

Village of Springville  
Income Statement and Rate of Return Calculation  
For the Rate Year ended May 31, 2010

	Test Year Ended 5/31/2009	Normalizing Adjustments	Adjusted	Rate Year Adjustments	Rate Year	Revenue Increase	Rate Year After
Revenues							
Operating Revenues	3,501,634	-	3,501,634	156,250 <b>10</b>	3,657,884	271,660	3,929,544
Miscellaneous Revenues	29,780	-	29,780	-	29,780	-	29,780
Interest	598	-	598	-	598	-	598
Total Revenues	3,532,012	-	3,532,012	156,250	3,688,262	271,660	3,959,922
Expenses							
PP-NYPA	1,864,111	-	1,864,111	75,000 <b>10</b>	1,939,111	-	1,939,111
Management Services	35,882	-	35,882	26,618 <b>9</b>	62,500	-	62,500
Insurance	21,649	-	21,649	1,551 <b>1</b>	23,200	-	23,200
Medical Insurance	49,578	-	49,578	3,470 <b>2</b>	53,048	-	53,048
Dental Insurance	10,045	-	10,045	703 <b>2</b>	10,748	-	10,748
Worker's Comp	6,400	-	6,400	(1,643) <b>1</b>	4,757	-	4,757
Retirement	48,242	-	48,242	(23,177) <b>11</b>	25,065	-	25,065
FICA	35,491	-	35,491	1,509 <b>1</b>	37,000	-	37,000
Sick Benefits ACC	15,021 <b>3</b>	-	15,021	2,253 <b>3</b>	17,274	-	17,274
Production Rents	294,164	-	294,164	5,721 <b>5</b>	299,885	-	299,885
Labor	374,738	-	374,738	11,242 <b>8</b>	385,980	-	385,980
M&S	9,218	-	9,218	535	9,753	-	9,753
PILOT	40,000	-	40,000	26,495 <b>6</b>	66,495	-	66,495
Uncollectible Accounts	2,425	-	2,425	-	2,425	-	2,425
Depreciation	348,577	-	348,577	62,382 <b>7</b>	410,959	-	410,959
Distribution Expense	36,295	-	36,295	22,205	58,500	-	58,500
Repairs and maintenance	114,511	-	114,511	689	115,200	-	115,200
Franchise Fee	8,750	-	8,750	-	8,750	-	8,750
Miscellaneous	82,704 <b>4</b>	-	82,704	700 <b>4</b>	83,404	-	83,404
Total Expenses	3,397,801	-	3,397,801	216,253	3,614,054	-	3,614,054
Net operating income (before interest expense)	134,211	-	134,211	(60,003)	74,208	271,660	345,868
Interest Expense	65,499	-	65,499	110,471	175,970	-	175,970
Net Income	68,712	-	68,712	(170,474)	(101,762)	271,660	169,898
Rate Base	7,416,607		7,416,607		7,416,607		7,416,607
Rate of Return	1.81%		1.81%		1.00%		4.66%

**1** Per Village Deputy Treasurer, these are the estimates made for the rate year.

**2** Increase in premiums based on actual health and dental premiums effective June 1, 2009, actual increase in premiums was 7%.

**3** The sick benefits accumulated are reflective of the entire years sick, personal, and vacation time.

**4** The majority of the miscellaneous expense account is made of up \$11,995 of accounting department expenses, \$7,125 of law department expenses, and \$52,184 of general office expense

**5** The production rents amount is paid to National Grid for transmission expense

**6** See PILOT Exhibit 7 for detailed calculation.

**7** This amount was from the updated continuing property records including additions/deletions for the rate year and includes the additional depreciation expense that is necessary after moving 2,198,631 of CIP to operating property

**8** Reflects a 3% wage increase as per the union contract

**9** This increase is due to the contracts for ARC Flash Assessment.

**10** Rate year adjustments based on two proposed projects within the Village of Springville. Revenue increase based on 48% gross profit Increase in PP-NYPA based on estimated square footage and comparable KWH consumption from similar projects.

