



October 17, 2008

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

RE: Massena Electric Department

Dear Secretary Brilling:

Attached for filing with the Commission are Original Tariff Leaves 36 and 37 plus revised Tariff Leaves 2, 5, 7, 9, 12, 18, and 23 to the Schedule for Electric Service P.S.C. No. 2 ELECTRICITY issued by Massena Electric Department ("Massena") to become effective January 1, 2009. The purpose of this filing is to revise Massena's current method used in calculating its Purchased Power Adjustment Charge ("PPAC"). Presently Massena uses a rolling twelve month recovery method. In this filing Massena proposes a change to a more traditional monthly PPAC calculation.

The Town of Massena Electric Department is a municipal electric utility owned by the Town of Massena which is located on the St. Lawrence River in northernmost New York State. The Town purchased the electric distribution system from Niagara Mohawk Power Corporation in 1981. The system now serves more than 9,000 customers providing businesses and residents with energy at rates that are among the lowest in the country.

Under Massena's present methodology it takes a full twelve months for increases in power costs to be reflected in the PPAC. This delay in accurately showing customers the true cost to serve has impacted Massena's loads, especially in the winter. More and more customers in Massena's service territory are switching to electric heat. Some are reliant on fuel oil, propane and kerosene for heating and view Massena's rates as more attractive than the cost of these other heating sources. The use of a rolling twelve month recovery method has fostered this belief, as the increases incurred by Massena to accommodate these new loads are spread over a twelve month period, mitigating the impact to its customers. Changing to a monthly purchase power adjustment will more accurately reflect the true cost to serve in a timelier manner.


Massena recognizes this change will have an impact on many customers, especially during the winter months. As part of the filing Massena has included a 10% cap on the monthly bill during the winter months for the first year after the tariff leaf effective date. The estimated bill utilizing the proposed PPAC calculation method will be compared to an estimated bill using the twelve month rolling average PPAC method. Any increase in excess of 10% will be aggregated and amortized over a six month period starting in July. This 10% cap will only occur during the first year after the tariff leaf effective date.

Per Commission regulations Massena will run the required legal notices as part of this filing. Due to the increases expected during the winter months Massena will also send a mailing to each customer stating the proposed change and the potential bill impact.

Massena asks that questions regarding this filing be directed to:

Frank W. Radigan
Hudson River Energy Group
237 Schoolhouse Road
Albany, NY 12203
Tel: (518) 452-2585

Respectfully submitted,
For the Massena Electric Department

A handwritten signature in cursive script that reads "Frank W. Radigan". The signature is written in black ink and is positioned above the printed name.

Frank W. Radigan