

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

IN THE MATTER OF THE PETITION OF)
ARTESIAN WATER COMPANY, INC.)
FOR A REVISION TO RATES ASSESSED) PSC DOCKET NO. 11-439T
PURSUANT TO AN INTERCONNECTION)
AGREEMENT BETWEEN ARTESIAN WATER)
COMPANY, INC. AND ARTESIAN WATER)
MARYLAND, INC.)
(FILED OCTOBER 7, 2011))

ORDER NO. 8086

This 20th day of December, 2011, the Commission determines and Orders the following:

WHEREAS, Artesian Water Company, Inc. ("Artesian") and its affiliate, Artesian Water Maryland, Inc. ("Artesian Maryland"), entered into a purchased water contract (the "Interconnection Agreement") that sets the price Artesian Maryland pays to Artesian for water delivered via the water interconnection located between the two companies' water distribution systems near Route 40 and Rose Tree Lane, at the Maryland/Delaware state lines. This price is equal to the rate Chester Water Authority ("CWA"), or its successor, charges Artesian for water delivered to Artesian's Route 7 interconnection in Hockessin, Delaware, as may be revised by CWA or its successors from time-to-time, plus a transmission fee of 10% (the "Transmission Fee") of such rate (collectively, the "Interconnection Rate"); and

WHEREAS on December 4, 2009, Artesian filed a petition with the Commission seeking an appropriate order authorizing the

establishment of "a new interconnection rate" between Artesian and Artesian Maryland; and

WHEREAS, on December 22, 2009, via PSC Order No. 7717, the Commission approved the initial Interconnection Rate and ordered Artesian to update its tariff regarding this rate to reflect any changes to the rate CWA charges Artesian; and

WHEREAS, on September 27, 2011, CWA notified Artesian of a change in the rate billed for water service effective July 1, 2011; and

WHEREAS, thereafter on October 7, 2011, Artesian filed with the Commission a Petition to Revise Interconnection Rate (the "Petition") that seeks an Order authorizing a revised Interconnection Rate between Artesian and Artesian Maryland, to be effective January 7, 2012, based on the modified rate CWA charges to Artesian; and

WHEREAS, Artesian proposes to increase the Interconnection Rate from \$3.729 per thousand gallons to \$3.740 per thousand gallons.¹ This proposed new Interconnection Rate reflects the CWA rate change of \$0.01 per thousand gallons plus the Transmission Fee; and

WHEREAS, the Commission Staff reviewed the Petition and supporting documents and has concluded that the new Interconnection Rate is consistent with the public interest. Accordingly, Staff recommends approval of the Petition subject to

¹Artesian has submitted a tariff leaf setting forth a proposed rate of \$3.740. As set forth above, if and when CWA modifies the rate charged to Artesian, Artesian shall submit a substituted tariff leaf reflecting the updated rate.

the condition that such approval should not be construed as approval for rate-making treatment for future rate cases. Staff states that it will continue to review requests for a change in the proposed rate charged to Artesian Maryland and has noted that Artesian should notify the Commission of any material change in the new Interconnection Rate;

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

1. That the Commission hereby authorizes Artesian Water Company, Inc. ("Artesian") to charge Artesian Water Maryland, Inc. ("Artesian Maryland") a revised interconnection rate, effective January 7, 2012, in an amount equal to the price Artesian pays to the Chester Water Authority for water delivered to Artesian at its Route 7 interconnection in Hockessin, Delaware, plus a 10% "transmission fee."

2. That this approval shall not be construed, in any manner, as endorsing any ratemaking treatment for any future rate case.

3. That Artesian shall update its tariff leaf regarding the revised interconnection rate to reflect any changes to the rate Chester Water Authority charges to Artesian.

4. That Artesian shall notify the Commission of any material modifications or amendments to the Interconnection Agreement between Artesian and the Chester Water Authority or the Interconnection Agreement Artesian and Artesian Water of Maryland, Inc.

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

6. 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:

Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Jeffrey J. Clark
Commissioner

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary