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November 29, 2005

VIA HAND DELIVERY

Hon. Jaclyn A. Brillling
Secretary
Public Service Commission
3 Empire State Plaza
Albany, NY 12223

Re: Case 05-E-_____ - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Plattsburgh Municipal Lighting Department for Electric Service.

Dear Secretary Brillling:

In compliance with the provisions of the Public Service Law and the Commission's Rules and Regulations, the City of Plattsburgh Municipal Lighting Department ("Plattsburgh or PMLD") hereby files revised tariff leaves.

After consultation with Commission Staff, we have made the effective date of the tariffs April 1, 2006. PMLD is providing 6 copies of its tariffs, cover letter and supporting schedules. A notice to the public will be published in a local newspaper and a bill insert will be furnished as well.

The revised tariff leaves are designed to raise average annual revenues by \$299,000, or approximately 1.8%. Although the schedules demonstrate a need to increase revenues by almost twice that amount, Plattsburgh has chosen to limit the revenue increase. The average increase is one half of one mill per kWh. Plattsburgh last increased rates in September, 2003. (Case 02-E-1418 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and

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Regulations of the Plattsburgh Municipal Lighting Department for Electric Service, *Order Adopting the Terms of a Joint Proposal* (Issued and Effective September 3, 2003.)) At that time base rates were increased approximately \$1.2 million, or 8.1%. The filing is not a “major rate filing” under the Public Service Law. Plattsburgh asks that the Commission process this filing as a “mini-case” and permit the new rates to go into effect, without suspension, on or before the filed effective date of April 1, 2006.

The Plattsburgh Municipal Lighting Department is a creature of the City of Plattsburgh, governed by a Board of Directors consisting of the Mayor and City Council. At a public meeting of the Board in the City Council Chambers, held August 9, 2005, the Board decided to file this rate proceeding.

Plattsburgh’s electric rates are incredibly low. An average residential customer using 500 kWh pays approximately \$17.00 per month. The first 500 kWh are priced at less than 2.6¢ . The price for incremental consumption over 500 kWh is only 3.2¢ /kWh in the summer and 4.0¢ /kWh in the winter. As stated above, the proposed rate increase is one half of one mill.

NEED FOR REVENUE INCREASE

The present identifiable need for increased revenues, much like in 2003, is driven primarily by additions to plant, and rising pension and health insurance costs. Plattsburgh, however, views these current costs against a background of future capital needs. As with any conscientious and well run utility, Plattsburgh has a certain level of ongoing capital needs, most of which it funds internally.¹ Over the past several years the PMLD has invested in projects to enhance system reliability. PMLD has also been investing in utility infrastructure for the annexed territory of the former Plattsburgh Air Force Base. The former air base plays a crucial role in economic development in the area. Several major projects loom in the near future. In 2006, capital projects will total over \$7 million. The Saranac Street Substation upgrade alone will cost \$4.6 million. In 2007, capital projects will total over \$5 million. A new service center and associated development are important elements of that year’s capital plan. Further out, a new substation for the college, and related work, planned for 2007 and 2008, may cost around \$3.5 million. The City expects to bond approximately \$7 million of this capital work over the next two years.

The City of Plattsburgh is a proud public power community. PMLD will continue to provide safe, reliable low cost electric power. Cognizant of its obligation to use that low cost power efficiently, PMLD has a vigorous energy efficiency program. PMLD is also strategically investing in economic development. In order to continue to fulfill its vital mission, PMLD must

¹ Plattsburgh’s \$26 million rate base is currently supported by only \$6 million in debt. As we discuss *infra*, that debt will more than double in the next two to three years. Plattsburgh conducted a long range planning study in 2000, and updated it in 2005. The projected capital budgets contained in the filing are drawn from the study.

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maintain a sound financial position. The City Council has concluded that the very modest revenue increase reluctantly proposed here is necessary for PMLD to continue to meet the needs of its community.²

Respectfully submitted,

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

By: /s/
Kevin R. Brocks

KRB/smr
cc: Consumer Protection Board

² Plattsburgh anticipates that a variety of factors will lead it to require similar modest revenue increases over the next few years. It expects to do so through the “mini-filing” process, in order to minimize process costs and minimize rate increases.