



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

April 4, 2016

MEMORANDUM

To: The Chair and Members of the Commission

From: Amy J. Woodward, Public Utility Analyst III

Subject: IN THE MATTER OF THE APPLICATION OF ARTESIAN WATER COMPANY, INC. FOR AUTHORITY TO REVISE ITS WATER SERVICE TARIFF TO ALLOW ANNUAL CREDITING OF INTEREST ON SECURITY DEPOSITS – PSC DOCKET NO. 16-0264 (FILED MARCH 15, 2016)

Application:

On March 15, 2016, Artesian Water Company, Inc. (“AWC”) filed an application seeking approval from the Delaware Public Service Commission (“PSC”), to amend its water service tariff to enable annual interest accrued on security deposits to be applied directly to the customers’ water service account an effective date of May 1, 2016.

Background:

Currently, in accordance with the provisions set forth in the tariff, AWC accrues and applies interest annually to the customers’ security deposit to the customers’ deposit account. Currently eligible deposits are refunded when the customer has paid the water bills as presented and has had no delinquencies within the preceding 12 months. Then security deposits plus interest are refunded to the customer originally making the deposit. AWC is proposing to amend its tariff to allow the annual crediting of interest on security deposits held by the Company directly to the customers’ water service account rather than the customers’ deposit account on or before March 31st of the following year. AWC believes that this will decrease the number of customer accounts and accumulated interest income that is subject to IRS 1099 interest income reporting. Therefore, AWC states that this will reduce AWC’s administrative costs of processing and reporting those amounts including any required

withholding of AWC if the customer does not have a social security number on file with AWC. AWC indicates that this tariff change will not have an impact on the overall value of the deposits or a material impact on AWC's financial position.

Staff Recommendation:

Staff has reviewed this application to implement a change in their current tariff in Paragraph 6 of Sheet 10. Based on the review, Staff believes that this will indeed not make a material effect on the financial position of the Company. It will also not impact the overall value of deposits that are ultimately returned to customers.

Staff recommends that the Commission authorize AWC to implement a revision to the company's existing tariff to delete and add the revised language as submitted with the filing to begin May 1, 2016 and to permit AWC to incorporate these revised tariff pages which add this new change to enable annual interest on security deposits be applied directly to the customers' water service account.