

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
UNITED WATER DELAWARE INC. CONCERNING)
THE ESTABLISHMENT OF A DISTRIBUTION)
SYSTEM IMPROVEMENT CHARGE UNDER THE) PSC DOCKET NO. 13-472
PROVISIONS OF 26 *DEL. C.* § 314 TO BE)
EFFECTIVE JANUARY 1, 2014)
(FILED NOVEMBER 27, 2013))

IN THE MATTER OF THE APPLICATION OF)
UNITED WATER DELAWARE INC. CONCERNING)
THE ESTABLISHMENT OF A DISTRIBUTION)
SYSTEM IMPROVEMENT CHARGE UNDER THE) PSC DOCKET NO. 14-192
PROVISIONS OF 26 *DEL. C.* § 314 TO BE)
EFFECTIVE JULY 1, 2014)
(FILED MAY 29, 2014))

ORDER NO. 8765

AND NOW, this 21st day of July, 2015, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, under the provisions of 26 *Del. C.* §314, a water utility may calculate and collect a "Distribution System Improvement Charge" ("DSIC Rate") which allows the utility to promptly begin to recover depreciation expenses and a return on capital invested in "eligible distribution system improvements" put into service between rate cases;¹ and

¹The Commission has explained the DSIC Rate mechanism in detail in Order No. 5850 (December 11, 2001).

WHEREAS, under the statutory scheme, a particular water utility's DSIC Rate, once initiated, may thereafter be adjusted on a semi-annual basis to reflect eligible improvements put into service within the preceding six months (see 26 Del. C. §§314(b)(3)² and (b)(5))³; and

WHEREAS, on November 27, 2013, United Water Delaware Inc. ("UWD") filed an application in PSC Docket No. 13-472 and requested that the Commission allow it to set its DSIC Rate to 5.28% pursuant to 26 Del. C. §314; and

WHEREAS, on December 17, 2013, the Commission approved such application to set UWD's DSIC Rate to 5.28%, subject to annual review, audit, and reconciliation by Staff. See Order No. 8501; and

WHEREAS, on May 29, 2014, UWD filed an application in PSC Docket No. 14-192 and requested that the Commission allow it to reset its DSIC Rate to 6.85% pursuant to 26 Del. C. §314; and

WHEREAS, on June 26, 2014, the Commission approved such application to reset UWD's DSIC Rate to 6.85%, subject to annual review, audit, and reconciliation by Staff. See Order No. 8575; and

WHEREAS, in June of 2015 Staff conducted an audit of UWD's DSIC component and calculations, found no discrepancies in such component and calculations, and found that the numbers were in

² 26 Del. C. §314(b)(3) provides that the effective date of changes in the DSIC rate shall be January 1 and July 1 every year.

³ 26 Del. C. §314(b)(5) provides that the DSIC rate shall be adjusted semiannually for eligible distribution system improvements placed in service during the 6-month period ending 2 months prior to the effective date of changes in the DSIC rate.

compliance with the Delaware Code and the DSIC Rate previously approved by the Commission. Specifically, Staff found that in PSC Docket No. 13-472, UWD collected \$615,770, which was \$9,152 below the projected DSIC revenue. In addition, Staff found that in PSC Docket No. 14-192 UWD collected \$802,406, which was \$44,205 below the projected DSIC revenue. Therefore, the annual reconciliation produced an under-collection in 2014 of \$53,357; and

WHEREAS, Staff recommends that (i) the DSIC Rate of 5.28%, which was in effect from January 1, 2014, through June 30, 2014, be approved as final, (ii) the DSIC Rate of 6.85%, which was in effect from July 1, 2014, through December 31, 2014, be approved as final, and (iii) the Commission close PSC Docket Nos. 13-472 and 14-192; and

WHEREAS, Staff further reports it has shared its findings with the Public Advocate and UWD and neither one objects to closing these dockets;

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

1. Under the provisions of 26 Del. C. §314, the Commission hereby approves UWD's DSIC Rate of 5.28% for the period of January 1, 2014, through June 30, 2014, and the DSIC Rate of 6.85% for the period of July 1, 2014, through December 31, 2014, as previously allowed to go into effect via Order Nos. 8501 (December 17, 2013) and 8575 (June 26, 2014).

2. Nothing in this Order shall preclude the examination and challenge of UWD's claims in any base rate proceeding.

3. The annual audit of the filings made in PSC Docket Nos. 13-472 and 14-192 is concluded, and these dockets are hereby closed.

4. UWD is hereby placed on notice that the costs of the proceedings will be charged to it under the provisions of 26 Del. C. §114(b)(1).

5. The Commission reserves the jurisdiction and authority to enter such further orders in these dockets as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary