

## ALBERT A. NATOLI, P.C.

COUNSELOR-AT-LAW

305 BROADWAY, SUITE 200  
NEW YORK, NY 10007-1109

TELEPHONE: (212) 619-8087  
FACSIMILE: (212) 619-8097

January 4, 2007

Jaclyn A. Brillling, Esq.  
Secretary to the Commission  
NYS Public Service Commission  
3 Empire State Plaza  
Albany, New York 12223-1350

RE: Spring Glen Lake Water Company LLC  
Application to Increase Rates,  
Establish a Maintenance and Capital Escrow Account, and  
Adopt a New Tariff

Dear Secretary Brillling:

Spring Glen Lake Water Company LLC (the "Company") provides water service to 37 customers. No fire protection service is provided.

This very small water supplier has not had a rate increase in 22 years. The current rates do not generate enough revenue to pay even the Company's operating expenses, and the Company's owner has been subsidizing its operations for years. The increase is needed to pay operating expenses and provide a modest return on investment to help assure that the funds can be obtained for repairs and replacements. The Maintenance and Capital Funding Escrow should help assure dependable and continued service. Enclosed are tables detailing and explaining the increase.

Enclosed for filing are three copies of the Company's new tariff that includes the standard provisions recommended by the Staff of the Department of Public Service. The new tariff would increase rates from \$113.50 to \$657.40 per year; *i.e.*, 479%, and implement a maintenance and capital funding surcharge. The filing would implement quarterly billing in advance and establish a base quarterly charge of \$164.35. Annual operating revenues would increase from \$4,200 to \$24,324. The proposed surcharge is initially \$40 per quarter per customer. The tariff leaf is scheduled to become effective April 1, 2007. This filing would also implement a late payment charge of 1.5% per month that would be applied to delinquent bills.

The Company is requesting a rate of return of 11%. This rate is the same as that recently granted to other small water utilities. This Company is very small and has a relatively-small rate base. This combination of factors substantially increases the financial risk associated with operating a small water company. Thus, the rate of return should be higher than the return granted to large utilities.

The Company will notify each customer of the proposed increase by mail and, therefore, is requesting waiver of the statutorily-required newspaper publication. The Company is also requesting that it be allowed to base its filing on a calendar 2005 base year.

The Company's owners recognize that an increase of this size may cause a hardship for some customers. Therefore, if an increase can be enacted promptly, the Company is willing to work with the Commission and the customers to moderate the increase or transfer the company.

Thank you for your consideration.

Very truly yours,

/S

Albert A. Natoli  
On Behalf of  
Spring Glen Lake Water Company LLC

AAN:khn  
Enclosures

CC: Phillip Shatz, Esq.