



PO Box 700
Jamestown, NY 14702-0700
Phone (716) 661-1680
Fax (716) 661-1617

ELECTRIC
DISTRICT HEAT
WATER
WASTEWATER
SOLID WASTE

February 24, 2016
Contact: Rebecca Robbins
661-1680

For immediate release

Public Service Commission Approves Minor Rate Increase for Jamestown BPU, *Rules on Other Items*

The New York State Public Service Commission (PSC) on Tuesday approved a minor rate increase, applied for by the Jamestown Board of Public Utilities' (BPU) electric division. The PSC also ruled on additional items raised by the BPU in its March 27, 2015, filing. The filing was assigned Case 15-E-0184.

In its Order dated February 23, 2016, the PSC approved an increase of 3.5% in the BPU's base delivery revenue, effective March 1, to be applied uniformly to the delivery rates for all electric customer classes. A typical residential customer using 750 kWh per month will see an increase of \$1.40 per month, or approximately 2.6% of the total bill.

The PSC also approved the BPU's request to establish a new Overhaul Reserve Fund, to pay for the cost of overhauling the gas turbine and steam generators. The gas turbine alone must be overhauled every 25,000 run-time hours at a cost of \$2.5 – \$4.5 Million.

The PSC ordered that in future years, Off System Sales (OSS) profits in excess of \$1.225 Million will be moved to the Overhaul Reserve Fund, to a maximum of \$1 Million per year. OSS profits in excess of \$2.25 Million in any year are to be credited to customer bills through the Fuel Adjustment Charge (FAC) in the following year. However, if the contribution to the Overhaul Reserve Fund in any year is less than \$1.0 Million, the BPU will make up the difference from future years' OSS profits. The Overhaul Reserve Fund will allow the BPU to save cash for the required overhauls without incurring the cost to file a rate case before the PSC and without raising rates.

The PSC also ordered the BPU to move \$2.8 Million in the current Dismantling Fund, which is excess of projected dismantling cost, to the new Overhaul Reserve Fund.

The PSC denied a request for a Capital Fund to accumulate separate funds for undefined future capital projects (apart from the new Overhaul Reserve Fund).

The Commission noted that the City of Jamestown, as the owner of the facility and its supplier of equity capital, may require the BPU to distribute a reasonable portion of its

profits to the City, provided that the utility is earning a profit and will remain financially stable.

Finally, the PSC accepted the utility's request to expand its existing program that allows qualifying customers the opportunity to apply to install equipment that generates electricity-using wind or solar powered equipment. This expansion will enable approved BPU Service Class 3 and 6 customers (large and economic development customers) to install equipment with a capacity of up to 200 Kw. No changes were made for residential (Service Class 1) customers who already are allowed to apply for approval to install equipment with a capacity of up to 25 Kw. For General Service-Small (Service Class 2) customers, the maximum capacity rating was increased from 25 Kw to 100 Kw. For all customers, the electrical output of their equipment shall not exceed 100% of their prior 12 months of metered energy consumption.

"We are very pleased to receive the input and ruling from the PSC," commented BPU General Manager David L. Leathers. "Although an overall rate increase of 2.6% is something we always try to avoid for our customers, the PSC has confirmed that this small adjustment, the first since August, 2010, certainly is justified. We also are extremely pleased that the PSC has confirmed direction related to off system sales profits for important equipment overhauls and has provided clarity on payments to the City."

"As is typical," continued Leathers, "we have much work to accomplish in the months ahead and continue to prioritize reliability, service and affordable rates for our entire customer base."