**11** The December estimate for the NYSERS payment for the electric fund is \$25,065.

Village of Springville  
Rate Base  
For the Rate Year Ending May 31, 2010

	Balance at Beg. Of Rate Yr.	Balance at End of Rate Yr.	Avg. Balance
<u>Utility Plant in Service</u>			
Operating Property - Electric	9,383,585	11,582,216 **	10,482,901
Accumulated Provision for Depreciation	4,920,852	5,331,811	5,126,332
 Village of Springville Plant in Service	 10,482,901		
Construction Work in Progress	1,212,220		
Accumulated Depreciation	5,126,332		
Net Plant	6,568,789		
 Contribution for Extensions	 -		
Prepayments	20,416		
Materials & Supplies	516,125		
Unamortization of Rate Case Expense			
Cash Working Capital	311,279		
 Rate Base		7,416,607	
 <u>Cash working Capital</u>			
Operating and Maintenance Expenses	3,614,054		
Deduct:			
Purchase Power	1,939,111		
Depreciation	410,959		
Uncollectible Accounts	-		
Property Taxes	66,495		
Total Deductions	2,416,565		
Net Operating and Maintenance Expenses	1,197,490		
 O&M Expense Balance (1/8)	 149,686		
Purchased Power Expense (1/12)	161,593		
Cash Working Capital Allowance	311,279		

\*\* Construction work in process placed in service 6/1/09

Electric substation	2,198,631
Depr. Rate	0.0286
Additional depreciation	62,881

Village of Springville  
Capitalization Matrix  
For the Year ended May 31, 2009

	<u>Amount</u>	<u>Per Cent</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Customer Deposit	57,845	0.78%	1.95%	0.02%
Long-term debt	2,476,875	33.40%	4.95%	1.65%
Net Surplus	<u>4,881,887</u>	<u>65.82%</u>	<u>4.55%</u>	<u>2.99%</u>
Total	7,416,607	100.00%		4.66%

### Calculating Revenue Requirement

Rate Base	7,416,607
Rate of Return	<u>4.66%</u>
Resulting Net Income in Rate Year	345,859
Net Income/(Loss) before Increase	<u>74,208</u>
Revenue Requirement (Increase)	271,651
Misc. Adjustment for rounding	<u>9</u>
Revenue Requirement (Increase)	271,660
(maximum per mini study \$300,000)	300,000

Revenue Requirement 271,651

Base Revenues 2,462,574 2,463,152

11.03%

		<u>Current KWH Rate</u>	<u>New KWH Rate</u>	<u>Current Service charge rate</u>	<u>New Service Charge rate</u>	<u>Demand charge rate</u>	<u>New Demand Charge rate</u>	<u># of Bills</u>	<u>Number of Lights</u>	<u># KWH Sold</u>	<u>% KW Demand</u>	<u>Old Revenue</u>	<u>New Revenue</u>	<u>Change in Revenue</u>
Service Class No. 1 - Residential	601													
0-750 kWh		0.0325	0.0361	3.05	3.39			17448		3,873,969		179,120	198,880	19,759
751-1500 kWh		0.0350	0.0389	3.05	3.39			3676		5,514,000		204,202	226,728	22,526
Over 1500 kWh		0.0370	0.0411	3.05	3.39			3800		16,206,351		611,225	678,650	67,425
Service Class No. 2 -														
Small General service - Non demand metered	602													
Summer rate		0.04470	0.04963	3.50	3.89			714		1,065,463		50,125	55,655	5,529
Winter rate 0-2500 kWh		0.04768	0.05294	3.50	3.89			2215		1,951,869		100,818	111,939	11,121
Winter rate 2501-5000 kWh		0.04967	0.05515	3.50	3.89			606		2,081,628		105,515	117,155	11,640
Winter rate 5001-10000 kWh		0.05250	0.05829	3.50	3.89			439		3,020,097		160,092	177,752	17,660
Service Class No. 3 -														
Large General Service - Non demand metered	602	0.0461	0.0512	15.00	16.65			300		5,931,481		277,941	308,602	30,660
Service Class No. 4 -														
General Service - Demand metered	603	0.0262	0.0291			2.65	2.94	240		21,818,884	45,428	692,039	768,379	76,340
Service Class No. 5 -														
Street Lighting - 175 watt	604	N/A	N/A	5.11	5.67				361	354,490		22,137	24,578	2,442
Street Lighting - 250 watt		N/A	N/A	4.52	5.02				135			7,322	8,130	808
Street Lighting - 250 watt high pressure		N/A	N/A	6.43	7.14				97			7,485	8,310	826
Street Lighting - 295 watt		N/A	N/A	4.43	4.92				41			2,180	2,420	240
Street Lighting - 400 watt		N/A	N/A	5.59	6.21				4			268	298	30
Street Lighting - 175 watt	605	N/A	N/A	5.11	5.67				8			491	545	54
Street Lighting - 250 watt high pressure		N/A	N/A	6.43	7.14				3			231	257	26
Operating Municipality - not charged to other funds	606	0.0461	0.0512					216		601,548		27,731	30,799	3,068
Service Class No. 6 -														
Private outdoor lighting - 175 watt	610	N/A	N/A	8.53	9.47				117			11,976	13,297	1,321
Private outdoor lighting - 400 watt luminaire		N/A	N/A	15.52	17.23				0			-	-	-
Private outdoor lighting - 400 watt flood fixture		N/A	N/A	15.52	17.23				9			1,676	1,861	185

