$ 5,456,124	\$ 6,485,568	\$ 5,550,797	\$ 4,766,521	Calculated - Weather Normalization Adjustment
Labor	866,242	858,489	719,476	814,736	932,344	Forecasted salaries in the Rate Year consider wage increases that were implemented 6/1/16, and expected to be implemented on 6/1/17. Salary increases are based on contractual and approved increases for union laborers and anticipated increases for non-union employees. Capitalized salaries are expected to be 6.6% of total salaries, which represents the two year average (fiscal year 2015 and 2016). Total salaries are expected to be \$998,227 less capitalized salaries of \$65,883.
Taxes and PILOT	281,687	301,214	281,296	288,066	233,821	Taxes paid to outside taxing jurisdictions plus PILOT to Village of Arcade.
Uncollectible revenues	-	63,321	-	21,107	10,732	Estimated at a benchmark of 0.1525% of normalized gross revenues
Rent	-	-	-	-	-	None expected.
FICA, Medical, Retirement, DBL, Workers' Comp, etc.	497,915	482,099	548,011	509,342	521,979	Based on Village budgeted amounts from vendor quotes and calculation of FICA on expected salaries.
Insurance	30,112	27,070	32,781	29,988	29,988	3-Year average (2014-2016)
Depreciation	641,294	605,564	540,522	595,793	600,336	Calculated at Exhibit 14. Increase is due to asset additions, net of retirements.
Contractual						
Transmission	246	15,622	9,293	8,387	8,387	3-Year average (2014-2016)
Maint. Poles	-	-	-	-	-	3-Year average (2014-2016)
Distribution	274,572	324,102	490,462	363,045	363,045	3-Year average (2014-2016)
Street Lights	6,681	6,494	7,672	6,949	6,949	3-Year average (2014-2016)
Consumer Accounting and Collection	44,940	45,875	55,284	48,700	48,700	3-Year average (2014-2016)
Sales Expense	3,636	9,490	31,419	14,848	6,563	2-Year average (2015-2016) (2014 incorrectly reported costs for mutual aid)
General & Administ.	232,267	229,064	380,696	280,676	280,676	3-Year average (2014-2016)
PSC Annual Assessment	85,352	90,808	125,217	100,459	63,346	Calculated - Anticipated operating revenues less \$500,000; multiplied by .73% Temp Assessment and .0239% General Assessment
Contractual Appropriations of Income (IEEP, etc)	204,234	218,155	216,388	212,926	158,625	IEEP costs in the Rate Year include a 5.16% increase in kWh consumption (from Base Year consumption), as the result of weather normalization (Base Year consumption of 150,841,711 x 105.16% x .001/kWh = \$158,625 IEEP Cost)
Amortization of Rate Filing Costs	-	-	-	-	5,933	Cost of Rate Filing (\$17,800) amortized over 3 years, the period of expected benefit.
Miscellaneous credits transferred	(422,109)	(396,324)	(436,938)	(418,457)	(447,816)	Overhead rate (95%) and direct labor dollars expected to be similar to fiscal year 2016 amounts (\$444,325), adjusted for 3% labor increases in fiscal year 2017 and Rate Year. Rate Year direct labor = \$471,385
	<u><u>\$ 7,457,769</u></u>	<u><u>\$ 8,337,167</u></u>	<u><u>\$ 9,487,147</u></u>	<u><u>\$ 8,427,361</u></u>	<u><u>\$ 7,590,129</u></u>	

