

MEMORANDUM

TO: The Chair and Commissioners

FROM: Lisa B. Driggins, Public Utilities Analyst

DATE: December 6, 2013

SUBJECT: IN THE MATTER OF THE APPLICATION OF ARTESIAN WASTEWATER MANAGEMENT, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE WASTEWATER SERVICES TO THE COMMUNITY OF SOUTHFIELD, LOCATED ON THE MILFORD-HARRINGTON HIGHWAY, NORTH OF HOUSTON, KENT COUNTY, DELAWARE (FILED JUNE 12, 2008), **PSC DOCKET NO. 08-WW-008 “SOUTHFIELD KENT COUNTY”**

IN THE MATTER OF THE APPLICATION OF ARTESIAN WASTEWATER MANAGEMENT, INC. TO ABANDON UNDER 26 DEL. C. § 203A(d) WASTEWATER SERVICES PROVIDED UNDER A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE COMMUNITY OF SOUTHFIELD IN KENT COUNTY, DELAWARE (**FILED OCTOBER 29, 2013) PSC DOCKET NO. 13-WW-004**)

Artesian Wastewater Management, Inc. (AWMI” or “Company”) is a utility providing wastewater services for public use that is subject to the regulatory jurisdiction of this Commission. On October 29, 2013, AWMI filed an application (“Application”) with the Commission seeking to abandon or discontinue its Certificate of Public Convenience and Necessity (“CPCN”) to provide wastewater operations or services for the parcels of property in the community of Southfield as granted in PSC Order No. 7438 on September 2, 2008. AWMI expects to transfer wastewater service over to the control of Kent County effective February 1, 2014.

On November 20, 2013, at the request of Staff, AWMI supplied additional information to supplement its Application.

Delaware law provides that no public utility shall abandon or discontinue, in whole or in part, any regulated public utility business, operations or services provided

under a certificate of public convenience and necessity without first having received Commission approval for such abandonment or discontinuance. 26 *Del. C.* §203A(d)(1). Such applications must be made to the Commission in writing, verified by oath or affirmation, and be in such form and contain such information as the Commission may from time to time require. 26 *Del. C.* §203A(d)(2). Finally, the Commission must approve any such application when it finds that the utility has met its burden of proving that the abandonment or discontinuance is reasonable, necessary and not unduly disruptive to the present or future public convenience and necessity. 26 *Del. C.* §203A(d)(3).

Staff reviewed the Application for abandonment and found it complies with all Delaware statutory and regulatory requirements. The Company has been providing wastewater services under a CPCN and has provided a verified application that requests to abandon such CPCN. In a letter dated November 19, 2013, the Company states the infrastructure will be transferred under an approved plan to develop a “Greater Houston Area” sanitary district functioning as an expansion of Kent County, Delaware’s Sewage Disposal District No. 1. Staff believes the abandonment is necessary because Kent County approved a resolution on October 22, 2013 that becomes effective 30 days from adoption to extend its sanitary sewer district, and such extension includes the parcels in AWTMI’s Application. The abandonment will not be unduly disruptive to the Company’s existing customers because AWTMI will send a notice to its customers located in the area included by the Application one month in advance of the proposed transfer of wastewater services from AWTMI to Kent County and Kent County will continue to provide service in the same matter as AWTMI currently does. Furthermore, the abandonment is reasonable because the customers will benefit from lower rates for wastewater service from Kent County and the abandonment and transfer will provide a more cost-effective means of providing safe, secure wastewater service for customers than would otherwise be available if service continued with AWTMI. Finally, AWTMI alleges that Kent County intends to construct necessary improvements that will allow waste from the parcels to be treated at its Regional Treatment Plant.

Therefore, Staff recommends that the Commission grant AWTMI’s request to abandon its CPCN for the community of Southfield.