

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
SUSSEX SHORES WATER COMPANY CONCERNING)
THE ESTABLISHMENT OF A DISTRIBUTION SYSTEM) PSC DOCKET NO. 05-196
IMPROVEMENT CHARGE UNDER THE PROVISIONS OF)
26 DEL. C. § 314 TO BE EFFECTIVE JULY 1,)
2005 (FILED MAY 31, 2005))

ORDER NO. 6662

This 21ST day of June, 2005, the Commission determines and Orders the following:

1. Since January 1, 2002, Sussex Shores Water Company ("SSWC") has charged its customers a "Distribution System Improvement Charge" ("DSIC") surcharge. See 26 Del. C. § 314 (2004 Supp.). That surcharge has been adjusted several times. See PSC Orders Nos. 6079 (Dec. 17, 2002), 6188 (June 17, 2003), 6322 (Dec. 9, 2003), and 6536 (Dec. 7, 2004).

2. In a letter received by the Commission on May 31, 2005, SSWC announced that the water utility "ha[d] decided to withdraw its request" for the [DSIC], effective July 1, 2005. According to that correspondence, the utility's decision was made "so [that] the Company can keep in line with the allowed rate of return."¹ In response to Staff's inquiries, SSWC has clarified that its request was to terminate (and reset to zero) its DSIC surcharge. This reset to a "zero" DSIC surcharge percentage would be effective July 1, 2005.

¹Compare 26 Del. C. § 314(b)(10) (2004 Supp.) (DSIC rate shall be reset to zero if, in any quarter, data filed with the Commission reflects that the utility will earn a rate of return in excess of the rate of return authorized in the last general rate filing).

3. The Commission accedes to SSWC's request and now approves SSWC resetting its DSIC surcharge percentage to zero, with such adjustment to be effective July 1, 2005.²

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

1. That, at the request of Sussex Shores Water Company, the Distribution System Improvement Charge rate previously imposed by such utility shall, effective July 1, 2005, be reset to zero ("0") percent. Such reset null rate shall continue until Sussex Shores Water Company files for a further adjustment to its Distribution System Improvement Charge rate and the Commission either approves such proposed later adjustment or allows such later adjustment to go into effect.

2. That, pursuant to 26 Del. C. § 314(b)(1), Sussex Shores Water Company's subscribers shall be notified of this change in the Distribution System Improvement Charge rate in the first bill delivered to customers after July 1, 2005.

3. That the revenues collected by Sussex Shores Water Company under its previous Distribution System Improvement Charge rates shall remain subject to the audit and reconciliation process set forth in 26 Del. C. § 314(b)(8).

²SSWC did not cite the provisions of 26 Del. C. § 314(b)(10) in its letter asking to withdraw its DSIC. Thus, the Commission does not now decide whether the reinstatement provisions in § 314(b)(10) might later apply, and how such reinstatement provisions would then be construed.

4. 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

Vice Chair

/s/ Joann T. Conaway
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jaymes B. Lester
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary