

**VILLAGE OF SILVER SPRINGS
43 N. MAIN STREET
SILVER SPRINGS, NEW YORK 14550**

April 8, 2019

Hon. Kathleen H. Burgess, Secretary
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, New York 12223-1350

Dear Secretary Burgess:

Re: Village of Silver Springs Electric Department - Rates

Enclosed please find an electronic copy of the revised Leaf Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13 of PSC No. 1 - Electricity for the Village of Silver Springs, issued April 8, 2019 to be effective October 1, 2019.

The proposed Tariff Leaves will increase the base revenue portion (customer charge and energy charge) of the monthly bill of a residential customer using 750 kilowatt-hours from \$49.16 to approximately \$56.03, or 13.99%. The proposed change will increase the Village's "normalized" annual base revenues by \$57,746 (from \$349,811 to \$407,557).

The Village

The Village operates a municipal electric utility in the Village of Silver Springs, New York. It is governed by a Mayor and Board of Trustees and provides service to approximately 450 customers. The Village's service area is in western New York in Wyoming County. The average number of customers has remained consistent over the last several years; with little or no growth expected in the near term. The quality of service is excellent with no complaints. The electric safety record of the Village is excellent. The Village is well managed and professionally operated.

The Village continues to be an efficient and successful public power community. The Village will continue to provide safe, reliable, low cost power to its customers. Recognizing the need to use its low-cost power prudently and efficiently, the Village will continue its programs promoting energy efficiency and strategically invest in economic development.

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The Rate Filing

The Village's last rate increase was over fourteen years ago with an effective date of December 20, 2004 (Case 04-E-0269). There are two main reasons for the current rate increase. First, the Village's rate of return for fiscal year 2018 (its most recent year end in which published information is available) was 0.32%. The forecasted rate of return before the requested revenue increase is expected to be negative (2.48)%. This low rate of return and negative rate of return is due to the fact that the rate base and operating costs have grown considerably since the last rate increase, and the existing customer base rates can no longer sustain the Village's day-to-day operations. With the proposed change in base revenues, the rate of return on rate base is expected to be 4.11%.

Second, more than half of the Village's expenses are related to purchased power expense with the next largest expense item being labor and employee benefits. These costs continue to increase because of outside forces and certain mandates, and the Village wishes to pay competitive wages and benefits in order to retain the existing workforce.

The Village has made significant efforts to increase opportunistic revenues and revenue sources and to economize and improve efficiencies to generate cash flows. These efforts have not been sufficient to offset rising mandated costs, inflation, and the impact of reduced demand.

The Village's proposed rate design was structured so that each customer class would receive the same rate increase. The Board also proposes a factor of adjustment of 1.073176, the average factor of adjustment over the last six years.

The filing provides an ample basis for the Commission to process the application expeditiously. The filing contains three years of income statements and projections of revenues, expenses, and rate base. The filing is based on fiscal year May 31, 2018 data, the Village's most recent year-end for which data is available. The Village has detailed back-up workpapers supporting the rate request and will provide them to the Commission in electronic and hard copy format upon request.

Public Notice

The Village will individually notify each of its customers regarding the rate request via billing inserts. Notice will also be made to the public in a local newspaper for four (4) consecutive weeks.

Further Information

The Board asks that questions regarding this filing be directed to:

Susan A. Hall, Village Clerk-Treasurer
Village of Silver Springs
43 N. Main Street
PO Box 317
Silver Springs, New York 14550
Tel: (585) 493-2500
shatch@silverspringsny.com

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The Village also utilized the assistance of William C. Freitag, CPA, of BST &Co. CPAs, LLP, in the development and submission of this filing. Please feel free to contact Mr. Freitag at (518) 459-6700 or wfreitag@bstco.com.

Respectfully submitted,

VILLAGE OF SILVER SPRINGS

Susan A. Hall, Clerk-Treasurer

SAH/dmc
Enclosures