

READ AND LANIADO, LLP

ATTORNEYS AT LAW
25 EAGLE STREET
ALBANY, NEW YORK 12207-1901

(518) 465-9313 MAIN

(518) 465-9315 FAX

www.readlaniado.com

KEVIN R. BROCKS
DAVID B. JOHNSON
SAM M. LANIADO

BENJAMIN M. MASTAITIS
STEVEN D. WILSON

RICHARD C. KING
HOWARD J. READ
Of Counsel

Via Electronic Filing

October 14, 2008

Hon. Jaclyn A. Brillling
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 08-E- _____: Proceeding on the Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Plattsburgh Municipal Lighting Department for Electric Service.

Dear Secretary Brillling:

Enclosed are the following materials, filed on behalf of the Plattsburgh Municipal Lighting Department ("PMLD" or "Plattsburgh"), in accordance with the provisions of the New York State Public Service Law and Public Service Commission's ("Commission") Regulations.

1. Revised and original tariff leaves for P.S.C. No. 1 Electricity, containing provisions and rates designed to produce an estimated annual aggregate increase in revenues of \$975,577 based on forecast billing data for the twelve months ending December 31, 2009 (Revised tariff leaves are appended as Attachment A).

Third Revised Leaf No. 1
Third Revised Leaf No. 2
Third Revised Leaf No. 3
Third Revised Leaf No. 4
Fifth Revised Leaf No. 5
Third Revised Leaf No. 6
Third Revised Leaf No. 7
Sixth Revised Leaf No. 8
Third Revised Leaf No. 9
Fifth Revised Leaf No. 10
Sixth Revised Leaf No. 11

Third Revised Leaf No. 12
Sixth Revised Leaf No. 13
Third Revised Leaf No. 14
Third Revised Leaf No. 15
Third Revised Leaf No. 16
Seventh Revised Leaf No. 17
Sixth Revised Leaf No. 18
Third Revised Leaf No. 19
Seventh Revised Leaf No. 20
Sixth Revised Leaf No. 21
Fifth Revised Leaf No. 22
Leaf No. 23

These revisions are issued as of October 14, 2008, and are proposed to be effective November 15, 2008.

2. Testimony and Exhibits to support PMLD's requested increase in revenues.

The PMLD is providing fifteen (15) copies of its cover letter and supporting testimony to the Commission and two (2) copies to the Consumer Protection Board. Notice to the public will be made in a local newspaper and a bill insert provided to the PMLD's customers.

The revised tariff leaves are designed to raise average annual revenues by \$975,577 or approximately 5.44%. Under the proposed revisions, the rate increase would be spread equally across all rate classes. The PMLD last increased its rates in June 2006 via a "mini" rate case.¹ As a result of the last rate case, base rates increased by \$299,000 or 1.8%.

The PMLD is a department of the City of Plattsburgh and is governed by a Board of Directors consisting of the Mayor and City Council. At a public meeting, held June 12, 2008, the City Council authorized the PMLD to seek an increase in its annual revenues and initiate the instant rate proceeding (A copy of the minutes is appended as Attachment B). The City Council approved the minimum increase necessary to sustain the financial and physical integrity of the PMLD's system.

The proposed increase will not have a significant impact on the PMLD's customers. Plattsburgh's electric rates are, and will remain, incredibly low. For example, an average residential customer using 500 kWh currently pays approximately \$16 per month. The first 500 kWh are priced at 2.55 cents. The price for incremental consumption over 500 kWh is only 3.2 cents/kWh in the summer and 4.2 cents/kWh in the winter. The instant rate filing proposes to increase rates to 2.65 cents for the first 500 kWh. Accordingly, the same customer's bill will rise by 60 cents per month (including the customer charge).

¹ Case 05-E-1496: Minor Rate Filing by Plattsburgh Municipal Lighting Department to Increase Annual Electric Revenues by \$299,000 or 1.8%, *Order Approving Rate Increase Subject to Modification* (Issued May 24, 2006).

Need for Revenue Increase

The driving force behind PMLD's need for increased revenues is major capital projects and requisite new bonding. Much of the PMLD system was developed in the 1970s and consequently many facilities are approaching the end of their useful life. Over the past several years, PMLD has invested in a number of major capital projects to enhance system reliability. Recent and near future expenditures on capital projects total approximately \$13.5 million. For example, upgrades to the PMLD's Saranac Street and Rugar Street Substations alone cost approximately \$7.7 and \$5 million, respectively. These large capital projects require an additional \$8.6 million in new bonding. Current rates cannot support this level of capital expenditures. These and other ongoing and future capital projects will contribute significantly to the physical stability of the PMLD system. The PMLD's instant rate proceeding represents the minimum amount necessary to cover its increased costs and expenditures and past and future bonding obligations thereby returning the system to a relatively safe and secure financial position.

The City of Plattsburgh is an efficient and successful public power community. PMLD will continue to provide safe, reliable low cost power to its customers. Recognizing the need to use its low cost power prudently and efficiently, PMLD will continue its programs promoting energy efficiency and strategically invest in economic development. In order to continue to pursue these goals, however, PMLD must maintain a sound financial position. The City Council has concluded that the requested revenue increase represents the minimum amount necessary for the PMLD to meet the needs of its customers and the community.

Respectfully submitted,

READ AND LANIADO, LLP
Attorneys for the Plattsburgh Municipal
Lighting Department

By: _____
Steven D. Wilson

Enclosures

cc: Mr. William Treacy
Mr. Richard LaCapra
New York State Consumer Protection Board