



STATE OF DELAWARE
PUBLIC SERVICE COMMISSION
861 SILVER LAKE BLVD.
CANNON BUILDING, SUITE 100
DOVER, DELAWARE 19904

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To: The Chair and Members of the Commission

From: Amy J. Woodward, Public Utilities Analyst *aw/ame*

Date: September 15, 2014

Subject: IN THE MATTER OF THE PETITION OF ARTESIAN WATER COMPANY, INC. FOR A REVISION TO RATES ASSESSED PURSUANT TO INTERCONNECTION AGREEMENTS (FILED AUGUST 11, 2014) – PSC DOCKET NO. 14-0284

The Petition:

On August 11, 2014, Artesian Water Company, Inc. ("AWC") filed a petition ("Petition") requesting that the Public Service Commission of the State of Delaware (the "Commission") grant it an appropriate Order authorizing the establishment of revised interconnection rates for Artesian Water Maryland, Inc. and the Town of Chesapeake City, Maryland, effective October 15, 2014.

Description of Interconnection Agreements:

AWC has a purchased water contract (interconnection agreement) with Artesian Water Maryland, Inc. ("AWMD"). The price for water delivered pursuant to the interconnection agreement with AWMD is equal to the rate assessed to AWC by the Chester Water Authority ("CWA") or its successor(s) for water delivered to AWC's Route 7 interconnection in Hockessin, Delaware, plus a transmission fee of 10% of said rate.

On July 14, 2014, CWA notified AWC of a proposed change in the rate billed for water service, specifically an increase of \$0.01 in the Susquehanna River Basin Charge, effective October 15, 2014. The proposed increase of the consumption use mitigation fee from \$0.31 to \$0.32 is scheduled to be ratified by the Susquehanna River Basin Commission ("SRBC") on July 14, 2014. Based on this notification, AWC proposes to increase the interconnection rate for AWMD from \$3.762 per thousand gallons to \$3.773 per thousand gallons. The proposed rate

reflects the rate change of \$0.01 per thousand gallons from the CWA plus the 10% added for transmission fees.

AWC also has a purchased water contract (interconnection agreement) with the Town of Chesapeake City, Maryland (the "Town of Chesapeake"). AWC alleges in the Petition that the price for water delivered pursuant to the interconnection agreement with the Town of Chesapeake is equal to the rate assessed to AWC by the CWA or its successor(s) for water delivered to AWC's Route 7 interconnection in Hockessin, Delaware, plus a transmission fee of 20% of said rate. In addition, the Town of Chesapeake is charged AWC's currently approved 6-inch meter customer service charge.

Based on the CWA notice dated July 14, 2014, AWC proposes to increase the interconnection rate for the Town of Chesapeake from \$4.104 per thousand gallons to \$4.116 per thousand gallons. The proposed rate reflects the rate change of \$0.01 per thousand gallons from the CWA plus 20% added for transmission fees.

Documents Provided with AWC's Petition

AWC provided the following: Exhibit "A," which is a copy of the notice from CWA, and Exhibit "B," which is the proposed CWA tariff to become effective on October 15, 2014.

Staff's Recommendation

Staff has obtained a copy of SRBC's Resolution No. 2014-09 and its Regulatory Program Fee Schedule for FY2015 to verify that the rate to CWA was approved. Therefore, Staff recommends that the Commission approve the Petition and permit the proposed rate increase for AWMD to become effective on and after October 15, 2014. In addition, Staff recommends that the Commission permit the proposed rate increase for the Town of Chesapeake equal to a rate change of \$0.01 per thousand gallons from the CWA, plus a monthly customer service charge which is equal to AWC's current customer service charge associated with a 6-inch meter as specified in AWC's approved Delaware water tariff.

Staff notes that this approval should not be construed as a rate-making treatment for future rate cases. Staff will continue to review any future requests for a change in the rate charged to AWC and the continued compliance of the agreement with the laws of the State of Delaware (per section 3.10 of the Interconnection Agreement). AWC should also notify the Commission of material changes to any of the terms and condition of the transaction.

EXHIBIT A



Chester Water Authority

P.O. Box 467 • Chester, PA 19016-0467
(610) 876-8181 • FAX (610) 876-1657

JUL 16 2014

July 14, 2014
2522-2014

Attention: Ms. Dian Taylor
Artesian Water Company, Inc.
PO Box 15004
Wilmington, DE 19850

Dear Ms. Taylor:

Chester Water Authority has been notified the Susquehanna River Basin Commission (SRBC) has increased their rates from \$0.31 to \$0.32 per 1,000 gallons of water effective July 1, 2014.

