



STATE OF DELAWARE

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

TELEPHONE: (302) 736-7500
FAX: (302) 739-4849

To: The Chair and Members of the Commission

From: Amy J. Woodward, Public Utilities Analyst

Date: July 15, 2015

Subject: **IN THE MATTER OF THE PETITION OF ARTESIAN WATER COMPANY, INC. FOR A REVISION TO RATES ASSESSED PURSUANT TO INTERCONNECTION AGREEMENTS (FILED JUNE 18, 2015 AND AMENDED JULY 16, 2015) – PSC DOCKET NO. 15-1049**

The Petition:

On June 18, 2015, Artesian Water Company, Inc. (“AWC”) filed a petition (“Petition”) requesting that the Public Service Commission of the State of Delaware (the “Commission”) grant it an appropriate Order authorizing the establishment of revised interconnection rates, effective September 15, 2015.

Description of Interconnection Agreements:

AWC has a purchased water contract (interconnection agreement) with Artesian Water Maryland, Inc. (“AWMD”). The price for water delivered pursuant to the interconnection agreement with AWMD is equal to the rate assessed to AWC by the Chester Water Authority (“CWA”) or its successor(s) for water delivered to AWC's Route 7 interconnection in Hockessin, Delaware, plus a transmission fee of 10% of said rate.

On June 12, 2015, CWA notified AWC of a proposed change in the rate billed for water service, specifically an increase of \$0.005 in the Susquehanna River Basin Charge, effective October 15, 2015. The proposed increase of the consumption use mitigation fee from \$0.32 to \$0.325 is scheduled to be ratified by the Susquehanna River Basin Commission (“SRBC”) on July 1, 2015. Based on this notification, AWC proposes to increase the interconnection rate for AWMD from \$3.773 per thousand gallons to \$3.779 per thousand gallons. The proposed rate reflects the rate change of \$0.005 per thousand gallons from the CWA plus the 10% added for transmission fees.

AWC also has a purchased water contract (interconnection agreement) with the Town of Chesapeake City, Maryland (the “Town of Chesapeake”). AWC alleges in the Petition that the price for water delivered pursuant to the interconnection agreement with the Town of

Chesapeake is equal to the rate assessed to AWC by the CWA or its successor(s) for water delivered to AWC's Route 7 interconnection in Hockessin, Delaware, plus a transmission fee of 20% of said rate.

Based on the CWA notice dated June 12, 2015, AWC proposes to increase the interconnection rate for the Town of Chesapeake from \$4.116 per thousand gallons to \$4.122 per thousand gallons. The proposed rate reflects the rate change of \$0.005 per thousand gallons from the CWA plus 20% added for transmission fees. In addition, the Town of Chesapeake is charged AWC's currently approved 6-inch meter customer service charge.

Documents Provided with AWC's Petition

AWC provided the following: Exhibit "A," which is a copy of the notice, fee schedule and Resolution No. 2015-04 that was adopted on June 4, 2015 requesting approval of the new fee, and Exhibit "B," which is a proposed tariff to become effective on September 15, 2015.

Staff's Recommendation

Staff recommends that the Commission approve the Petition and permit the proposed rate increase for AWMD to become effective on and after October 15, 2015, subject to the requirement that the SRBC must first ratify the increase of \$0.005 in the Susquehanna River Basin Charge, effective October 15, 2015 contingent on the final resolution and approval by CWA. In addition, Staff recommends that the Commission permit the proposed rate increase for the Town of Chesapeake equal to a rate change of \$0.005 per thousand gallons from the CWA, plus a monthly customer service charge which is equal to AWC's current customer service charge associated with a 6-inch meter as specified in AWC's approved Delaware water tariff, but subject to the requirement that the SRBC must first ratify the increase of \$0.005 in the Susquehanna River Basin Charge, effective September 15, 2015.

Staff notes that this approval should not be construed as a rate-making treatment for future rate cases. The change in rate is a pass-through charge and is revenue neutral. Staff will continue to review any future requests for a change in the rate charged to AWC and the continued compliance of the agreement with the laws of the State of Delaware (per section 3.10 of the Interconnection Agreement). AWC should also notify the Commission of material changes to any of the terms and condition of the transaction.

Exhibit A



Chester Water Authority

P.O. Box 467 • Chester, PA 19016-0467
(610) 876-8181 • FAX (610) 876-1657

June 12, 2015
2522-2015

Attention: Ms. Dian Taylor
Artesian Water Company, Inc.
PO Box 15004
Wilmington, DE 19850

Re: Susquehanna River Basin Commission Rate Increase

Dear Ms. Taylor:

Chester Water Authority has been notified the Susquehanna River Basin Commission (SRBC) has increased their rates from \$0.32 to \$0.325 per 1,000 gallons of water starting July 1, 2015.

