

**VILLAGE OF GROTON
143 CORTLAND STREET
GROTON, NEW YORK 13073-0100**

June 2, 2009

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

Dear Secretary Brilling:

Re: Village of Groton - Rates Amended Request

We herewith submit amended leaves that reflect a significant unexpected change in circumstances at the Village since our initial submission dated March 17, 2009. The largest industrial customer of the Village declared bankruptcy and is going out of business immediately. The impact of the loss will result in a base revenue loss of approximately \$111,300 and the current \$80,000 receivable from this customer is now doubtful. The forecasted impact on revenues from the loss of this customer has been incorporated in these amended filings.

Attached please find Third Revised (superseding Second) Leaf No. 5.1, Fourth Revised (superseding Third) Leaf No. 12, and Fifth Revised (superseding Fourth) Leaves Nos. 4, 6, 7, 8, 9, 9.1, 10, and 11 of PSC No. 1 - Electricity for Village of Groton (Village), issued June 2, 2009, to be effective September 1, 2009.

This increase will represent approximately one half of the requested increase with the second half effective September 1, 2010.

The proposed Tariff Leaves, when combined with the September 1, 2010, increase, will increase the monthly bill of a residential customer using 750 kilowatt-hours from \$38.67 to approximately \$45.08, or by 16.59%. The proposed change will increase the Village's annual base revenues by \$218,001 (from \$912,570, to \$1,050,481). The filing is a "mini-filing" under the Commission's Rules of Procedures, and a hearing is not required.

The Village

The Village operates a municipal electric utility in the Village of Groton, New York. The Village is governed by a Mayor and Board of Trustees and provides service to approximately 1,090 customers. The Village's service area is the Incorporated Village of Groton. The average number of customers has remained consistent over the last several years, and there are no indications that this will change in the near term. However, as noted above, the Village has lost its largest industrial customer. The quality of service is excellent with no complaints. The electric safety record of the Village is excellent. The Village is well managed and professionally operated.

The Rate Filing

The Village's last rate increase was seven years ago with an effective date of June 1, 2002. In addition to the failure of the major customer described above, there are two main reasons for the current rate increase.

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First, the Village's rate of return for fiscal year 2008 was a negative 1.66%. The forecasted rate of return before the requested revenue increase is expected to be a negative 8.48%. This negative rate of return is due to the fact that the rate base and operating costs have grown considerably over the last few years. This filing requests an increase in base revenues of approximately \$218,001 which allows the Village to file as a "mini-filing" under the Commissions Rules and Regulations.

Second, more than half of the Village's expenses are related to purchased power expense. The second largest expense item is labor and fringe benefits. These costs continue to increase due to outside forces, and the Village wishes to pay competitive wages and benefits in order to retain the existing workforce.

The Village's proposed rate design was structured so that each customer class would receive the same rate increase. The Village also proposes to decrease the factor of adjustment from 1.067694 to 1.057728 the average factor of adjustment over the last six years.

The filing provides an ample basis for the Commission to process the application expeditiously. The filing contains three years of income statements and projections of revenues, expenses, and rate base. The filing is based on fiscal year May 31, 2008, data, the Village's most recent year-end for which data is available. The Village has detailed back-up workpapers supporting the initial rate request and has provided them to staff in electronic and hard copy format. The workpapers supporting this amended request will be submitted to staff in similar format.

Public Notice

The Village will individually notify each of its customers regarding the rate request via billing inserts.

Further Information

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

Willard G. Reynolds
Bollam, Sheedy, Torani & Co. LLP, CPAs
26 Computer Drive West
Albany, New York 12205
Tel: (518) 459-6700

Respectfully submitted,
For the Village of Groton by



Willard G. Reynolds

WGR/dmc
Attachments

cc: Mayor Jeffrey W. Evener
Clerk-Treasurer Charles Rankin