

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

IN THE MATTER OF THE APPLICATION OF)
THE WILKERSON WATER COMPANIES CONCERNING)
THE ESTABLISHMENT OF A DISTRIBUTION) PSC DOCKET NO. 02-173
SYSTEM IMPROVEMENT CHARGE UNDER THE)
PROVISIONS OF 26 DEL. C. § 314 TO BE)
EFFECTIVE JULY 1, 2002)
(FILED MAY 31, 2002))

IN THE MATTER OF THE APPLICATION OF)
BROADKILN BEACH WATER COMPANY CONCERNING)
THE ESTABLISHMENT OF A DISTRIBUTION) PSC DOCKET NO. 03-211
SYSTEM IMPROVEMENT CHARGE UNDER THE)
PROVISIONS OF 26 DEL. C. § 314 TO BE)
EFFECTIVE JULY 1, 2003)
(FILED MAY 28, 2003))

ORDER NO. 7013

This 22nd day of August, 2006, the Commission determines and Orders the following:

A. Wilkerson Water Companies

1. In 2002, the Wilkerson Water Companies ("Wilkerson Companies") initiated their Distribution System Improvement Charge ("DSIC") rate. See 26 Del. C. § 314. The Commission allowed the Wilkerson Companies' initial DSIC rate to go into effect, reserving further scrutiny of the charge until the time of the first year-end reconciliation process required by 26 Del. C. § 314(b)(8). In November 2003, the Commission confirmed that the Wilkerson Companies' initial DSIC rate conformed to the statutory requirements and further determined that no "going-forward" adjustment was necessary in light

of the year-end reconciliation process for DSIC revenues collected for the year 2002. See PSC Order No. 6300 (Nov. 4, 2003).¹

2. Staff has now submitted its Report related to the year-end reconciliation of the Wilkerson Companies' DSIC costs and DSIC revenues for the year 2005. Staff reports that the DSIC revenues collected by the Wilkerson Companies during the year 2005 did exceed the approved DSIC costs for that year in the nominal amount of \$219.² Staff shared its Report with the Wilkerson Companies and the Division of the Public Advocate. Neither has objected to Staff's findings.

B. Broadkiln Beach Water Company

3. In 2003, the Broadkiln Beach Water Company ("Broadkiln") initiated its DSIC rate. The Commission allowed Broadkiln's initial rate to go into effect, again reserving further scrutiny of that charge until the time of the first year-end reconciliation process required by 26 Del. C. § 314(b)(8). See PSC Order No. 6186 (June 17, 2003).

4. Staff has also now submitted the results of its year-end review, audit, and reconciliation for Broadkiln's DSIC rate related to the year 2005. Staff reports that the improvements underlying the DSIC charge were indeed "eligible" ones and that the components of the

¹In Order No. 6300, the Commission closed Wilkerson Companies' initial DSIC rate docket, No. 02-173. The Commission re-opened that docket for purposes of making an entry about the results of the 2003 reconciliation process and to accept similar determinations for reconciliations performed in future years.

²It appears that the DSIC costs for years after a particular DSIC rate is placed into effect may change, even without any additional filings for later improvements. Staff has taken the position that the DSIC "rate base" changes annually to reflect the additional depreciation deduction for each succeeding year.

DSIC rate had been appropriately calculated in 2005. Staff also reports that Broadkiln's DSIC revenues received during the year 2005 did exceed Broadkiln's DSIC costs for that year but only \$219. Staff shared its Report with Broadkiln and the Division of the Public Advocate. Neither objects to Staff's Findings.

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

1. That no further adjustment to the Distribution System Improvement Charge rate for the Wilkerson Water Companies is called for under the annual reconciliation process (26 Del. C. § 314(b)(8)) based upon Distribution System Improvement Charge revenues received by the Wilkerson Water Company Companies during the year 2005.

2. That no further adjustment to the Distribution System Improvement Charge rate for the Broadkiln Beach Water Company is called for under the annual reconciliation process (26 Del. C. § 314(b)(8)) based upon Distribution System Improvement Charge revenues received by the Broadkiln Beach Water Company during the year 2005.

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/ Joann T. Conaway
Commissioner

PSC Dockets Nos. 02-173 & 03-211, Order No. 7013 Cont'd.

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary