

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

IN THE MATTER OF THE APPLICATION)
OF ARTESIAN WATER COMPANY, INC.) **PSC DOCKET NO. 11-207**
FOR A REVISION OF RATES)
(Filed April 11, 2011))

ORDER NO. 7964

AND NOW, this 10th day of May, 2011:

WHEREAS, on April 11, 2011, Artesian Water Company, Inc. (“Artesian” or the “Company”) filed an application with the Delaware Public Service Commission (the “Commission”) requesting approval of a rate increase of \$10,926,304 (a 19.45% increase over existing rates); and

WHEREAS, 26 *Del. C.* §306(a)(1) permits the Commission to suspend the operation of a utility’s proposed rate change for a period not to exceed seven months after the utility’s application; and

WHEREAS, notwithstanding the provisions of 26 *Del. C.* §306(a)(1), 26 *Del. C.* §306(c) permits a utility to place into effect under bond a rate increase that does not exceed the lesser of (1) 15% of the utility’s annual gross intrastate operating revenues or (2) \$2.5 million; and

WHEREAS, on April 21, 2011, Artesian filed an application with the Commission pursuant to 26 *Del. C.* §306(c) to place into effect on June 11, 2011 interim rates designed to collect \$2.5 million on an annual basis, which it represents will enable it to collect \$1,055,000 in additional revenues through the end of the statutory suspension period; and

WHEREAS, Artesian requests the Commission to waive the statutory requirement of a bond with surety pursuant to 26 *Del. C.* §306(b), stating that “it has a strong financial position allowing [it] to have access to a \$40,000,000 Line of Credit with Citizens Bank, and \$20,000,000

Line of Credit with CoBank that will provide appropriate protection of interested parties” (4/21/11 Application at ¶2); and

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

1. That the rates and revised tariff sheets filed by Artesian Water Company, Inc. on April 11, 2011 are hereby suspended pursuant to 26 *Del. C.* §306(a)(1) and, subject to the implementation of interim rates as authorized herein, shall not be placed into force or effect except pursuant to law or further Order of the Commission, and then only to the extent such law or further Commission Order may permit or allow.

2. That any proposed non-rate modifications to the tariffs of Artesian Water Company, Inc. are suspended until such time as a final Order in this proceeding is issued.

3. That Artesian Water Company, Inc.’s request to implement interim rates intended to produce an annual increase of \$2.5 million in intrastate operating revenues, effective June 11, 2011 is granted, with the proviso that such increased rates shall be implemented on a prorated basis and shall be subject to refund to the extent that the Commission does not grant the relief requested in Artesian Water Company, Inc’s April 11, 2011 Application.

4. That, pursuant to the provisions of 26 *Del. C.* §314(b)(9), the Distribution System Improvement Charge previously set for Artesian Water Company, Inc. shall be reset to zero concurrently with the effective date for the interim rates described in Ordering paragraph 3.

5. That Artesian Water Company, Inc.’s request to waive the requirement of 26 *Del. C.* §306(b) of a bond with surety with respect to the interim rates is granted, conditioned on its agreement to abide by any Commission refund order.

6. That Artesian Water Company, Inc. shall give public notice of the filing of this application with the proposed rate changes and this action by the Commission by publishing notice in the form attached hereto as Exhibit "A" in two-column format, outlined in black, in the legal classified section of The News Journal, The Delaware State News and The Cape Gazette newspapers as early as possible during the week of **May 16, 2011**. Artesian Water Company, Inc. shall submit proof of such publication as soon as possible, but no later than the commencement of the evidentiary hearings concerning this matter.

