

**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. 12-427
PURSUANT TO AN INTERCONNECTION)
AGREEMENT (FILED SEPTEMBER 5, 2012))

ORDER NO. 8224

This 18TH day of September, 2012, the Commission determines and Orders the following:

WHEREAS, on September 5, 2012, Artesian Water Company, Inc. ("AWC") filed a petition (the "Petition") with the Commission, seeking a revision to the interconnection rates between AWC and its affiliate, Artesian Water Maryland, Inc. ("Artesian Maryland"). The water interconnection is located between the two companies' water distribution systems near Route 40 and Rose Tree Lane, at the Maryland/Delaware state lines; and

WHEREAS, Commission Order No. 7717, dated December 22, 2009, approved the initial rate and ordered AWC to update its tariff regarding the interconnection rate to reflect any changes to the rate charged to AWC by Chester Water Authority; and

WHEREAS, AWC proposes a rate, effective October 1, 2012, equal to the price it pays to the Chester Water Authority for water delivered to Artesian at its Route 7 interconnection in Hockessin, Delaware, plus a 10% "transmission fee" (the price AWC pays to the Chester Water Authority plus the 10% transmission fee is together referred to as the "SRBC Charge"). According to the Petition, the Chester Water Authority currently charges AWC

\$3.740 per thousand gallons. Thus, the amount proposed to be charged to Artesian Maryland is \$3.751 per thousand gallons¹; and

WHEREAS, AWC asserts that this increase is not projected to cause it to earn a return in excess of that allowed by the Commission in its last rate case (Docket No. 11-207); and

WHEREAS, on September 17, 2012, AWC requested a waiver of the 60-days' notice required by 26 Del. C. §304(a). As reasons for the requested waiver, AWC stated that on May 24, 2012, Chester Water Authority notified AWC of a potential increase in the SRBC Charge effective July 1, 2012; however, Chester Water Authority failed to formally notify AWC that the SRBC Charge went into effect on July 1, 2012. AWC learned of the increased SRBC Charge only after it received its water bill in late August of 2012. AWC then checked the Chester Water Authority's website and confirmed that Chester Water Authority had formally approved the increase in the SRBC Charge; and

WHEREAS, the Commission Staff reviewed the Petition, the waiver request, and the documents attached thereto and confirmed that the projected increase in revenues will not cause AWC to earn a return in excess of that allowed in Docket No. 11-207. Further, Staff has opined that allowance of the rate is consistent with the public interest. Accordingly, Staff recommends approval of the Petition, subject to the condition

¹ Artesian has submitted a tariff leaf setting forth a proposed rate of \$3.751. As set forth above, if and when the Chester Water Authority modifies the rate charged to Artesian, Artesian shall submit a substituted tariff leaf reflecting the updated rate.

that such approval should not be construed as approval for rate-making treatment for future rate cases;

**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. to charge Artesian Water Maryland, Inc. an interconnection rate, effective October 1, 2012, in an amount equal to the price Artesian Water Company, Inc. pays to the Chester Water Authority for water delivered to Artesian at its Route 7 interconnection in Hockessin, Delaware, plus a 10% "transmission fee" or \$3.751 per thousand gallons.

2. That the Commission hereby finds good cause exists to waive the 60-days' notice required by 26 *Del. C.* §304(a) in that Artesian Water Company, Inc. was not notified by Chester Water Authority that its increased rates had been approved and Artesian Water Company, Inc. moved expeditiously to file a petition to increase the interconnection rate as quickly as possible after learning of the increased rates.

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

4. That Artesian Water Company, Inc. shall update its tariff leaf regarding the interconnection rate to reflect any changes to the rate charged to Artesian Water Company, Inc. by the Chester Water Authority.

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

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

7. 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/ Dallas Winslow
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Jeffrey J. Clark
Commissioner

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary