

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE

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

ORDER NO. 8874

AND NOW, this 19<sup>th</sup> day of April, 2016, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, on March 15, 2016, Artesian Water Company, Inc. ("AWC" or the "Company") filed a Petition seeking approval, with an effective date of May 1, 2016, from the Delaware Public Service Commission ("PSC"), to amend its water service tariff (the "Tariff") to enable annual interest accrued on security deposits to be applied directly to customer water service accounts; and

WHEREAS, currently, in accordance with the provisions set forth in the Tariff, AWC accrues interest relating to customer security deposits and applies it annually to customer deposit accounts on or before March 31<sup>st</sup> of the following year. 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; and

WHEREAS, AWC proposes amending its Tariff to allow annual crediting of interest held by the Company relating to security deposits directly to customer water service accounts on or before March 31<sup>st</sup> of the following year, rather than to customer deposit accounts, to decrease the number of customer accounts and amount of

accumulated interest income that is subject to IRS 1099 interest income reporting, and to reduce AWC's administrative costs of processing and reporting those amounts, including any required withholding by AWC if the customer does not have a social security number on file with AWC; and

**WHEREAS**, AWC has indicated that this change will not have an impact on the overall value of the deposits or a material impact on AWC's financial position; and

**WHEREAS**, Staff has reviewed this Petition to implement a change to AWC's current Tariff in Paragraph 6 of Sheet No. 10, and based on this review, Staff believes that this change will not materially affect the financial position of the Company or impact the overall value of deposits that are ultimately returned to customers; and

**WHEREAS**, Staff recommends that the Commission authorize AWC to implement the proposed revision to the Company's existing Tariff to delete and add the revised language as submitted with the filing and attached hereto as Exhibit A, effective May 1, 2016, to allow AWC to annually apply interest on security deposits directly to customer water service accounts;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE  
VOTE OF NO FEWER THAN THREE COMMISSIONERS:**

1. The proposed amendments to Paragraph 6 of Sheet No. 10 of the Tariff, attached hereto as Exhibit A, requested by AWC are approved, effective May 1, 2016, to allow AWC to apply annual interest on security deposits directly to customer water service accounts.

2. AWC shall comply with any and all federal, state, county, and local statutes, ordinances, orders, regulations, rules, and permit conditions that are applicable, or may become applicable.

3. 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:

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

ATTEST:

\_\_\_\_\_  
Secretary

Exhibit A

ARTESIAN WATER COMPANY, INC.  
P.S.C. No. 1 - WATER  
Effective: October 06, 2015 May 01, 2016

Sixth ~~Seventh~~ Revised Sheet No. 10  
Canceling  
Fifth ~~Sixth~~ Revised Sheet No. 10

Formatted: Right: 0.04"  
Formatted: Right: 0.04"  
Formatted: Right: 0.04", Tab stops: 3.24", Left

Interest on Deposit:

6. Simple interest will accrue at the rate of the average of the percent yields of the 1-year Treasury constant maturities for September, October and November of the preceding year on security deposits held six months or longer. ~~Accrued interest for each calendar year, so calculated, shall be credited annually to the customer's water service deposit account on or before March 31<sup>st</sup> of the following year.~~ When the customer is the owner of the property receiving water service, eligible deposits will be refunded with accrued interest when the customer has paid the water bills as presented due and has had no delinquencies within the preceding 12 months. ~~Security deposits, plus interest in accordance with the procedure as outlined in this paragraph, shall be refunded to the customer originally making the deposit. For properties occupied by tenants who are responsible for paying the water bills, deposits will be refunded upon termination of the tenancy.~~

Formatted Table

Formatted: Superscript

A security deposit shall not be considered as payment on account during the time the customer is receiving water service. Customer shall pay bills for water service as rendered in accordance with the Rules and Rates of the Company.

