STATE OF DELAWARE

THE PUBLIC SERVICE COMMISSION

CANNON BUILDING
861 SILVER LAKE BLVD., SUITE 100
DOVER, DELAWARE 19904

TELEPHONE: (302) 736-7529
TELECOPIER: (302) 739-4849

FILING COVER SHEET

1. NAME OF APPLICANT: Artesian Water Company, Inc.

2. TYPE OF FILING:
   - RATE CHANGE [X]
   - FUEL ADJUSTMENT [ ]
   - ADMINISTRATIVE [ ]
   - CPCN [ ]
   - NEW SERVICE OFFERING [ ]
   - OTHER - DESCRIBE _____

   IF A TELECOMMUNICATIONS FILING, WHAT TYPE OF SERVICE IS IMPACTED?

   BASIC _____ COMPETITIVE _____ DISCRETIONARY _____

3. PROPOSED EFFECTIVE DATE: July 1, 2015

   IS EXPEDITED TREATMENT REQUESTED? YES [X] NO [ ]

4. SHORT SUMMARY OF FILING: Implement Distribution System Improvement Charge

5. DOES THIS FILING RELATE TO OTHER DOCKETS: YES [ ] NO [X]

   IF YES, LIST DOCKET(S) NO(S): _____

6. IS PUBLIC NOTICE REQUIRED? YES [ ] NO [X]
   IF YES, PLEASE ATTACH COPY OF PROPOSED PUBLIC NOTICE.

7. APPLICANT'S CONTACT PERSON:
   - NAME: David Valcarenghi
   - TITLE: Manager of Rates & Regulation
   - PHONE: (302)453-6995
   - FAX: (302)369-4041
   - EMAIL dvalcarenghi@artesianwater.com
   - WEBSITE (IF APPLICABLE) www.artesianwater.com

8. DID YOU PROVIDE A COMPLETE COPY OF THE FILING TO THE PUBLIC ADVOCATE?
   YES [X] NO [ ] IF YES, WHEN? November 26, 2014

9. FILING FEE ENCLOSED: AMOUNT: $ 100.00

NOTE: House Bill 681, enacted into law 7/13/98, authorizes the Commission to recover the cost of time spent by in-house staff to process all filings initiated after the date of enactment. You may be required to reimburse the Commission for staff time.

ARTESIAN RESOURCES

OVER 100 YEARS OF SUPERIOR SERVICE

Artesian Water Company ▲ Artesian Wastewater Management ▲ Artesian Utility Development ▲ Artesian Water Pennsylvania ▲ Artesian Water Maryland ▲ Artesian Wastewater Maryland

Via DelaFile
May 28, 2015

Donna L. Nickerson, Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, Delaware 19904

Dear Ms. Nickerson:

Pursuant to 26 Del. C § 314, Artesian Water Company, Inc. hereby submits an application for a Distribution System Improvement Charge to be effective July 01, 2015.

Please do not hesitate to contact me at (302) 453-6995 if there are any questions.

Sincerely,
Artesian Water Company, Inc.

David L. Valcarenghi

David L. Valcarenghi
Manager of Rates and Regulation

ENCLOSURE

664 Churchmans Road, Newark, Delaware 19702, P.O. Box 15004 Wilmington, Delaware 19850 Phone: (302) 453-6900 Fax: (302) 453-6957
14701 Coastal Highway, Milton, Delaware 19968 Phone: (302) 645-7299 Fax: (302) 645-8233
email: artesian@artesianwater.com Website: artesianwater.com

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF ARTESIAN WATER COMPANY, INC. FOR AUTHORITY TO IMPLEMENT A DSIC CHARGE EFFECTIVE JULY 1, 2015 PURSUANT TO 26 DEL. C. § 314	* * * * *	Docket No. _____

1. Artesian Water Company, Inc. ("AWC"), a wholly-owned subsidiary of Artesian Resources Corporation, is a Delaware public water utility regulated by the Delaware Public Service Commission ("Commission").
2. AWC distributes and sells metered water to approximately 80,800 residential, commercial, industrial, governmental, municipal and utility customers throughout the state of Delaware.
3. Pursuant to 26 Del.C. § 314, a public water utility providing water service may request authorization to implement a Distribution System Improvement Charge ("DSIC") rate that allows for an automatic adjustment of a public water utility's basic rates and charges to effect recovery of eligible distribution system improvements completed and placed in service.
4. AWC proposes to implement a DSIC rate effective July 1, 2015 based on eligible capital investments completed and placed into service through the month ended April 30, 2015.
5. The application includes $3,276,383 in eligible capital investments which yields a proposed revenue requirement of $266,109 and translates to a DSIC rate of 0.81%

for the period ended April 30, 2015. Cumulatively, the DSIC rate is 1.15% when combined with the 0.34% rate that became effective on January 1, 2015.

