

LAW OFFICES
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February 20, 2018

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

RE: Rural Atlantic Water Company
Non-Major Rate Filing

Dear Secretary Burgess:

By this letter and attachments Rural Atlantic Water Company, Inc. (“Rural Atlantic” or the “Company”) is filing a revision to its tariff. Attached for filing is Leaf No.12, Revision 3, to PSC No. 2 – Water, to become effective July 1, 2018.

The filing, if approved, would increase the existing quarterly flat rate from \$170 to \$501. Total operating revenue would increase \$30,487, or a 189% increase in the gross revenue. Supporting documentation for the proposed rate is attached. Also attached is the Company’s verification for the filing. Additional supporting documentation is available to the Staff of the Department of Public Service.

Rural Atlantic serves 23 customers and a subdivision known as Hillside Acres, Town of Warwick, Orange County. The rate to all 23 customers would increase. No fire protection is provided. The Company had no rate base when it was granted its last rate increase in 2004 in Case 03–W–1499. However, the Company was directed to install a new well by the Health Department, and the Company advised the Department of Public Service staff that a new well was required. The well was completed in 2014 using funds mostly advanced by the Company’s shareholders.

Reasons for the Increase

The need for the increase is driven by the required investment in a new well. In addition, operating costs have increased substantially, and the Company is incurring

operating losses. The cost of purchased power and chemicals have grown and are now 7 times the amount allowed in the 2004 rates. Real estate taxes are 4 times higher than in 2004. In addition, the costs for the system operator, insurance, and accounting have increased significantly.

The proposed rates are based upon a 10% pre-tax rate of return, which is within the range currently being granted by the Commission. Considering the rates of return that have been allowed by the Commission and the exemplary actions of the owners and managers in this Company, a 10% pre-tax rate of return is low.

Rural Atlantic is also requesting waiver of the requirement of newspaper publication of the proposed changes since it will notify its customers of the proposed changes individually by mail.

Thank you for your attention to this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Albert A. Natoli".

Albert A. Natoli
On Behalf of
Rural Atlantic Water Company Inc.

AAN:khn
Enclosures

CC: Mr. Benjamin Ostrer

VERIFICATION

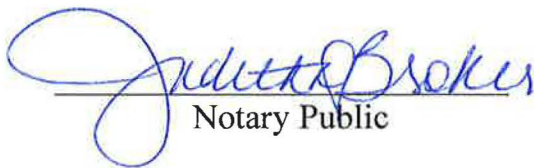
STATE OF NEW YORK)
) ss:
COUNTY OF)

Benjamin Ostrer, being duly sworn, deposes and says that deponent is the President of Rural Atlantic Water Company, the corporation named in the within proceeding; that deponent has read the foregoing Petition for a Rate Increase, submitted by letter from Albert A. Natoli, Esq., and knows the contents thereof; that the same is true to deponent's own knowledge, except as to the matters therein stated to be alleged on information and belief, and that as to those matters, deponent believes it to be true.



Benjamin Ostrer

Sworn to before me on the
20th day of February, 2018


Notary Public

JUDITH D. BROKER
Notary Public, State of New York
No. 01BR5018164
Qualified in Bronx County
Commission Expires September 20, 2021