Please be advised effective September 15, 2015, the new rate for water utilities in the Village Green West Area will be \$3.435 per 1,000 gallons of water.

Enclosed for your information is a revised rate schedule reflecting the SRBC rate increase. Please feel free to contact us should you have any questions on our rates or service.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Thomas A. Zetusky Sr.', with a long horizontal line extending to the right.

Thomas A. Zetusky Sr.
Director, Business Office

C: RCW
AAW
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CHESTER WATER AUTHORITY
COMPARATIVE RATE SCHEDULE
NEW RATES EFFECTIVE JULY 1, 2015

CONSUMPTION CHARGES - GENERAL SERVICE - Includes Residential, Commercial, Industrial, and Municipal Customers			
		Village Green East	Village Green West
Gallons Per Month		<i>Rate Effective 7/1/10</i> <i>Per 1,000 Gallons</i>	<i>Rate Effective 7/1/10</i> <i>Per 1,000 Gallons</i>
For the First	25,000	\$ 4.61	\$ 5.92
For the Next	225,000	2.96	4.15
For all Over	250,000	2.31	2.95

CONSUMPTION CHARGES - WATER UTILITIES			
		Village Green East	Village Green West
Consumption Charges		<i>Rate Effective 7/1/15</i>	<i>Rate Effective 7/1/15</i>
Rate per 1,000 Gallons		2.87	\$ 3.11
Rate per 1,000 Gallons for Customers subject to SRBC charge of \$0.325 per 1,000 gallons		3.195	3.435

BASE CHARGES - Village Green East and West Service Areas - All Customers		
Size of Meter		<i>Rate Effective 7/1/10</i> <i>Per Month</i>
5/8	Inch	\$ 12.10
3/4 *	Inch (Combined General & Fire)	14.25
3/4	Inch	18.36
1 *	Inch (Combined General & Fire)	14.25
1	Inch	27.54
1-1/2	Inch	61.56
2	Inch	104.87
3	Inch	222.59
4	Inch	365.90
6	Inch	663.01
8	Inch	1,587.60
10	Inch	2,395.44
12	Inch	2,691.36

* Residential General Service and Fire Service Combined.

BASE CHARGES - PRIVATE FIRE PROTECTION SERVICE - All Customers			
Size of Meter or Service Size, If Unmetered		Village Green East Service Area	Village Green West Service Area
		<i>Rate Effective 7/1/10</i> <i>Per Month</i>	<i>Rate Effective 7/1/10</i> <i>Per Month</i>
5/8	Inch	\$ 9.40	\$ 11.55
3/4	Inch	14.26	17.16
1	Inch	22.14	25.74
1-1/2	Inch	48.82	57.20
2	Inch	78.73	92.73
3	Inch	134.46	158.29
4	Inch	241.06	281.49
6	Inch	482.11	563.20
8	Inch	872.86	1,020.58
10	Inch	1,442.99	1,689.42
12	Inch	2,078.57	2,429.92

FIRE PROTECTION SERVICE - PUBLIC FIRE HYDRANTS			
		Village Green East	Village Green West
		<i>Rate Effective 7/1/10</i> <i>Per Month</i>	<i>Rate Effective 7/1/10</i> <i>Per Month</i>
Rate per Hydrant		\$ 32.30	\$ 36.30

02/12/10

RESOLUTION NO. 2015-04

A RESOLUTION of the Susquehanna River Basin Commission (the "Commission") adopting the Regulatory Program Fee Schedule for FY 2016.

WHEREAS, pursuant to Article 3, Section 3.9 of the Susquehanna River Basin Compact (the "Compact"), the Commission's regulations, 18 CFR Parts 801, 806-808, and previously adopted resolutions of the Commission, the most recent of which is Resolution No. 2012-06 of June 7, 2012, the Commission imposes certain fees to help defray the cost of its Regulatory Program for water resource projects; and

WHEREAS, Resolve No. 3 of Resolution 2005-03 provided that the Regulatory Program Fee Schedule be adjusted annually in accordance with changes in the U.S. Consumer Price Index; and

WHEREAS, Resolve No. 2 of Resolution No. 2008-03 provided that the Consumptive Use Mitigation Fee be adjusted annually based on the U.S. Army Corps of Engineers Civil Works Construction Cost Index System average for the immediately previous four quarters for which indexing data are available; and