7. That Senior Hearing Examiner Ruth Ann Price is designated as Hearing Examiner for this matter pursuant to the terms of 26 *Del. C.* §502 and 29 *Del. C.* ch. 101 to schedule and conduct, upon due notice, such public comment sessions and evidentiary hearings, as may be necessary, to have a full and complete record concerning the justness and reasonableness of the proposed increased rates and tariff modifications. Thereafter, Senior Hearing Examiner Price shall file with the Commission her proposed findings and recommendations. Pursuant to 29 *Del. C.* ch. 101 and Rule 1001-2.9 of the Commission's Rules of Practice and Procedure (26 *Del. Admin. Code* ch. 1001, section 2.9), Senior Hearing Examiner Price is specifically delegated the authority to grant or deny petitions seeking leave to intervene and for admission of counsel *pro hac vice*. In addition, Senior Hearing Examiner Price is delegated the authority, under 26 *Del. C.* §102A, to determine the form and manner of any further public notice in this matter. Regina A. Iorii and Julie M. Donoghue, Deputy Attorneys General and Staff Counsel, are designated as counsel for this matter.

8. That the deadline for filing petitions to intervene pursuant to Rule 1001-2.9 of the Commission's Rules of Practice and Procedure shall be **Friday, June 10, 2011**. Late-filed petitions to intervene will not be granted unless good cause is shown.

9. Artesian Water Company, Inc. is hereby placed on notice that the costs of the proceedings will be charged to it under the provisions of 26 *Del. C.* §114(b)(1).

10. 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/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ William F. O'Brien
Executive Director

EXHIBIT A

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

IN THE MATTER OF THE APPLICATION)
OF ARTESIAN WATER COMPANY, INC.) **PSC DOCKET NO. 11-207**
FOR A REVISION OF RATES)
(Filed April 11, 2011))

PUBLIC NOTICE OF APPLICATION OF ARTESIAN WATER COMPANY, INC.
FOR A GENERAL INCREASE IN RATES

TO: ALL CUSTOMERS OF ARTESIAN WATER COMPANY, INC.:

On April 11, 2011, Artesian Water Company, Inc. (“Artesian” or “the Company”) filed an application with the Delaware Public Service Commission (“the Commission”) seeking approval for an increase in its water service rates and for revisions to its tariff. In its application, Artesian is seeking an increase in annual operating revenues of \$10,926,304, or 19.45% over present rates.

Below is a comparison of Artesian’s present rates and proposed new rates:

WATER CHARGE – RATE PER THOUSAND GALLONS

RESIDENTIAL - MONTHLY

USAGE	PRESENT RATE	PROPOSED RATE
0- 2,000 Gallons	N/A	\$7.040
2,001 - 7,000 Gallons	N/A	\$7.570
Over 7,000 Gallons	N/A	\$8.840

RESIDENTIAL - QUARTERLY

USAGE	PRESENT RATE	PROPOSED RATE
0-5,000 Gallons	\$5.893	\$7.040
5,001-20,000 Gallons	\$6.372	\$7.570
Over 20,000 Gallons	\$7.429	\$8.840

ALL OTHER - MONTHLY

USAGE	PRESENT RATE	PROPOSED RATE
First 500,000 Gallons	\$5.375	\$6.360
Over 500,000 Gallons	\$6.187	\$7.330

ALL OTHER - QUARTERLY

USAGE	PRESENT RATE	PROPOSED RATE
First 500,000 Gallons	\$5.375	\$6.360
Over 500,000 Gallons	\$6.187	\$7.330

**CUSTOMER SERVICE CHARGES
(BILLED IN ADDITION TO CONSUMPTION USAGE;
NO ALLOWANCE FOR WATER INCLUDED)**

MONTHLY			QUARTERLY		
Meter Size	Present Rate	Proposed Rate	Meter Size	Present Rate	Proposed Rate
5/8"	N/A	\$14.50	5/8"	\$34.67	\$43.50
3/4"	N/A	\$17.40	3/4"	\$41.57	\$52.20
1"	N/A	\$23.19	1"	\$55.44	\$69.57
1½"	\$36.95	\$46.39	1½"	\$110.85	\$139.17
2"	\$48.50	\$60.88	2"	\$145.50	\$182.46
3"	\$73.91	\$92.77	3"	\$221.73	\$278.31
4"	\$106.25	\$133.36	4"	\$318.75	\$400.08
6"	\$184.78	\$231.93	6"	\$554.34	\$695.79
8"	\$277.17	\$347.90	8"	\$831.15	\$1,043.70
10"	\$438.86	\$550.84	10"	\$1,316.58	\$1,652.52

