



March 23, 2004

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

RE: Village of Richmondville

Dear Secretary Brilling:

Enclosed please find an original and four copies of revised Leaves Number 4 through 9 of P.S.C. No. 1 – Electricity for the Village of Richmondville (the Village) to be effective September 1, 2004.

The proposed tariff leaves will increase the base cost of fuel by 0.75 cents per kWh to a new rate of 1.5966 cents per kWh. As it stands, the NYPA allotment makes up all of the Village's power needs during the summer but not during the winter when high cost power must be purchased. These increased costs are recovered through the Purchased Power Adjustment Clause (PPAC). Therefore, the PPAC varies widely from month to month. In the past few years, the Village has experienced a large increase in the cost of purchased power which results in a large PPAC value during the winter period. Large surcharges on the customers' bills cause confusion as some customers think their rates are increasing. The Village has studied the problem and believes that the best course of action is to roll in some of the cost of purchased power into base rates. The new base cost of fuel should be enough to recover a large percentage of the purchased power costs but also low enough to ensure that there will be no negative PPAC values. A worksheet is attached detailing the new tariff rate calculations.

This change to the base cost of fuel will cause an over-recovery of revenues for the first two months. Any such over-recoveries will be passed back to the customers in the months following the change.

Factor of Adjustment

The Village would also like to update its Factor of Adjustment at this time. The six-year average Factor of Adjustment is 1.042 which reflects the long-term historic losses on the system. A worksheet is attached detailing this calculation.

The new base cost of fuel and factor of adjustment will replace those provisions in the New York Municipal Power Authority Generic Tariff.

Further Information

The Village asks that questions regarding this filing be directed to:

Frank W. Radigan
Hudson River Energy Group
120 Washington Ave., 2nd Floor
Albany, New York 12210
Tel: (518) 436-1628

Respectfully submitted,
For the Village of Richmondville

A handwritten signature in black ink, appearing to read 'Frank W. Radigan', written in a cursive style.

Frank W. Radigan

Enclosures