BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION	)	
OF THE ARTESIAN WATER COMPANY, INC.,	)	**PSC Docket No. 14-132**
FOR A REVISION OF RATES	)	
(Filed APRIL 11, 2014)	)	

Order No. 8686

Regarding Artesian's Testimony At Evidentiary Hearing

AND NOW, this 5th day of December, 2014

WHEREAS, pursuant to PSC Order No. 8558, dated May 13, 2014, the Commission designated me as Hearing Examiner to conduct the evidentiary hearings in this Docket, and required me to thereafter report to the Commission my proposed Findings and Recommendations;

WHEREAS, on December 4, 2014, the Public Advocate and Staff filed a Motion relating to testimony which the Applicant Artesian Water Company, Inc. ("Artesian Water") had proposed to proffer at the evidentiary hearing beginning on December 8, 2014;

WHEREAS, Artesian Water filed a Response to the Motion on December 5, 2014; and

WHEREAS, pursuant to the authority granted to me in PSC Order No. 8558, having considered the Motion and Response, I hereby find as follows:

NOW, THERFORE,

1. The Public Advocate's and Staff's Motion is denied in part, and granted in part.

2. I grant the Applicant, Artesian Water's request to call David Spacht, its Chief Financial Officer since 1992, as a witness in its case-in-chief. Mr. Spacht has testified before the Commission numerous times over many years as to all financial and operations issues related to Artesian Water, including the Company's proposed revenue requirement in prior rate cases.

3. According to Artesian's Counsel's representation in this docket, Mr. Spacht "was intimately involved in the preparation of [David] Valcarenghi's testimony [and] is thoroughly knowledgeable about all of the issues addressed therein and is the Company's CFO and is the individual to whom Mr. Valcarenghi directly reports." (Motion, Exh. 3.) Also, many other Artesian employees contributed information which formed the basis of portions of Mr. Valcarenghi's testimony. (AW Response, p.4, ¶8.)

4. As to the issue of Artesian's revenue normalization method now challenged by the Public Advocate, Artesian's program was developed and implemented "long before" Mr. Valcarenghi began working for Artesian and Mr. Spacht previously testified about it because he is the person with the most knowledge regarding it. (AW Response, p.5,

¶9.) Thus, I agree with Artesian that Mr. Spacht is the most appropriate person to testify at the evidentiary hearing regarding these issues in this contested rate case. (AW Response, p.5, ¶9.)

5. Mr. Spacht's hearing testimony may rely upon all of the pre-filed testimony of David Valcarenghi filed in this Docket. Mr. Spacht's hearing testimony that he is relying upon Mr. Valcarenghi's pre-filed testimony shall not be excluded from evidence as heresay.

6. Artesian shall call Mr. Valcarenghi, Artesian's Manager of Rates and Regulations since March, 2011, as a witness in Artesian's case-in-chief immediately after Mr. Spacht's completed testimony. Mr. Valcarenghi is not ill or otherwise unavailable to testify. After being sworn, Mr. Valcarenghi shall adopt his own pre-filed testimony filed in this Docket. Thereafter, Artesian Water can seek to admit Mr. Valcarenghi's pre-filed testimony into the evidentiary record.

7. Mr. Valcarenghi is thereafter subject to cross-examination in Artesian's case-in-chief regarding his qualifications to testify in this docket, including but not limited to his education, training, work experience, and hearing testimony experience.

8. Moreover, upon request of the Public Advocate and/or Staff, Mr. Valcarenghi may be subject to cross-examination if any of the following occur: a) David Spacht is not able to sufficiently testify as to a substantial issue in the pre-filed testimony; or b) David Spacht's testimony conflicts with a substantial issue in the pre-filed testimony; or c) David Spacht testifies as to any new, substantial issue or argument not presented in the pre-filed testimony. Whether any of these three (3) events occurred and the

scope of permissible cross-examination of Mr. Valcarenghi will be determined by the Hearing Examiner if requested by any party. However, Mr. Valcarenghi's hearing testimony shall not be cumulative of Mr. Spacht's hearing testimony.

9. I require Artesian Water to produce Mr. Valcarenghi for his testimony at the evidentiary hearing as described herein without the necessity of a Subpoena being issued.

10. Finally, I "Invoke the Rule" regarding Mr. Valcarenghi's attendance at the evidentiary hearings. Specifically, Mr. Valcarenghi cannot be present in the Hearing Room during Mr. Spacht's testimony.

RESPECTFULLY SUBMITTED:

Mark Lawrence

MARK LAWRENCE
SENIOR HEARING EXAMINER

cc: Service List for PSC Docket No. 14-132