



April 16, 2014

Honorable Kathleen H. Burgess
Secretary to the Commission
NYS Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

RE: Case 09-E-0201 – Minor Rate Filing of Bath Electric, Gas and Water Systems to Increase its Annual Electric by \$290,741 or 6.3%.

Dear Secretary Burgess:

By letter dated February 24, 2009, Bath Electric, Gas & Water Systems (Bath or the Village) filed revised tariff leaves and supporting documents seeking Commission approval to increase its total annual electric revenues by \$290,741. The application was assigned Case 09-E-0201 and central to the application was rate recovery for a new electric substation estimated to cost \$7.1 million.

In order to ameliorate the impact on rates resulting from the construction of the new substation in its application of Case 09-E-0201, Bath laid out a rate moderation plan that would result in two additional minor rate applications to reflect the costs related to the electrical system upgrade. In its analysis of the rate filing that it submitted to the Commission the Public Service Commission Staff recommended that rather than filing a standard minor rate application, in order to streamline the rate setting process and reduce workload to all concerned the Commission should allow Bath to submit a second stage filing that solely updated costs for the impacts of the construction costs relating to the electrical system upgrade. Staff further recommended that the Commission allow Bath to update for certain other significant changes to Bath's operations including only: known changes resulting from the labor contract (including any productivity offsets) and amount of labor devoted to the upgrade as discussed above; medical insurance expense; pension expense; interest costs relating to any new borrowings for the construction upgrade; and the cost of capital. In the Commission's Order (the Order) issued and effective August 21, 2009 in the above referenced case the Commission adopted the Staff recommendation. This filing is the second stage rate increase for the new substation.

Enclosed for filing, please find revision 10 of Tariff Leafs 4, 6, 8, 11 and 14. The rates proposed in the tariffs are designed to increase annual revenues by \$300,000 or 7.0%. While under normal rate setting standards Bath believes it is entitle to more than a \$300,000 increase, it limited its request to \$300,000 to make this a mini-rate filing under the Commission rules of procedure. The work papers attached detail the methodology for determining the rate increase and the design of the new rates.

In addition, Ordering Clause No. 5 of the Order directed Bath to provide certain information regarding an investigation of salaries paid to two employees of Bath in its next rate application. This matter was addressed in a February 24, 2012 letter to Mr. Guy Mazza, Esq. of the Staff of the Department of Public Service. At the time Bath reported that the investigation was closed and there would be no impact on the revenue requirement of Bath's electric rates. A copy of the February 24, 2012 letter is attached.

Very truly yours,

A handwritten signature in cursive script, reading "Frank W. Radigan". The signature is written in dark ink and is positioned above the printed name.

Frank W. Radigan
For Bath Electric, Gas and Water Systems

Attachments