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

PURCHASED POWER ADJUSTMENT RECONCILIATION

Fiscal Year May 31, 2016

Total Sales per annual report									[Note 1] Difference in Present and Base Costs	[Note 2] Net (Overcollection) Undercollection
Month	KWH Sales	PPAC \$ per KWH	PPAC Revenues	NYPA Billing Month	Total Power Bill (\$)	Surcharge (Credit) \$ [1]	Total Delivered KWH	Base Cost of Power \$ per KWH		
06/15	10,897,280	0.010112	110,192	05/15	150,741	21,231	10,592,824	0.016092	1,512	(108,680)
07/15	9,626,747	0.011940	110,900	06/15	223,397	24,363	10,098,366	0.016092	85,257	(25,643)
08/15	9,711,878	0.011394	110,658	07/15	269,254	24,448	10,446,385	0.016092	125,599	14,941
09/15	10,028,449	0.012537	125,728	08/15	259,843	24,764	10,239,383	0.016092	119,835	(5,893)
10/15	9,914,731	0.012160	120,563	09/15	246,633	24,651	10,040,789	0.016092	109,708	(10,855)
11/15	10,174,805	0.012263	124,774	10/15	313,263	24,911	12,035,991	0.016092	144,491	19,717
12/15	11,888,760	0.021822	262,027	11/15	460,027	22,222	13,223,216	0.016092	269,461	7,434
01/16	14,134,427	0.017359	245,360	12/15	460,143	20,066	14,937,188	0.016092	239,840	(5,520)
02/16	17,345,388	0.025279	438,474	01/16	758,016	27,677	19,494,883	0.016092	471,981	33,507
03/16	17,763,174	0.019685	349,668	02/16	674,379	28,098	17,578,155	0.016092	419,609	69,941
04/16	14,869,383	0.014459	214,974	03/16	437,453	25,210	15,288,074	0.016092	216,647	1,673
05/16	14,486,689	0.017303	250,585	04/16	445,342	20,039	13,572,708	0.016092	246,969	(3,616)
Total					4,698,491	287,680	157,547,962		2,450,909	(12,994)

[1] Credits and Surcharges are as follows:
Please enter nature, amt. & months affected)

Energy Efficiency Prog:	all 12 months	150,844.00
PSC Annual Fees: Jun through May		72,000.00
NYPA VIP Program		52,628.00
TCC's		17,608.00
Noble Bliss Wind Farm		(5,400)
Total Surcharges (above)		287,680.00

[Note 1]
Difference in Present and Base Costs =
[Total Power Bill + Surcharges - Credits] -
[Total Delivered KWH x Base Cost of Power]

[Note 2]
Net (Overcollection) Undercollection=Difference in
Present and Base Costs-PPAC Revenues collected

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

FORECASTED SALARIES - FISCAL YEAR ENDED MAY 31, 2017

FISCAL 2016-17

	EMPLOYEE NAME	HIRE DATE	ELECTRIC ALLOCATION	CURRENT PAY RATE	ANNUAL SALARY	SRP	OT	TOTAL
LINEMAN	BARTZ, ANDY	9/26/2005	100%	\$ 35.89	\$ 74,938.32	\$ 880.00	\$ 3,767.00	\$ 79,585.32
	BIRD, ETHAN	5/31/2012	100%	30.45	63,579.60	-	3,179.00	66,758.60
	COLLINS, JOSEPH	5/7/2007	100%	35.89	74,938.32	440.00	3,757.00	79,135.32
	LANE, BRIAN	8/16/1996	100%	38.60	80,596.80	1,860.00	4,075.00	86,531.80
	LINDSLEY, BRANDON	5/7/2012	100%	30.45	63,579.60	-	3,179.00	66,758.60
	MCELHENY, MIKE	6/18/1990	100%	36.43	76,065.84	2,400.00	3,861.00	82,326.84
	MEYERS, AL	2/17/1994 (A)	100%	35.89	74,938.32	1,860.00	3,791.00	80,589.32
	PINTER, STEVE	6/22/1987 (A)	100%	39.44	82,350.72	2,400.00	4,175.00	88,925.72
	SZABO, LOU	4/7/2008	100%	35.89	74,938.32	-	3,746.00	78,684.32
								-
OFFICE	BLISS, TRACY	9/3/2013	65%	18.66	25,325.35	-	390.00	25,715.35
	BURTON, BRIAN	2/2/2009	85%	24.09	42,754.93	-	503.00	43,257.93
	MATUSZAK, LOIS	9/13/1982	65%	21.00	28,501.20	2,940.00	453.00	31,894.20
	ZIELINSKI, DEB	1/13/2014	85%	18.66	33,117.77	-	390.00	33,507.77
								-
ADMIN	KARPINSKI, MICHELLE	6/6/2011	65%	20.16	27,361.15	-	-	27,361.15
	KILBURN, LARRY	5/14/1984	85%	42.08	74,683.58	-	-	74,683.58
	KRAFT, JENNIFER	11/10/2008	65%	25.03	33,970.72	-	-	33,970.72
BOARD	5 MEMBERS	5/24/1943	65%	15,850.00	10,302.50	-	-	10,302.50
TOTAL COMPENSATION - FISCAL YEAR ENDED MAY 31, 2017					\$ 941,943.04	\$ 12,780.00	\$ 35,266.00	\$ 989,989.04