Please be advised effective October 15, 2014, the new rate for water utilities in the Village Green West Area will be \$3.43 per 1,000 gallons of water.

Enclosed for your information is a revised rate schedule reflecting the SRBC rate increase. Please feel free to contact us should you have any questions on our rates or service.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Thomas A. Zetuský Sr.', written over a horizontal line.

Thomas A. Zetuský Sr.
Director, Business Office

C: RCW

EXHIBIT B

**CHESTER WATER AUTHORITY
COMPARATIVE RATE SCHEDULE**

| CONSUMPTION CHARGES -GENERAL SERVICE – Includes Residential, Commercial, Industrial, and Municipal Customers | | | | | |
|---|---------|------------------------------|------|------------------------------|------|
| | | Village Green East | | Village Green West | |
| <u>Gallons Per Month</u> | | <u>Rate Effective 7/1/10</u> | | <u>Rate Effective 7/1/10</u> | |
| | | <u>Per 1,000 Gallons</u> | | <u>Per 1,000 Gallons</u> | |
| For the First | 25,000 | \$ | 4.61 | \$ | 5.92 |
| For the Next | 225,000 | | 2.96 | | 4.15 |
| For all Over | 250,000 | | 2.31 | | 2.95 |

| CONSUMPTION CHARGES - WATER UTILITIES | | | | | |
|---|--|---------------------------|------|---------------------------|------|
| | | Village Green East | | Village Green West | |
| <u>Consumption Charges</u> | | <u>Rate Effective</u> | | <u>Rate Effective</u> | |
| | | <u>10/15/14</u> | | <u>10/15/14</u> | |
| Rate per 1,000 Gallons | | | 2.87 | \$ | 3.11 |
| Rate per 1,000 Gallons for Customers subject to SRBC charge of \$0.32 per 1,000 gallons | | | 3.19 | | 3.43 |

| BASE CHARGES – Village Green East and West Service Areas – All Customers | | | |
|---|--------------------------------|------------------------------|----------|
| <u>Size of Meter</u> | | <u>Rate Effective 7/1/10</u> | |
| | | <u>Per Month</u> | |
| 5/8 | Inch | \$ | 12.10 |
| 3/4 * | Inch (Combined General & Fire) | | 14.26 |
| 3/4 | Inch | | 18.36 |
| 1 * | Inch (Combined General & Fire) | | 14.26 |
| 1 | Inch | | 27.54 |
| 1-1/2 | Inch | | 61.56 |
| 2 | Inch | | 104.87 |
| 3 | Inch | | 222.59 |
| 4 | Inch | | 365.90 |
| 6 | Inch | | 663.01 |
| 8 | Inch | | 1,587.60 |
| 10 | Inch | | 2,395.44 |
| 12 | Inch | | 2,691.36 |

* Residential General Service and Fire Service Combined.

| BASE CHARGES – PRIVATE FIRE PROTECTION SERVICE – All Customers | | | | | |
|---|------|--|----------|--|----------|
| | | Village Green East Service Area | | Village Green West Service Area | |
| <u>Size of Meter or Service Size, If Unmetered</u> | | <u>Rate Effective 7/1/10</u> | | <u>Rate Effective 7/1/10</u> | |
| | | <u>Per Month</u> | | <u>Per Month</u> | |
| 5/8 | Inch | \$ | 9.40 | \$ | 11.55 |
| 3/4 | Inch | | 14.26 | | 17.16 |
| 1 | Inch | | 22.14 | | 25.74 |
| 1-1/2 | Inch | | 48.82 | | 57.20 |
| 2 | Inch | | 78.73 | | 92.73 |
| 3 | Inch | | 134.46 | | 158.29 |
| 4 | Inch | | 241.06 | | 281.49 |
| 6 | Inch | | 482.11 | | 563.20 |
| 8 | Inch | | 872.86 | | 1,020.58 |
| 10 | Inch | | 1,442.99 | | 1,689.42 |
| 12 | Inch | | 2,078.57 | | 2,429.92 |

| FIRE PROTECTION SERVICE – PUBLIC FIRE HYDRANTS | | | | | |
|---|--|------------------------------|-------|------------------------------|-------|
| | | Village Green East | | Village Green West | |
| <u>Rate per Hydrant</u> | | <u>Rate Effective 7/1/10</u> | | <u>Rate Effective 7/1/10</u> | |
| | | <u>Per Month</u> | | <u>Per Month</u> | |
| Rate per Hydrant | | \$ | 32.30 | \$ | 36.30 |

02/12/10