New KWH Rate = KWH Rate \* 11.2%

New Service Charge Rate = Service charge \* 11.2%

New Demand Charge Rate = Demand Charge \* 11.2%

Base Revenue per PSC report 2,462,574 2,734,234 <sup>1</sup> 271,660  
 Variance 2,463,152 @  
 (578)

Tickmarks

@ PSC report page 301

# PSC report page 302 and 303

% Per Exhibit 6

Forecasted Rate Year Purchased Power Cost

	<u>5/31/2007</u>	<u>5/31/2008</u>	<u>5/31/2009</u>	<u>Anticipated Rate Year</u>
Base Revenue-PSC pg 301	2,394,874	2,535,391	2,517,468	<sup>1</sup> 2,734,234
PPAC Revenue-PSC pg 301	506,620	853,047	1,037,275	1,225,090
Total Revenue	2,901,494	3,388,438	3,554,743	3,959,324
Purchased Power-PSC pg 305	1,544,610	1,860,367	1,864,111	<sup>2</sup> 1,939,111
Gross Profit	1,356,884	1,528,071	1,690,632	2,020,213
Gross Profit %	47%	45%	48%	51%

VILLAGE OF SPRINGVILLE  
INDUSTRIAL CUSTOMER DEMAND BILLING  
6/2008-5/2009

Customer	Demand KW	Multiplier	Total
JBR Njursing Home	1939.2000		1,939.20
Bertrand Chaffee Hospital	4034.7000		4,034.70
Gernatt	4074.3600		4,074.36
Peerless Winsmith	7384.0000		7,384.00
Spr GI-High	2598.0000		2,598.00
Spr GI-Elementary	2457.9120		2,457.91
Spr GI-Middle	5922.3500		5,922.35
League School	1053.2000		1,053.20
Springville Manufacturing	1296.1030		1,296.10
Fiddlers Green NH	1078.4000		1,078.40
Gramco	3428.2800		3,428.28
Horschel Bros	2605.4400		2,605.44
Horschel Bros 2nd	3212.7800		3,212.78
Wal-Mart	7037.2400		7,037.24
Springville Country Club	1132.9140		1,132.91
Lowe's	3418.8000		3,418.80
McDonalds	1663.2000		1,663.20
Tops	3755.0250		3,755.03
Tractor Supply	1066.7000		1,066.70
Country Fair	1055.3100		1,055.31
Aldi's	new		
			60,213.91
			0.75 **
			45,428.05

\*\* Demand is not measured the same as kWh min is 75.



## Factor of Adjustment

Fiscal year ended	PSC	KWH purchased	KWH sold	Factor of Adjustment
5/31/2009	pg 400	70,860,573	65,577,114	1.080569
5/31/2008	pg 400	71,357,096	64,720,093	1.102549
5/31/2007	pg 400	69,947,730	63,992,127	1.093068
5/31/2006	pg 400	67,691,118	62,718,316	1.079288
5/31/2005	pg 400	66,670,936	61,325,431	1.087166
5/31/2004	pg 400	63,738,933	60,871,861	1.047100
Factor of adjustment based on historical d			1.081623	