6. The derivation of the proposed DSIC rate of 0.81% as discussed in Paragraph 5 is shown on Schedule 1 attached to this application. The proposed rate is less than the 5% maximum level, and therefore satisfies the requirements of 26 Del. C. § 314(b)(7).
7. The proposed DSIC rate is expected to increase Residential customer bills by approximately $0.17.60 per month over rates currently in effect.
8. The proposed DSIC rate reflects the use of 7.91% a rate of return as authorized by the Commission in AWC Docket No. 11-207. The development of the 7.91% rate of return is shown on Schedule 1A.
9. The Company has not earned at a level in excess of its authorized 7.91% overall rate of return as evidenced by Quarterly Rate of Return Reports filed with the Commission by AWC.
10. Details of amounts over or under collected through the assessment of DSIC rates is provided in Schedule 1B.
11. A list of eligible DSIC capital projects (with descriptions and amounts) placed in service during the months November 2014 through April 2015 is provided in Schedule 2.
12. Details of changes to Net Accumulated Depreciation associated with the eligible capital projects are provided in Schedule 2A.

13. Draft tariff pages that reflect appropriate revisions (shown by underlining) to enable the assessment of the proposed DSIC rate of 1.15% effective July 1, 2015 are set forth in Schedule 3. Clean tariff pages are provided in Schedule 3A.
14. AWC has appropriate evidence that documents and supports the recovery of claimed eligible DSIC capital projects in this application.
15. A copy of this application was provided to The Division of the Public Advocate.

WHEREAS, in light of the foregoing, Artesian Water Company, Inc. respectfully requests that the Commission enter an Order, pursuant to 26 Del. C. § 314, that authorizes AWC to implement a DSIC rate of 1.15% effective July 1, 2015, subject to audited results.

Respectfully Submitted,

ARTESIAN WATER COMPANY, INC.

David B. Spacht
Chief Financial Officer & Treasurer
664 Churchmans Road
Newark, Delaware 19702
Telephone: (302) 453-6912
Facsimile: (302) 453-6957

STATE OF DELAWARE :

: ss

COUNTY OF NEW CASTLE :

DAVID B. SPACHT, being duly sworn, deposes and says he is Chief Financial Officer and Treasurer of Artesian Water Company, Inc.; that the execution and filing of this Application has been duly authorized; and that to the best of his knowledge, information and belief, statements made therein are true and correct.

DAVID B. SPACHT

Subscribed and sworn to

Before me this ~~day~~ 28th day

of May 2015

Robin E Thompson

Notary Public

My Commission Expires:

ROBIN E. THOMPSON
MY COMMISSION
EXPIRES
APRIL 10, 2016
NOTARY PUBLIC
STATE OF DELAWARE

Artesian Water Company, Inc.
DSIC Recovery Period November 1, 2014 through April 30, 2015
DSIC Calculation Effective July 1, 2015

Schedule 1: Development of Rate and Supporting Data

Line	Item	
1	Net Utility Plant Additions (Schedule 1A and Schedule 2)	$3,276,383
2	Net Accumulated Depreciation Reserve Change (Schedule 2A)	$327,189
3	Net Change in Rate Base (Line 1+Line2)	$3,603,573
4	Pre-Tax Rate of Return (Schedule 1A)	13.20%
5	Semi-Annual Pre-Tax Rate of Return (Line 4/2)	6.60%
6	Semi-Annual Investment Cost Recovery (Line 3*Line 5)	$237,836
7	Semi-Annual Depreciation Expense (Schedule 2A)	$28,273
8	Semi-Annual DSIC Revenue Requirement (Line 6+Line7)	$266,109
8A	Total Over-/(Undercollection) from Previous DSIC (Schedule 1B)	$0
9	Total Semi-Annual DSIC Revenue Requirement (Line8+Line 8A)	$266,109
10	Semi-Annual Projected Total Revenues (for DSIC)	32,781,731
11	Proposed DSIC Rate (Line 9/Line 10)	0.81%
12	Cumulative DSIC Rate (Line 11 + 0.34%)	1.15%

Artesian Water Company, Inc.
DSIC Recovery Period November 1, 2014 through April 30, 2015
DSIC Calculation Effective July 1, 2015

