

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

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

ORDER NO. 8645

This 30th day of September, 2014, the Commission determines and orders the following:

WHEREAS, on December 20, 2011, the Commission authorized Artesian Water Company, Inc. ("AWC") to charge Artesian Water Maryland, Inc. ("AWMD") a revised interconnection rate in an amount equal to the price AWC pays to the Chester Water Authority ("CWA") for water delivered to AWC at its Route 7 interconnection in Hockessin, Delaware, plus a 10% "transmission fee." See Order No. 8086 (December 20, 2011); and

WHEREAS, on February 21, 2013, the Commission authorized AWC to charge the Town of Chesapeake City, Maryland ("Town of Chesapeake") a new interconnection rate, effective March 1, 2013, in an amount equal to the rate that AWC pays to the CWA for water delivered to AWC at its Route 7 interconnection in Hockessin, Delaware, 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. See Order No. 8289 (February 21, 2013); and

WHEREAS, 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. A copy of the CWA letter notice to AWC is attached as Exhibit "A". The proposed increase of the consumption use mitigation fee from \$0.31 to \$0.032 is scheduled to be ratified by the Susquehanna River Basin Commission ("SRBC") on June 5, 2014, via a resolution. A copy of the "Regulatory Program Fee Schedule" is attached as Exhibit "B"; and

WHEREAS, on August 11, 2014, AWC filed a petition (the "Petition") requesting approval of revised interconnection rates, effective October 15, 2014, for both AWMD and the Town of Chesapeake based on the proposed increase in rates charged to AWC by CWA; and

WHEREAS, 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 a 10% transmission fee. A copy of the proposed revised tariff rates for AWMD is attached as Exhibit "C"; and

WHEREAS, 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 plus a 20% transmission fee. A copy of the proposed revised tariff rates for the Town of Chesapeake is attached as Exhibit "D"; and

WHEREAS, the Commission Staff ("Staff") reviewed the Petition and supporting documents and has concluded that the new

interconnection rates as set forth in the proposed revised tariffs will be just and reasonable and will not violate the provisions of 26 Del. C. §303(a) if these rate increases are allowed to be implemented. Staff also notes that these rate increases are based on rates to be implemented by CWA and SRBC via signed resolutions dated prior to the date of the filing of the Petition and that neither of these resolutions has been provided to or filed with the Commission; and

WHEREAS, nevertheless, Staff recommends approval of the Petition subject to the following three conditions: (i) that the SRBC must first ratify the increase of \$0.01 in the Susquehanna River Basin Charge, effective October 15, 2014, (ii) that CWA must first ratify the increase in rates to be effective October 15, 2014, and (iii) that such Commission approval of the Petition should not be construed as approval for rate-making treatment for future rate cases. Staff states that it will continue to review requests for any changes in the interconnection rates charged to AWMD and the Town of Chesapeake and has noted that AWC should notify the Commission of any material changes in the interconnection rates;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. The Commission hereby authorizes AWC to charge AWMD a new interconnection rate ("AWMD Interconnection Rate"), effective October 15, 2014, in an amount equal to the rate that AWC pays to the CWA for water delivered to AWC at its Route 7 interconnection in Hockessin, Delaware. The proposed rate reflects the rate

change of \$0.01 plus a 10% transmission fee. This AWMD Interconnection Rate, which is listed in the attached **Exhibit "C"**, is \$3.773 per thousand gallons. This authorization is subject to the following three conditions: (i) that the SRBC must first ratify the increase of \$0.01 in the Susquehanna River Basin Charge, effective October 15, 2014, (ii) that CWA must first ratify the increase in rates to be effective October 15, 2014, and (iii) that such Commission approval of the AWMD Interconnection Rate should not be construed as approval for rate-making treatment for future rate cases. AWC must file with the Commission such signed ratification or ratifications within 15 days of the date of this final order.

2. The Commission hereby authorizes AWC to charge the Town of Chesapeake City a new interconnection rate ("Town of Chesapeake Interconnection Rate"), effective October 15, 2014, in an amount equal to the rate that AWC pays to the CWA for water delivered to AWC at its Route 7 interconnection in Hockessin, Delaware. The proposed rate reflects the rate change of \$0.01 plus a 20% transmission fee. The Town of Chesapeake Interconnection Rate, which is listed in the attached **Exhibit "D"**, is \$4.116 per thousand gallons. This authorization is subject to the following three conditions: (i) that the SRBC must first ratify the increase of \$0.01 in the Susquehanna River Basin Charge, effective October 15, 2014, (ii) that CWA must first ratify the increase in rates to be effective October 15, 2014, and (iii) that such Commission approval of the Town of

Chesapeake Interconnection Rate should not be construed as approval for rate-making treatment for future rate cases. AWC must file with the Commission such signed ratification or ratifications within 15 days of the date of this final order.

3. AWC shall update its tariff leafs regarding the new AWMD Interconnection Rate and the new Town of Chesapeake Interconnection Rate and shall file with the Commission a new petition if there are any future increases in the rates that CWA charges to the respective parties.

4. AWC shall notify the Commission of any material modifications or amendments to the existing interconnection agreement between AWC and AWMD and between AWC and the Town of Chesapeake.

5. AWC is hereby notified that it will be assessed the costs of this proceeding pursuant to 26 Del. C. §114(b).

6. The Commission reserves the jurisdiction and authority to enter such further orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary

EXHIBIT "A"

COPY OF LETTER NOTICE DATED JULY 14, 2014, FROM
CHESTER WATER AUTHORITY TO ARTESIAN WATER COMPANY, INC.
REGARDING PROPOSED CHANGE IN RATES FOR WATER SERVICE

EXHIBIT "B"

COPY OF THE "REGULATORY PROGRAM FEE SCHEDULE"
EFFECTIVE OCTOBER 15, 2014, TO BE RATIFIED BY THE
SUSQUEHANNA RIVER BASIN COMMISSION

EXHIBIT "C"

PROPOSED REVISED TARIFF RATES FOR
ARTESIAN WATER OF MARYLAND, INC.
EFFECTIVE OCTOBER 15, 2014

EXHIBIT "D"

PROPOSED REVISED TARIFF RATES FOR
THE TOWN OF CHESAPEAKE CITY, MARYLAND,
EFFECTIVE OCOTBER 15, 2014