**MAIN AND SERVICE CONNECTIONS**

Company Mains and Service Lines:

7. The Company shall in its sole judgment determine the size and type of mains to be installed either off-site or on-site for any structure or development. The Company shall make all connections to its mains and furnish, install and maintain all service lines from the main to and including the curb valve. The Company shall install, own, and determine the size and type of service line which runs from the main to the curb valve. Fire service lines and domestic service lines will be separate and independent lines in to the customer's internal plumbing facilities.

Property Owner Service Line:

8. The Property Owner Service Line, which is furnished and installed by the owner, is that pipe from the curb valve to the structure. All service lines must have an approved valve installed on each side of the meter. All service lines from the curb valve to the structure must be installed in a straight line at least 42 inches below the surface of the ground. New customers will be notified at the time of their application if water pressure is greater than 100 pounds per square inch (psi). In such cases, customers shall install, at their own expense, a pressure-reducing valve. If the Company causes a change in its water pressure so that the water pressure to the customer is greater than 100 psi, the Company shall, at its expense, install a pressure-reducing valve on the customer's service line. The Company may require that customers, at their expense, install, at a location determined by the Company, a Company approved backflow prevention device when, in the opinion of the Company, the customer's service connection may cause contamination or degradation of the water in the Company's water distribution system. All underground irrigation systems shall include an approved backflow prevention device to be owned and maintained by the customer. It is the responsibility of the customer to properly maintain any backflow prevention device. The Company may require annual inspection and testing of the backflow prevention device by a licensed plumber qualified to test such devices if, in the opinion of the Company, it is

ARTESIAN WATER COMPANY, INC.  
P.S.C. No. 1 - WATER  
Effective: May 01, 2016

Seventh Revised Sheet No. 10  
Canceling  
Sixth Revised Sheet No. 10

Interest on Deposit:

6. Simple interest will accrue at the rate of the average of the percent yields of the 1-year Treasury constant maturities for September, October and November of the preceding year on security deposits held six months or longer. Accrued interest for each calendar year, so calculated, shall be credited to the customer's water service account on or before March 31<sup>st</sup> of the following year. When the customer is the owner of the property receiving water service, eligible deposits will be refunded when the customer has paid the water bills as presented and has had no delinquencies within the preceding 12 months. Security deposits shall be refunded to the customer originally making the deposit. For properties occupied by tenants who are responsible for paying the water bills, deposits will be refunded upon termination of the tenancy.

A security deposit shall not be considered as payment on account during the time the customer is receiving water service. Customer shall pay bills for water service as rendered in accordance with the Rules and Rates of the Company.

**MAIN AND SERVICE CONNECTIONS**

Company Mains and Service Lines:

7. The Company shall in its sole judgment determine the size and type of mains to be installed either off-site or on-site for any structure or development. The Company shall make all connections to its mains and furnish, install and maintain all service lines from the main to and including the curb valve. The Company shall install, own, and determine the size and type of service line which runs from the main to the curb valve. Fire service lines and domestic service lines will be separate and independent lines in to the customer's internal plumbing facilities.

Property Owner Service Line:

8. The Property Owner Service Line, which is furnished and installed by the owner, is that pipe from the curb valve to the structure. All service lines must have an approved valve installed on each side of the meter. All service lines from the curb valve to the structure must be installed in a straight line at least 42 inches below the surface of the ground. New customers will be notified at the time of their application if water pressure is greater than 100 pounds per square inch (psi). In such cases, customers shall install, at their own expense, a pressure-reducing valve. If the Company causes a change in its water pressure so that the water pressure to the customer is greater than 100 psi, the Company shall, at its expense, install a pressure-reducing valve on the customer's service line. The Company may require that customers, at their expense, install, at a location determined by the Company, a Company approved backflow prevention device when, in the opinion of the Company, the customer's service connection may cause contamination or degradation of the water in the Company's water distribution system. All underground irrigation systems shall include an approved backflow prevention device to be owned and maintained by the customer. It is the responsibility of the customer to properly maintain any backflow prevention device. The Company may require annual inspection and testing of the backflow prevention device by a licensed plumber qualified to test such devices if, in the opinion of the Company, it is