

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

IN THE MATTER OF THE APPLICATION OF)
THE WILKERSON WATER COMPANIES CONCERNING)
THE ESTABLISHMENT OF A DISTRIBUTION) PSC DOCKET NO. 02-173
SYSTEM IMPROVEMENT CHARGE UNDER THE)
PROVISIONS OF 26 DEL. C. § 314 TO BE)
EFFECTIVE JULY 1, 2002)
(FILED MAY 31, 2002))

IN THE MATTER OF THE APPLICATION OF)
BROADKILN BEACH WATER COMPANY CONCERNING)
THE ESTABLISHMENT OF A DISTRIBUTION) PSC DOCKET NO. 03-211
SYSTEM IMPROVEMENT CHARGE UNDER THE)
PROVISIONS OF 26 DEL. C. § 314 TO BE)
EFFECTIVE JULY 1, 2003)
(FILED MAY 28, 2003))

ORDER NO. 6571

This 8TH day of February, 2005, the Commission determines and Orders the following:

A. Wilkerson Water Companies

1. In 2002, the Wilkerson Water Companies ("Wilkerson Companies") initiated their Distribution System Improvement Charge ("DSIC") rate. 26 Del. C. § 314 (2004 Supp.). The Commission allowed the Wilkerson Companies' initial DSIC rate to go into effect, reserving further scrutiny of the charge until the time of the first year-end reconciliation process required by 26 Del. C. § 314(b)(8) (2004 Supp.). In November 2003, the Commission confirmed that the Wilkerson Companies' DSIC initial DSIC rate conformed to the statutory requirements and further determined that no "going-forward" adjustment was necessary in light of the year-end reconciliation process for DSIC

revenues collected for the year 2002. See PSC Order No. 6300 (Nov. 4, 2003).¹

2. Staff has now submitted its Report related to the year-end reconciliation of the Wilkerson Companies' DSIC costs and DSIC revenues for the year 2003. Staff reports that the DSIC revenues collected by the Wilkerson Companies during the year 2003 did not exceed the approved DSIC costs for that year.² Staff also reports that the Wilkerson Companies have not sought any adjustment to their DSIC rate to recover under-collections related to the year 2003. Staff shared its Report with the Wilkerson Companies and the Division of the Public Advocate. Neither has objected to Staff's findings.

3. In light of Staff's Report, the Commission finds it is not necessary to implement, under the reconciliation process called for by 26 Del. C. § 314(b)(8) (2004 Supp.), any adjustments to the DSIC rates charged by the Wilkerson Companies to recover either "overcharges" or "undercharges" for the year 2003.

B. Broadkiln Beach Water Company

4. In 2003, the Broadkiln Beach Water Company ("Broadkiln") initiated its DSIC rate. The Commission allowed Broadkiln's initial rate to go into effect, again reserving further scrutiny of that

¹In Order No. 6300, the Commission closed Wilkerson Companies' initial DSIC rate docket, No. 02-173. The Commission now re-opens that docket for purposes of making this entry about the results of the 2003 reconciliation process and to possibly accept similar determinations for reconciliations performed in future years.

²It appears that the DSIC costs for years after a particular DSIC rate is placed into effect may change, even without any additional filings for later improvements. Staff has taken the position that the DSIC "rate base" changes annually to reflect the additional depreciation deduction for each succeeding year.

charge until the time of the first year-end reconciliation process required by 26 Del. C. § 314(b)(8) (2004 Supp.). See PSC Order No. 6186 (June 17, 2003).

5. Staff has also now submitted the results of its year-end review, audit, and reconciliation for Broadkiln's initial DSIC rate related to the year 2003. Staff reports that the improvements underlying the DSIC charge were indeed "eligible" ones and that the components of the DSIC rate had been appropriately calculated in 2003. Staff also reports that Broadkiln's DSIC revenues received during the year 2003 did not exceed Broadkiln's DSIC costs for that year. Staff also reports that Broadkiln does not seek any adjustment to its DSIC rate to collect any "undercharges" for the year 2003. Staff shared its Report with Broadkiln and the Division of the Public Advocate. Neither objects to Staff's Findings.

6. In light of Staff's Report, the Commission now confirms Broadkiln's 2003 DSIC rate which was allowed to go into effect by PSC Order No. 6186 (June 17, 2003). In addition, based on Staff's Report, the Commission finds it is not necessary to implement, under the reconciliation process called for by 26 Del. C. § 314(b)(8) (2004), any adjustments to the DSIC rate charged by Broadkiln to recover either "overcharges" or "undercharges" for the year 2003.

Now, therefore, **IT IS ORDERED:**

1. That the Distribution System Improvement Charge rate allowed to go into effect for the Broadkiln Beach Water Company by PSC Order No. 6186 (June 17, 2003) is now confirmed as appropriate.

2. That no further adjustment to the Distribution System Improvement Charge rate for the Broadkiln Beach Water Company is called for under the annual reconciliation process (26 Del C. § 314(b)(8)) based upon Distribution System Improvement Charge revenues received by the Broadkiln Beach Water Company during the year 2003.

3. That no further adjustment to the Distribution System Improvement Charge rate for the Wilkerson Water Companies is called for under the annual reconciliation process (26 Del C. § 314(b)(8)) based upon the Distribution System Improvement Charge revenues received by the Wilkerson Water Companies during the year 2003.

4. That PSC Docket No. 02-173 is now re-opened to accept this Order and Staff's Findings for the reconciliation process for the year 2003 for the Wilkerson Water Companies. The above docket shall remain open to accept similar determinations related to reconciliations performed for future years. The Commission may later direct consolidate reconciliation proceedings in one or more other dockets.

5. That 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:

/s/ Arnetta McRae
Chair

/s/ Joshua M. Twilley
Vice Chair

