

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

IN THE MATTER OF THE SUBMISSION BY)
ARTESIAN WATER COMPANY, INC.,)
RELATING TO ITS ABILITY TO MEET) PSC DOCKET NO. 05-82
PROJECTED DEMAND IN NORTHERN NEW)
CASTLE COUNTY (FILED MARCH 8, 2005))

IN THE MATTER OF THE COMMISSION'S)
INVESTIGATION OF THE WATER SUPPLY)
AVAILABLE TO COMMISSION REGULATED) PSC DOCKET NO. 323-02
WATER UTILITIES DURING THE DROUGHT)
OF 2002 (OPENED NOVEMBER 19, 2002))

ORDER NO. 6660

This 21st day of June, 2005, the Commission determines and Orders the following:

1. Artesian Water Company, Inc. ("Artesian") and United Water Delaware Inc. ("UWD") are the two jurisdictional utilities providing public water services to customers within northern New Castle County. After that area suffered through a painful drought in 2002, the Commission initiated an investigation focusing on the water supply available to each of those utilities to serve its northern New Castle County customers. The investigation focused not only on each utility's supply capability during the 2002 drought period but also each utility's ability to meet demand (even under drought conditions) over the next five years. See PSC Order No. 6068 (Nov. 19, 2002).

2. After a collaborative effort involving the two utilities, the Commission Staff (and its retained consultant), the Public Advocate, and other interested State councils and agencies, the Staff submitted its Report. See PSC Order No. 6374, Attachment (Mar. 16,

2004).¹ The Report concluded that the utilities had sufficient supply during 2002. But it also presented forecasts of demand and the potential supply available to the two utilities to meet such demand over both the short-term (5-years) and a longer term.² Those supply forecasts, both for Artesian and UWD, were premised on those utilities' then current plans for supply procurement.³

3. The Commission simply acknowledged the Report. PSC Order No. 6374 (Mar. 16, 2004). The Commission emphasized that the Report provided several valuable insights and recommendations related to the utilities' abilities to meet future demands. However, the Commission decided that with the then recent enactment of the "Water Supply Self-Sufficiency Act of 2003,"⁴ there was no longer a pressing need for the Commission to adopt its own forward-looking directives to ensure adequate water supply for northern New Castle County customers in the longer term. See PSC Order No. 6374 at ¶ 3. At the same time, the Commission recognized that under the Act's scheme, the first certifications to be filed by the utilities by mid-2006 would speak to

¹Staff retained the Parsons Company to assist in its investigation. The final Staff Report was primarily the product of Parsons. It will be referred to as the "Staff Report." The investigation involved not only discussions with the two utilities and the Public Advocate, but conversations with (and information from) non-jurisdictional water utilities serving northern New Castle County, the Department of Natural Resources and Environmental Control, the Water Supply Coordinator and Coordinating Council for New Castle County, and the Delaware Geological Survey.

²See, for example, Staff Report at §§ 4.6.2, 4.6.3, 4.7 (and subsections) (surveying future short-term demand and supply options for Artesian).

³See, for example, Staff Report at §§ 4.3 (reporting present Artesian supply sources), 4.7 (and subsections) (surveying future supply options for Artesian).

⁴See 26 Del. C. § 1401-08 (2004 Supp.).

sufficient supply to meet projected demand for the year 2009.⁵ Thus, the Commission reiterated that it stood ready to again intervene if it appeared that water supplies might fall short of demand at any time during the pre-2009 "interim" period. PSC Order No. 6374 at ¶ 4.

4. On March 8, 2005, Artesian filed with the Commission a document that it offered was intended to fulfill its initial § 1404 obligations under the Self-Sufficiency Act.⁶ In the document, Artesian provided certifications that it has sufficient sources of supply to meet projected demand in the statutory drought area "through the year 2008."⁷

5. At this point, the Commission is unable to consider Artesian's filing under the Self-Sufficiency Act: the Water Supply Coordinating Council has not as yet published and formally transmitted to this Commission, its determinations of the projected demand for each water utility serving northern New Castle County for the first projected year of 2009.⁸

6. However, the Commission will still accept Artesian's filing. As recited earlier, the Self Sufficiency Act's regime speaks to adequate supply being available for projected years beginning in the year 2009. However, as the Commission noted in Order No. 6374, the Commission has a current obligation to ensure that the water

⁵See 26 Del. C. §§ 1402(8), (9); 1403; 1404(a)(2), (d) (2004 Supp.).

⁶See 26 Del. C. § 1404(a)-(b), (d) (2004 Supp.).

⁷Certifications of D. Taylor, and B. Kraeuter, dated March 8, 2005, attached to March 8, 2005 filing at pg. 17.

⁸See 26 Del. C. § 1403 (2004 Supp.) (Council is to publish and transmit projected demand figures by March 1st of "reporting year," here 2006).

utilities subject to its regulatory authority continue to provide efficient, sufficient, and adequate services.⁹ The filing made by Artesian gives that utility's analysis that it has more than adequate supply to meet its customer demands through the year 2008, even if extreme drought conditions might arise.

7. The Staff Report offered views about the amounts of supply available to Artesian through the short term. See Parsons Rept. at pp. ES-7 to ES-8 & §§ 4.6.4, 4.7 through 4.7.2. In the document now submitted, Artesian outlines the sources of supply that will be available to it to meet demand over much the same time period scrutinized in the earlier Staff Report. The Commission believes it would be appropriate to revisit the conclusions posited in the Staff Report in light of the information outlined by Artesian in its recent filing. Such an updated review would allow the Commission to remain confident that jurisdictional utilities will have adequate supply to meet drought conditions until the Self-Sufficiency Act's procedure kicks in.

8. Consequently, the Commission directs its Staff (in conjunction with the Parsons Company or another consultant if necessary) to revisit and update its conclusions about the availability of adequate supply for Artesian through the end of the year 2006. Such re-survey should initially focus on the information submitted by Artesian in its March 8, 2005 filing, but Staff is free to seek additional information if appropriate. After completing an investigation, Staff should file a supplemental report. In compiling

⁹See 26 Del. C. § 308(b).

such report, Staff can involve the same entities and agencies involved in the 2004 Report.

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

1. That the Staff shall submit for the Commission's consideration a supplement to the Staff Report acknowledged in PSC Order No. 6374 (Mar. 16. 2004). Such supplemental report shall cover the areas of inquiry discussed in paragraphs 7 and 8 in the body of this Order.

2. That, Artesian Water Company, Inc., shall cooperate with Staff as may be appropriate to allow Staff to compile the new supplemental report.

3. The Division of the Public Advocate shall have the opportunity to participate in the preparation of the supplemental report.

4. 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

Vice Chair

/s/ Joann T. Conaway
Commissioner

/s/ Dallas Winslow
Commissioner

PSC Dockets Nos. 05-82 and 323-02,
Order No. 6660 Cont'd.

/s/ Jaymes B. Lester
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary