

**Village of Philadelphia - Electric Department
56 Main Street
Philadelphia, New York 13673-0070**

August 29, 2022

Hon. Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, New York 12223-1350

Dear Secretary Phillips:

Re: Village of Philadelphia 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, 13, and 14 of PSC No. 1 - Village of Philadelphia (Village), issued August 29, 2022 to be effective February 1, 2023.

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 \$46.83 to approximately \$55.50, or 18.51%. The proposed change will increase the Village's "normalized" annual base revenues by \$120,507 (from \$544,529 to \$665,036).

The Board and Village

The Village operates a municipal electric utility in the Village of Philadelphia, New York. It is governed by a Mayor and two Trustees and provides service to approximately 700 customers. The Village's service area is in northern New York in Jefferson 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 Board 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 Board will continue its programs promoting energy efficiency and strategically invest in economic development. Currently, the Village's current customer rates are among the lowest rates in New York State. With the requested rate increase, the proposed customer rates will remain among the lowest rates in the New York State.

The Rate Filing

The Village's last rate increase was approximately nineteen years ago with an effective date of December 1, 2003. There are two main reasons for the current rate increase. First, the Village's rate of return for fiscal year 2022 (its most recent year end in which published information is available) was 0.30%. The forecasted rate of return before the requested revenue increase is expected to be negative (5.56)%. This 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 4.08%.

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Second, more than half of the Village's expenses are related to purchased power expense with the next largest expense item being labor and fringe benefits. These costs continue to increase because of outside forces, and the Village's 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 ability to pay existing and future debt service.

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 1.030070, 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 March 31, 2022 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 staff 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 Village asks that questions regarding this filing be directed to:

Jennifer LaMora, Clerk-Treasurer
Village of Philadelphia, New York
56 Main Street
Philadelphia, New York 13673-0070
Tel: (315) 642-3452
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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) 527-9872 or wf Freitag@bstco.com.

Respectfully submitted,

Village of Philadelphia – Electric Department

Jennifer LaMora

Jennifer LaMora, Clerk-Treasurer

JL/dmc
Enclosures