

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

IN THE MATTER OF THE PETITION OF)
ARTESIAN WATER COMPANY, INC.,)
FOR IMPLEMENTATION OF A NEW) PSC DOCKET NO. 09-513T
INTERCONNECTION RATE BETWEEN ARTESIAN)
WATER COMPANY, INC. AND ARTESIAN WATER)
MARYLAND, INC.)
(FILED DECEMBER 4, 2009))

ORDER NO. 7717

This 22ND day of December, 2009, the Commission determines and Orders the following:

1. On December 4, 2009, Artesian Water Company, Inc. ("Artesian") filed a petition (the "Petition") with the Commission, seeking "an appropriate Order authorizing the establishment" of a new interconnection rate between Artesian and its affiliate, Artesian Water Maryland, Inc. ("Artesian Maryland"). The water interconnection is located between the two companies' water distribution systems near Route 40 and Rose Tree Lane, at the Maryland/Delaware state lines.

2. Artesian proposes a rate, effective January 1, 2010, equal to the price it pays to the Chester Water Authority for water delivered to Artesian at its Route 7 interconnection in Hockessin, Delaware, plus a 10% "transmission fee." According to the Petition, the Chester Water Authority currently charges Artesian \$3.04 per thousand gallons. Thus, the amount proposed

to be initially charged to Artesian Maryland is \$3.344 per thousand gallons.¹

3. According to the Petition, Artesian will sell the water to Artesian Maryland pursuant an Interconnection Agreement, a copy of which is attached to the Petition, which requires, among other things, that Artesian Maryland purchase a minimum of 50,000 gallons per day. Artesian states that this will increase annual revenue by \$61,028, a .1% increase to operating revenue. Artesian asserts that this increase is not projected to cause it to earn a return in excess of that allowed by the Commission in its last rate case (Docket No. 08-96).

4. Commission staff reviewed the Petition, and the documents attached thereto, and confirmed that the projected increase in revenues will not cause Artesian to earn a return in excess of that allowed in Docket No. 08-96. Further, Staff has opined that allowance of the rate is consistent with the public interest. Accordingly, Staff recommends approval of the Petition, subject to the condition that such approval should not be construed as approval for rate-making treatment for future rate cases. Staff states that it will continue to review requests for a change in the proposed rate charged to Artesian Maryland and has noted that Artesian should notify the Commission of any material changes to the Interconnection Agreement.

¹ Artesian has submitted a tariff leaf setting forth a proposed rate of \$3.344. As set forth above, if and when the Chester Water Authority modifies the rate charged to Artesian, Artesian shall submit a substituted tariff leaf reflecting the updated rate.

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

1. That the Commission hereby authorizes Artesian Water Company, Inc. to charge Artesian Water Maryland, Inc. an interconnection rate, effective January 1, 2010, in an amount equal to the price Artesian Water Company, Inc. pays to the Chester Water Authority for water delivered to Artesian at its Route 7 interconnection in Hockessin, Delaware, plus a 10% "transmission fee."

2. That this approval shall not be construed, in any manner, as endorsing any ratemaking treatment for any future rate case.

3. That Artesian Water Company, Inc. shall update its tariff leaf regarding the interconnection rate to reflect any changes to the rate charged to Artesian Water Company, Inc. by the Chester Water Authority.

4. That Artesian Water Company, Inc. shall notify the Commission of any material modifications or amendments to the Interconnection Agreement between Artesian Water Company, Inc. and the Chester Water Authority.

5. That Artesian Water Company, Inc. is hereby notified that it will be assessed the costs of this proceeding pursuant to 26 Del. C. § 114(b).

6. 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

/s/ Jaymes B. Lester

Commissioner

/s/ Dallas Winslow

Commissioner

/s/ Jeffrey J. Clark

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley

Secretary