WHEREAS, Resolve No. 4 of Resolution No. 2012-06 provided that, beginning with the adoption of a Regulatory Program Fee Schedule for FY 2013 and then continuing for four successive fiscal years thereafter, the fees associated with groundwater withdrawal applications, in addition to being adjusted in accordance with the Consumer Price Index, shall also be increased 10 percent per year; and

WHEREAS, in addition to the said adjustments, certain other revisions to the Regulatory Program Fee Schedule are needed; and

WHEREAS, the Commission has actively sought public comment on the proposed Regulatory Program Fee Schedule by posting it on its website, and by holding a public hearing covering the proposed fee schedule for FY 2016 on April 30, 2015, with an open written comment period to May 11, 2015.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Commission hereby adopts a Regulatory Program Fee Schedule for FY 2016 implementing the above-referenced revisions, which is attached hereto and made a part of this Resolution.

2. Resolve No. 3 of Resolution No. 2005-03 providing that the Regulatory Program Fee Schedule be adjusted annually in accordance with changes in the U.S. Consumer Price Index, is incorporated herein and made a part of this Resolution, and shall remain in full force and effect.

3. Resolve No. 2 of Resolution No. 2008-03 providing that the Consumptive Use Mitigation Fee shall be adjusted annually based on the U.S. Army Corps of Engineers Civil Works Construction Cost Index System average for the immediately previous four quarters for which indexing data are available, is incorporated herein and made a part of this Resolution, and shall remain in full force and effect.

4. Resolve No. 4 of Resolution No. 2012-06 providing that, with the adoption of a Regulatory Program Fee Schedule for FY 2013 and then continuing for four successive fiscal years thereafter, the fees associated with groundwater withdrawal applications, in addition to being adjusted in accordance with the Consumer Price Index, shall also be increased 10 percent per year, is incorporated herein and made a part of this Resolution, and shall remain in full force and effect.

5. The fees set forth in the attached Regulatory Program Fee Schedule shall become effective July 1, 2015.

Dated: June 4, 2015

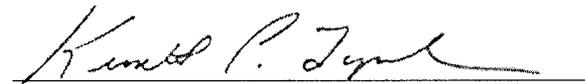

Kenneth P. Lynch, Chair
New York

Exhibit B

ARTESIAN WATER COMPANY, INC.

P.S.C. NO. 1 - WATER
Sheet No. 1
Effective: October 15, 2014

ARTESIAN WATER COMPANY, INC.

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ARTESIAN WATER COMPANY, INC.
P.S.C. No. 1 - WATER
Effective: September 15, 2015

Seventh-Fourth Supplemental Sheet
canceling
Sixth-Fourth Supplemental Sheet

This Fourth Supplemental Sheet is applicable to Artesian Water Maryland, Inc. The total charge for metered service consists of the indicated water charge.

Water Charge:

\$3.779 per thousand gallons

All bills are due and payable upon presentation.

ARTESIAN WATER COMPANY, INC.

~~Sixth~~Seventh-Fourth

Supplemental Sheet

P.S.C. No. 1 - WATER

canceling

Effective: ~~October~~September 15, 2014-2015

~~Fifth~~Sixth-Fourth Supplemental Sheet

This Fourth Supplemental Sheet is applicable to Artesian Water Maryland, Inc. The total charge for metered service consists of the indicated water charge.

Water Charge:

~~\$3.773-779~~ per thousand
gallons

All bills are due and payable upon presentation.

ARTESIAN WATER COMPANY, INC.
P.S.C. No. 1 - WATER
Effective: September 15, 2015

Fourth-Fifth Supplemental Sheet
canceling
Third-Fifth Supplemental Sheet

This Fifth Supplemental Sheet is applicable to the Town of Chesapeake City. The total charge for metered service consists of the rate for water volumes supplied, shown below, and a customer charge associated with a 6-inch meter.

Water Charge:

\$4.122 per thousand gallons

All bills are due and payable upon presentation.

ARTESIAN WATER COMPANY, INC.

~~Third~~Fourth-Fifth Supplemental

Sheet

P.S.C. No. 1 - WATER

canceling

Effective: ~~October~~September 15, 20142015

~~Second~~Third-Fifth

Supplemental Sheet

This Fifth Supplemental Sheet is applicable to the Town of Chesapeake City. The total charge for metered service consists of the rate for water volumes supplied, shown below, and a customer charge associated with a 6-inch meter.

Water Charge:

~~\$4.416~~122 per thousand
gallons

All bills are due and payable upon presentation.