CHRISTIANA CARE HOSPITAL

Customer	Present Rate	Proposed Rate
CCH	\$3.605	\$4.116

WHOLESALE SERVICE

Customer	Present Rate	Proposed Rate
City of Middletown	\$2.107	\$2.140
Delaware Correctional Center	\$2.243	\$2.243

PUBLIC FIRE PROTECTION SERVICE

MONTHLY			QUARTERLY		
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Size	Present Rate	Proposed Rate	Size	Present Rate	Proposed Rate
5/8"	\$3.53	\$4.13	5/8"	\$10.58	\$12.38
3/4"	\$5.27	\$6.17	3/4"	\$15.82	\$18.51
1"	\$8.81	\$10.31	1"	\$26.43	\$30.94
1 1/2"	\$17.58	\$20.56	1 1/2"	\$52.74	\$61.68
2"	\$28.19	\$32.99	2"	\$84.57	\$98.97
3"	\$52.91	\$61.90	3"	\$158.73	\$185.70
4"	\$88.24	\$103.17	4"	\$264.72	\$309.51
6"	\$176.54	\$206.66	6"	\$529.62	\$619.98
8"	\$281.81	\$329.73	8"	\$845.43	\$989.19
10"	\$451.01	\$527.41	10"	\$1,353.03	\$1,582.23

PRIVATE FIRE PROTECTION

MONTHLY			QUARTERLY		
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Size	Present Rate	Proposed Rate	Size	Present Rate	Proposed Rate
1 1/2"	\$17.95	\$20.68	1 1/2"	\$53.85	\$62.04
2"	\$34.70	\$43.97	2"	\$104.10	\$131.91
4"	\$96.90	\$114.67	4"	\$290.70	\$344.01
6"	\$206.68	\$244.54	6"	\$620.05	\$733.62
8"	\$344.12	\$407.14	8"	\$1,032.36	\$1,221.42
10"	\$509.22	\$608.24	10"	\$1,527.66	\$1,824.72
Per Private Hydrant	\$206.68	\$244.54		\$620.05	\$733.62

On May 10, 2011, the Commission, pursuant to 26 *Del. C.* §306(a)(1), suspended the effectiveness of the proposed new rates and tariff revisions pending further investigation, public comment sessions, and public evidentiary hearings, which will be held later after further public notice. Pursuant to 26 *Del. C.* §306(c), Artesian has exercised its rights under 26 *Del. C.* §306(c) to place \$2.5 million of its proposed increase into effect under bond and subject to refund on June 11, 2011, sixty (60) days after the initial April 11, 2011 filing date.

The Commission will make its decision on this matter on the basis of the evidence of record taken at the public evidentiary hearings. The Commission may approve or reject, in whole or in part, the proposed rate increase and tariff revisions, and may approve a different method for allocating any increase should one be found to be appropriate.

Artesian customers are invited to review the application and supporting documents to determine how your interest may be affected. You may review the documents during normal business hours in the Commission's Dover office at the address listed below or on the Commission's website at www.state.de.us/delpsc/water.shtml. You may also review copies of the filing at the office of the Division of the Public Advocate located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801. Please call (302) 577-5077 to arrange for a time to review the documents at that location.

If you wish to participate as a party in this docket, with the right to present evidence and be heard by counsel, you must file a petition to intervene under Rule 1001-2.9 of the Commission's Rules of Practice and Procedure. You must file that petition on or before **Friday, June 10, 2011** at the Commission's office located at:

Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building
Suite 100
Dover, Delaware 19904
ATTN: PSC Docket No. 11-207

Petitions filed thereafter will not be considered except for good cause shown.

If you have a disability and wish to participate in, or to review the materials in these proceedings, please contact the Commission to discuss any auxiliary aids or services which you might need to help you. You may contact the Commission in person, by writing, by telephone (including text telephone), by Internet e-mail, or other means. If you have questions about this matter, please call the Commission at 1-800-282-8574 (toll-free in Delaware) or (302) 736-7500 (voice and text telephone). You may also send questions or request information by Internet e-mail addressed to vincent.ikwuagwu@state.de.us or heidi.wagner@state.de.us.