

LAW OFFICES
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July 19, 2017

Honorable Kathleen Burgess
Secretary, Public Service Commission
NYS Public Service Commission
3 Empire State Plaza
Albany, New York 12223-1350

RE: Initial Rate Filing, Stone Ridge Estates Water Corporation

Dear Secretary Burgess:

This is an initial rate filing by Stone Ridge Estates Water Corporation (“Stone Ridge Water” or the “Company”). Submitted with this letter of transmittal is the Company’s proposed tariff – PSC No. 1 – Stone Ridge Estates Water Corporation and a separate escrow statement to be included as part of the initial filing. Also attached are two schedules showing a projected income statement and the computation of the proposed rates. These documents are transmitted for filing in compliance with the requirements of the Public Service Commission of the State of New York. The tariff is to become effective on December 1, 2017, and contains all of the provisions typically included in a small water corporation’s tariff.

Stone Ridge Water will serve Stone Ridge Estates, a subdivision in the Town of Beekman, Dutchess County. The residential development will have 18 single-family homes. Three customers are now served. Each has been notified by mail of the filing and the proposed rates. Since this is an initial filing, publication of the proposed rates is not required.

The Company is a distribution company and purchases all of its water from the Town of East Fishkill. The Town of East Fishkill issues one bill to the Company. Each customer is individually metered. The Company proposes a quarterly service charge, to be billed in advance, and a usage charge, to be billed in arrears. The entire system has been contributed by the developer. In order to assure that the Company will have adequate funds to continue to provide service, the Company is proposing an escrow account that will be funded by a surcharge of not more than \$30 per quarter and have a maximum balance of \$10,000, not including interest that may accrue on the maximum balance.

As shown on the attached schedules, at full development, the proposed rates are designed to generate \$26,603 in total revenues including an operating margin of \$1,275. The annual bill for 75,000 gallons would be \$1,478. The service charge would be \$187.50 per quarter, plus a usage charge of \$9.71 per 1,000 gallons. The usage charge is based on the charges levied by East

Fishkill but is higher than the East Fishkill rate in order to provide a margin for purchased water that is not registered on customer meters; *i.e.*, lost or unaccounted-for water.

Initial rates are set based upon a fully-developed system and are designed to generate enough revenue to cover the Company's operation and maintenance expenses, taxes, and provide a small cushion to account for contingencies.

The current builder/owner purchased the subdivision from the subdivider and had no experience with water corporations. He sold three properties before he was aware that the rates had to be approved by the PSC. He immediately contacted Staff at the Department of Public Service who advised him that he should file immediately. The owner has not and will not charge the customers for service until rates are approved by the PSC and is covering the current costs for system operations. Also, he has advised the three existing customers of the proposed rates and none has objected. Since it was an oversight not to file before service was commenced, since there was no intent to circumvent the statute, since customers have received and are receiving free service, and since the existing customers have not objected to the proposed rate, the Company requests that the Commission approve the rate *nunc pro tunc, i.e.*, as if the rates were filed on time but not effective until they have been approved.

All potential customers will be advised of the proposed rates prior to entering into any agreements to purchase property at the subdivision. After the rates have been approved, the existing customers will be advised of the approved rate.

Thank you for your consideration.

Very truly yours,



Albert A. Natoli
On Behalf of
Stone Ridge Estates Water Corporation

AAN:khn
Enclosures

CC: Mr. Sean O'Donnell