

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF )  
UNITED WATER DELAWARE INC., CONCERN- )  
THE ESTABLISHMENT OF A DISTRIBUTION )  
SYSTEM IMPROVEMENT CHARGE (DSIC) ) PSC DOCKET NO. 03-510  
UNDER THE PROVISIONS OF 26 DEL. C. )  
§ 314 TO BE EFFECTIVE JANUARY 1, 2004 )  
(FILED NOVEMBER 26, 2003) )

IN THE MATTER OF THE APPLICATION OF )  
UNITED WATER DELAWARE INC., CONCERN- )  
THE ESTABLISHMENT OF A DISTRIBUTION )  
SYSTEM IMPROVEMENT CHARGE (DSIC) ) PSC DOCKET NO. 04-192  
UNDER THE PROVISIONS OF 26 DEL. C. )  
§ 314 TO BE EFFECTIVE JULY 1, 2004 )  
(FILED MAY 24, 2004) )

**ORDER NO. 6620**

This 10<sup>th</sup> day of May, 2005, the Commission determines and Orders the following:

1. On July 9, 2001, § 314 of the Public Utilities Act of 1974 was enacted into law and enabled water utilities within the Commission's jurisdiction to establish a "Distribution System Improvement Charge" ("DSIC"). 26 Del. C. § 314 (2002 Supp.), as added by, 73 Del. Laws ch. 138 § 2 (July 9, 2001). Under § 314, a water utility may seek to establish a DSIC as a surcharge to its approved rates, and to then adjust the DSIC semi-annually. The surcharge is calculated to recover the cost of the utility's investments in "eligible distribution system improvements."

2. Previously, the Commission allowed the two DSIC charges sought by United Water Delaware Inc. ("United Water" or "Company") to go into effect: the first Rate in January 2004, and the second Rate in

July 2004. See PSC Orders Nos. 6319 (Dec. 9, 2003) and 6433 (June 22, 2004). In allowing the two rates, the Commission explained that these DSIC Rates would be subject to audit and review for compliance with § 314 during the reconciliation stage to occur after December 31, 2004, for the 2004 DSIC Rates. See PSC Orders Nos. 6319 (Dec. 9, 2003) and 6433 (June 22, 2004).

3. Based on its audit of the additional plant claimed by United Water in 2004 and of the revenues collected under the 2004 DSIC Rates, the Commission Staff recommends that the Commission accept, as final, United Water's 2004 DSIC Rates previously allowed to go into effect.<sup>1</sup> The 2004 DSIC Rates were 2.66% for the first half of 2004 and 3.11% for the second half of 2004. Based upon Staff's audit, PSC Dockets Nos. 03-510 and 04-192 are consistent with § 314. The Commission, therefore, now finally approves United Water's 2004 DSIC Rates of 2.66% (effective January 1 to June 30, 2004) and 3.11% (effective July 1 to December 31, 2004) and closes PSC Dockets Nos. 03-510 and 04-192.

Now, therefore, **IT IS ORDERED:**

1. That, under the provisions of 26 Del. C. § 314, the DSIC Rates for United Water Delaware Inc., for 2004 shall be 2.66% (effective January 1 to June 30, 2004) and 3.11% (effective July 1 to December 31, 2004), as previously allowed to go into effect in PSC Orders Nos. 6319 (Dec. 9, 2003) and 6433 (June 22, 2004). Nothing in

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<sup>1</sup>See Staff memo dated May 4, 2005 indicating that Staff's audit verified that United Water's 2004 DSIC Rates are in compliance with 26 Del. C. § 314. Staff's DSIC calculations show that the 2004 DSIC Rates resulted in an under-collection of \$23,279. The Company agrees with Staff's findings.

this Order shall preclude examination and challenge of United Water Delaware Inc.'s claims in a base rate proceeding.

2. That the annual audit of the filings made in PSC Dockets Nos. 03-510 and 04-192, however, is concluded and these proceedings are hereby closed.

3. That 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:

/s/ Arnetta McRae  
Chair

/s/ Joshua M. Twilley  
Vice Chair

/s/ Joann T. Conaway  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

/s/ Dallas Winslow  
Commissioner

ATTEST:

/s/ Karen J. Nickerson  
Secretary