Schedule 1A: Capital Structure Approved in Most Recent General/Base Rate Case

Capital Structure in PSC Docket No. 11-207					
	%	Cost	Weighted Cost	Revenue Multiplier	Pre-Tax Cost
Cost of Debt	50.95%	5.88%	3.00%	1.668541	5.01%
Cost of Equity	49.05%	10.00%	4.91%	1.668541	8.19%
	100.00%		7.91%		13.20%

Artesian Water Company, Inc.
DSIC Recovery Period November 1, 2014 through April 30, 2015
DSIC Calculation Effective July 1, 2015

Schedule 1B: Over/Undercollections from Previous DSIC Filings

Docket No.	Over/(Under)Collection
Total	$0

Artesian Water Company, Inc.
DSIC Recovery Period November 1, 2014 through April 30, 2015
DSIC Calculation Effective July 1, 2015

Schedule 2: Projects Placed into Service and/or Retired

Utility Plant in Service					
Project Name	**Description**	**Project No.**	**DSIC Amount (net of CIAC)**	**Retirement Cost**	**Additions Net of Retirements**
Howell School Road	Relocation	2009024	$185,466	$12,097	$173,369
Bowlerama	Renewal	3001503	$143		$143
Brookmeade	Renewal	3001504	$225	$0	$225
Del Park Manor	Renewal	3001506	$2,081	$0	$2,081
East Minquadale	Renewal	3001507	$10,845	$0	$10,845
Newport Gap Pike	Renewal	3001509	$19,724	$0	$19,724
Richardson Park	Renewal	3001510	$33,041	$0	$33,041
Sheffield Manor Bridge Crossing	Cleaning & Lining	3001513	$258	$0	$258
Rt 273 to Continental Drive	Hydraulic Improvement	3001540	$1,599,154	$0	$1,599,154
Keystone Water Main Renewal	Renewal	3001697	$234,028	$1,568	$232,459
Silview Water Main Renewal	Renewal	3001698	$312,143	$2,781	$309,362
Short Road Water Main Renewal	Renewal	3001708	$31,299	$5,277	$26,022
					$0
Total Mains Projects			**$2,428,408**	**$21,724**	**$2,406,684**
Bowlerama	Renewal	3001503	$698	$0	$698
Collins Park	Renewal	3001505	$302	$0	$302
East Minquadale	Renewal	3001507	$35,478	$0	$35,478
Richardson Park	Renewal	3001510	$1,206	$0	$1,206
Keystone Water Main Renewal	Renewal	3001697	$40,112	$4,062	$36,050
Silview Water Main Renewal	Renewal	3001698	$45,746	$4,149	$41,597
Total Service Projects			**$123,543**	**$8,211**	**$115,331**
Periodic Meters	Meter Replacements	3001527/1786	$734,510	$323,656	$410,855
Brookmeade	Renewal	3001504	$8,843	$0	$8,843
Collins Park	Renewal	3001505	$6,394	$0	$6,394
Del Park Manor	Renewal	3001506	$6,315	$0	$6,315
East Minquadale	Renewal	3001507	$7,952	$0	$7,952
Richardson Park	Renewal	3001510	$3,104	$0	$3,104
Pleasant Hill Estates	Renewal	3001630	$1,684	$0	$1,684
Keystone Water Main Renewal	Renewal	3001697	$23,287	$0	$23,287
Silview Water Main Renewal	Renewal	3001698	$25,750	$0	$25,750
Total Meter Projects			**$817,840**	**$323,656**	**$494,184**
Howell School Road	Relocation	2009024	$2,677	$0	$2,677
Brookmeade	Renewal	3001504	$23	$0	$23
East Minquadale	Renewal	3001507	$116	$0	$116
Manette Heights	Renewal	3001508	$2,671	$0	$2,671
Newport Gap Pike	Renewal	3001509	$358	$0	$358
Richardson Park	Renewal	3001510	$358	$0	$358
Rt 273 to Continental Drive	Hydraulic Improvement	3001539	$3,016	$0	$3,016

Artesian Water Company, Inc.
DSIC Recovery Period November 1, 2014 through April 30, 2015
DSIC Calculation Effective July 1, 2015