(A) Now Retired

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**FORECASTED SALARIES - RATE YEAR
Fiscal Year May 31, 2016**

RATE YEAR (COMPENSATION YEAR 2017 - 2018)

	EMPLOYEE NAME	HIRE DATE	ELECTRIC ALLOCATION	CURRENT PAY RATE	ANNUAL SALARY	SRP	OT	TOTAL
LINEMAN	BARTZ, ANDY	9/26/2005	100%	\$ 36.96	\$ 76,876.80	\$ 880.00	\$ 3,767.00	\$ 81,523.80
	BIRD, ETHAN	5/31/2012	100%	33.83	70,366.40	-	3,179.00	73,545.40
	COLLINS, JOSEPH	5/7/2007	100%	37.52	78,041.60	440.00	3,757.00	82,238.60
	KENT, JUSTIN	10/10/2016 (A)	100%	30.95	64,376.00	-	2,476.00	66,852.00
	LANE, BRIAN	8/16/1996	100%	39.77	82,721.60	1,860.00	4,075.00	88,656.60
	LINDSLEY, BRANDON	5/7/2012	100%	33.83	70,366.40	-	3,179.00	73,545.40
	MCELHENY, MIKE	6/18/1990	100%	40.62	84,489.60	2,400.00	3,861.00	90,750.60
	SZABO, LOU	4/7/2008	100%	36.96	76,876.80	-	3,746.00	80,622.80
	UHTEG, TIM	10/3/2016 (A)	100%	26.26	54,620.80	-	2,101.00	56,721.80
					-			-
LABORER	SHEEHE, JOEL	10/10/2016 (A)	50%	14.31	14,882.40	-	-	14,882.40
					-			-
OFFICE	BLISS, TRACY	9/3/2013	65%	19.79	26,756.08	-	390.00	27,146.08
	BURTON, BRIAN	2/2/2009	85%	24.81	43,864.08	-	503.00	44,367.08
	MATUSZAK, LOIS	9/13/1982	65%	21.63	29,243.76	2,940.00	453.00	32,636.76
	ZIELINSKI, DEB	1/13/2014	85%	19.22	33,980.96	-	390.00	34,370.96
					-			-
ADMIN	KARPINSKI, MICHELLE	6/6/2011	65%	22.42	30,311.84	-	-	30,311.84
	KILBURN, LARRY	5/14/1984	85%	42.60	75,316.80	-	-	75,316.80
	KRAFT, JENNIFER	11/10/2008	65%	25.47	34,435.44	-	-	34,435.44
					-			-
BOARD	5 MEMBERS	5/24/1943	65%	15,850.00	10,302.50	-	-	10,302.50
TOTAL COMPENSATION - RATE YEAR					\$ 957,829.86	\$ 8,520.00	\$ 31,877.00	\$ 998,226.86
							Capitalized	\$ 65,883
							Expensed	932,344
								\$ 998,227

(A) Recent hires

**VILLAGE OF ARCADE
ELECTRIC DEPARTMENT**

**PSC REGULATORY ASSESSMENT (GENERAL AND TEMPORARY)
Fiscal Year May 31, 2016**

	Assessable Intrastate Revenues	Assessment Rate	Assessment
<u>BASE YEAR ASSESSMENT</u>			
Temporary Assessment	\$ 8,951,439 *	0.778%	\$ 69,645.46
General Assessment	\$ 8,951,439 *	0.222%	19,868.61
			<u>89,514.07</u>
 <u>RATE YEAR ASSESSMENT</u>			
Temporary Assessment	\$ 6,537,295 *	0.730%	\$ 47,722.25
General Assessment	\$ 6,537,295 *	0.239%	15,624.14
			<u>\$ 63,346.39</u>

* - Assessable Intrastate Revenues are net of \$500,000 revenue exclusion.

Assessable Intrastate Revenues in the Rate Year are based on Normalized revenues.

Note: As Temporary Assessment is passed onto the customers via the PPAC, PPAC revenues in the Rate Year will have to be reduced by \$21,923 (\$69,645 less \$47,722 noted above).