

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

IN THE MATTER OF THE APPLICATION OF )  
ARTESIAN WATER COMPANY, INC. FOR THE )  
APPROVAL OF THE SEMI-ANNUAL ADJUSTMENT ) DOCKET NO. 15-1589  
TO THE DISTRIBUTION SYSTEM IMPROVEMENT )  
CHARGE PURSUANT TO 26 *DEL. C.* §314 )  
(FILED NOVEMBER 24, 2015) )

**ORDER NO. 8832**

This 15th day of December, 2015, the Delaware Public Service Commission (the "Commission") determines and orders the following:

**WHEREAS**, on November 24, 2015, Artesian Water Company, Inc. ("Artesian") filed an application (the "Application") to implement a "Distribution System Improvement Charge" ("DSIC Rate")<sup>1</sup> pursuant to 26 *Del. C.* §314; and

**WHEREAS**, the Application requested implementation of a DSIC Rate of 0.58% (with a cumulative DSIC Rate of 1.57%).<sup>2</sup> The requested DSIC Rate is based on net additional plant of \$3,045,852 and an associated semi-annual depreciation expense of \$30,028; and

**WHEREAS**, the Commission previously allowed Artesian's requested DSIC Rate of 0.34% to go into effect on January 1,

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<sup>1</sup> The DSIC Rate mechanism is described in greater detail in PSC Order No. 5850 (December 11, 2001).

<sup>2</sup> To date the Commission has previously allowed Artesian's requested DSIC Rates of 0.34% and 0.81% to go into effect for a cumulative DSIC of 1.15%.

2015,<sup>3</sup> and its requested DSIC Rate of 0.81% to go into effect on July 1, 2015;<sup>4</sup> and

**WHEREAS**, the Application showed that Artesian had included post-Test Period capital investments of \$665,483 in both its previous DSIC application and in PSC Docket No. 14-132 (i.e., its recent base rate case). See Application, ¶5 and Schedules 1C and 1D. Hence, Artesian notes that it has, to date, over-collected DSIC Revenues<sup>5</sup> based on the DSIC Rates which this Commission previously allowed to go into effect in January and June of 2015;<sup>6</sup> and

**WHEREAS**, based on Artesian's calculations, the current DSIC Rate should be reduced by 0.16%. See Application, ¶5. This would also cause the cumulative DSIC to be reduced from 1.15% to 0.99%; and

**WHEREAS**, Staff has reviewed the Application and has determined that the requested DSIC Rate is less than a 5% increase in current rates and, therefore, satisfies the requirements of 26 Del. C. §314(b)(7); and

**WHEREAS**, Staff recommends that the Commission not specifically approve the requested DSIC Rate, but rather permit the requested DSIC Rate to go into effect on January 1, 2016, on an interim basis subject to review, audit, and an annual

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<sup>3</sup> See Order No. 8693 (December 16, 2014).

<sup>4</sup> See Order No. 8751 (June 16, 2015).

<sup>5</sup> Under 26 Del. C. §314(a)(3), "DSIC Revenues" means revenues produced through a DSIC exclusive of revenues from all other rates and charges.

<sup>6</sup> If DSIC Revenues exceed the DSIC eligible costs, such over-collections shall be refunded with interest. See 26 Del. C. §314(b)(8).

reconciliation based on the 12-month period ending December 31, 2016 (the "Audit"); and

**WHEREAS**, Staff further recommends that if the Audit reflects that the requested DSIC Rate was improperly calculated, the Commission should properly revise the requested DSIC Rate and provide an appropriate remedy for any DSIC charges improperly collected;

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

1. Pursuant to 26 *Del. C.* §314, the Commission allows the requested DSIC Rate of 0.58% to go into effect on January 1, 2016, on an interim basis and subject to the Audit and our final approval.<sup>7</sup>

2. Pursuant to 26 *Del. C.* §314(b)(1), Artesian shall provide information to its customers concerning the requested DSIC Rate.

3. Pursuant to 26 *Del. C.* §314(b)(8), the Commission reserves jurisdiction and authority to conduct the Audit. Artesian is put on notice that it may be obligated to refund or reimburse customers if the Audit determines that the requested DSIC Rate was improperly calculated.

4. Artesian is hereby notified that it will be assessed the costs of this proceeding pursuant to 26 *Del. C.* §114(b).

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<sup>7</sup> This calculates to a cumulative DSIC Rate of 1.57%.

5. 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:**

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Chair

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Commissioner

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Commissioner

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Commissioner

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Commissioner

ATTEST:

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Secretary