Schedule 2: Projects Placed into Service and/or Retired

Utility Plant in Service					
Project Name	**Description**	**Project No.**	**DSIC Amount (net of CIAC)**	**Retirement Cost**	**Additions Net of Retirements**
Rt 273 to Continental Drive	Hydraulic Improvement	3001540	$10,037	$0	$10,037
Pleasant Hill Estates	Renewal	3001630	$128	$0	$128
Keystone Water Main Renewal	Renewal	3001697	$12,273	$93	$12,180
Silview Water Main Renewal	Renewal	3001698	$7,559	$1,779	$5,780
Total Hydrant Projects			**$39,214**	**$1,872**	**$37,342**
Total Collecting Main Projects			**$0**	**$0**	**$0**
Rt. 7 Booster Station		3001331	$86,791	$0	$86,791
Total Pump House Projects			**$86,791**	**$0**	**$86,791**
Llangollen 1.4 Dioxane		3001281	$130,448	$0	$130,448
Total Water Treatment Facility Projects			**$130,448**	**$0**	**$130,448**
Llangollen 1.4 Dioxane		3001281	$5,603	$0	$5,603
Total Water Treatment Equipment Projects			**$5,603**	**$0**	**$5,603**
Total			**$3,631,846**	**$355,463**	**$3,276,383**
Net Total DSIC Eligible Project Costs			**$3,276,383**		

Artesian Water Company, Inc.
DSIC Recovery Period November 1, 2014 through April 30, 2015
DSIC Calculation Effective July 1, 2015

Schedule 2A: Net Accumulated Depreciation

Net Additions to Plant and Depreciation Expense				
Account Name	**NARUC Account No.**	**Amount**	**Depreciation Rate**	**Depreciation Amount**
Mains	343	$2,406,684	1.24%	$29,843
Services	345	$115,331	2.57%	$2,964
Meters	346	$494,184	3.84%	$18,977
Hydrants	348	$37,342	1.67%	$624
Collecting Mains	316	$0	1.18%	$0
Pump House	321	$86,791	1.62%	$1,406
Water Treatment Facility	331	$130,448	2.00%	$2,609
Water Treatment Equipment	332	$5,603	2.22%	$124
Total		**$3,276,383**		**$56,547**
Semi-Annual Depreciation Expense				**$28,273**

Accumulated Depreciation Reserve Change	
Semi-Annual Depreciation Expense (above)	$28,273
Retirements (Schedule 2)	($355,463)
Total	**($327,189)**

Schedule 3

Private Fire Protection Charge:

A charge for customers who are provided with private fire protection through a sprinkler system or a private fire hydrant. The charge will be billed monthly in advance as follows:

1-1/2"detector check.....	$ 21.43
2" detector check.....	$ 45.52
4" detector check.....	$ 118.59
6" detector check.....	$ 252.84
8" detector check.....	$ 420.94
10" detector check.....	$ 628.84
12" detector check.....	$ 687.15
Charge per private hydrant.....	$ 252.84

Charges for water registered on bypass meters installed on lines providing private fire protection will be billed monthly in arrears. All water registered on bypass meters will be billed at the rate of $ 9.200 per 1,000 gallons.

Distribution System Improvement Charge

In addition to the net charges provided for in this Tariff, a charge of ~~0.34%~~1.15% will apply to all charges rendered on or after July ~~anuary~~ 1, 2015.

This charge will be recomputed semi-annually, using the elements prescribed by Section 314 of Title 26 of the Delaware Code.

SPECIAL SERVICES

The following Rules and Rates are applicable throughout the territory served by the Company for the following specified services.

Payment Terms:

All bills are due and payable upon presentation. See section titled "Bills and Payment" for additional information.

Schedule 3A

Private Fire Protection Charge:

A charge for customers who are provided with private fire protection through a sprinkler system or a private fire hydrant. The charge will be billed monthly in advance as follows:

1-1/2"detector check.....	$ 21.43
2" detector check.....	$ 45.52
4" detector check.....	$ 118.59
6" detector check.....	$ 252.84
8" detector check.....	$ 420.94
10" detector check.....	$ 628.84
12" detector check.....	$ 687.15
Charge per private hydrant.....	$ 252.84

Charges for water registered on bypass meters installed on lines providing private fire protection will be billed monthly in arrears. All water registered on bypass meters will be billed at the rate of $ 9.200 per 1,000 gallons.

Distribution System Improvement Charge

In addition to the net charges provided for in this Tariff, a charge of 1.15% will apply to all charges rendered on or after July 1, 2015.

This charge will be recomputed semi-annually, using the elements prescribed by Section 314 of Title 26 of the Delaware Code.

SPECIAL SERVICES

The following Rules and Rates are applicable throughout the territory served by the Company for the following specified services.

Payment Terms:

All bills are due and payable upon presentation. See section titled "Bills and Payment" for additional information.