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## **NEWS RELEASE: For immediate release June 10, 2005**

### **BPU & DEPARTMENT of PUBLIC SERVICE STAFF AGREE ON PROPOSED RATE INCREASE**

The Board of Public Utilities and the New York State Department of Public Service announced today that they have forwarded their compromise agreement for a JBPU rate increase to Administrative Law Judge J. Michael Harrison.

On November 23, 2004, the BPU filed for its first rate increase since applying in 1993 for the rate which became effective October 20, 1994. The legal process usually takes 11 months, with the proposed new rates expected to become effective on November 1, 2005.

BPU staff has met for several months with the PSC staff and they have come to agreement on the proposed new electric rate agreement which is expected to become effective November 1, 2005. At a significant sacrifice to the utility, the proposed rate increase of \$7,596,085 would be phased in over a three-year time period. The proposed first year increase of 14.3% will produce \$4,353,285 in additional revenues for the utility; the proposed second year increase will be an additional 4.7% and produce \$1,621,413 in revenues and the third year will result in a proposed 4.5% rate increase and will produce revenues of \$1,621,413. The BPU has chosen to share the burden of the rate increase with its customers despite being able to justify the increase all at once. By choosing a three-year phase in of the rate increase, the BPU has foregone \$4.9 million in additional revenues.

The BPU has presented detailed information to the State regulatory commission for its proposed rate increase. The PSC staff carefully reviewed that information and has worked with the BPU staff through a negotiation process to agree on a proposed rate increase.

In addition to twelve years of inflationary effects, the proposed rate increase is caused by a number of factors such as: the cost of environmental controls; declining off-system sales; payments in lieu of taxes; funding and recovery of capital requirements; depreciation; and increases in employee retirement and health care costs. The BPU must also ensure that sufficient funds are available for the proper disposal of and retirement of power plant equipment. Further, the 1999 creation of the New York State Independent System Operator, which operates the statewide transmission system, also has increased the Board of Public Utilities' costs dramatically.

The components of the proposed rates remain unchanged and include a basic service charge, a demand charge, an energy charge and a fuel cost adjustment. The fuel cost adjustment varies monthly and is determined by fuel costs, power supply sales, transmission costs, etc.

Jamestown BPU residential electric rates are currently \$.03565 per kilowatt. In 2003, the average residential customer used 9,406 kilowatt hours (kwh), or 783 kwh per month.

A typical elderly couple with a small residence using 250 kwh per month currently pays \$15.74 per month. With the first year increase they will pay \$18.94 monthly (a \$3.20 increase). With the second year increase, this customer would pay \$20.29 monthly (a \$1.35 increase) and with the third year increase, the monthly cost would be \$21.63 (a \$1.34 increase).

A typical homeowner using 750 kilowatt hours per month currently pays \$39.22 per month. With the first year increase, they will pay \$45.81 (a \$6.59 increase). With the second year increase, the customer will pay \$48.36 (a \$2.55 increase) and the third year the customer will pay \$50.96 (a

**\$2.60 increase). These increased rates remain more than 60% below similar residential rates charged by the electric utility in the surrounding area.**

**The next steps expected in the rate case include: a July evidentiary hearing before the Administrative Law Judge then the recommendation of the administrative law judge will be forwarded to the PSC for vote at their October Board meeting. The new rates are expected to be implemented on November 1, 2005. Jamestown BPU customers will see the new rates reflected for their November usage in the bill they receive in December.**

**Wally Haase, BPU General Manager stated: "This utility never wants to file for a rate increase, but after twelve years, we could not wait any longer. I do recognize that this is a rate increase for our customers, however the BPU is making a significant sacrifice. The Department of Public Service Staff has approved our spreading the increase over three-years to mitigate the impact in the best interest of our customers. The BPU is catching up to inflation but is still a huge bargain for industrial, commercial and residential consumers, compared to the surrounding electric utility and the majority of electric utilities throughout the country. We always remember, that unlike investor-owned utilities, we are only serving the public not maximizing shareholder returns."**

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