

Docket No 14-0254

\$100.00 CK # 1787

WILKERSON WATER COMPANY

(Signature)

Owned and Operated By

J.H. Wilkerson & Son, Inc.

MAIL TO: P.O. Box 78, Milford, DE 19963

300 Wilkerson Terrace - Milford, DE 19963

Office: (302) 422-4306 or Emergency: 684-4329

RECEIVED

2014 JUL 25 PM 3 52

DELAWARE P.S.C.

July 25, 2014

VIA HAND DELIVERY

Alisa Bentley, Secretary
Delaware Public Service Commission
Suite 100, Cannon Building
861 Silver Lake Boulevard
Dover, Delaware 19904

DR
Connie
Kevin
Alisa

RE: **APPLICATION OF WILKERSON WATER COMPANY and
PRIME HOOK WATER COMPANY (COMBINED) FOR A
GENERAL RATE INCREASE AND CONSOLIDATION**

Dear Ms. Bentley:

Enclosed please find the original and ten (10) copies of the application of Wilkerson Water Company and Prime Hook Water Company ("Combined Applicant") for a general rate increase and consolidation pursuant to Subchapter III of Title 26 of the Delaware Code, along with direct testimony and supporting schedules and exhibits prepared in accordance with the Commission's Minimum Filing Requirements. Also enclosed are a form of proposed Public Notice and a check in the amount of \$100.00 for the required filing fee.

If you have any questions or concerns regarding the enclosed, please contact me at your earliest convenience.

Sincerely,

David A. Wilkerson

David A. Wilkerson, President

Enclosures

cc: David Bonar, Division of the Public Advocate

RECEIVED

CERTIFICATE OF SERVICE

2014 JUL 25 PM 3 52

It is hereby certified that the APPLICATION OF WILKERSON WATER COMPANY and PRIME HOOK WATER COMPANY (COMBINED) FOR A GENERAL RATE INCREASE AND CONSOLIDATION will be served the 25th day of July, 2014 as indicated below:

VIA HAND DELIVERY (Original and 10 Copies)

Alisa Bentley, Secretary
Delaware Public Service Commission
Suite 100, Cannon Building
861 Silver Lake Boulevard
Dover, Delaware 19904

VIA UPS to David Bonar

David Bonar
Public Advocate
Division of the Public Advocate
Carvel State Office Building
820 North French Street, 4th Floor
Wilmington, Delaware 19801

Regina Iorii, Esquire
Deputy Attorney General
Division of the Public Advocate
Carvel State Office Building
820 North French Street, 6th Floor
Wilmington, Delaware 19801

Julie Donoghue, Esquire
Deputy Attorney General
Delaware Public Service Commission
820 North French Street, 6th Floor
Wilmington, Delaware 19801

David A. Wilkerson
David A. Wilkerson

WILKERSON WATER COMPANY and
PRIME HOOK WATER COMPANY (COMBINED)
APPLICATION FOR RATE INCREASE (SMALL UTILITY) AND CONSOLIDATION
FILED JULY 25, 2014

Table of Contents

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EXHIBIT A

EXHIBIT A



STATE OF DELAWARE
THE PUBLIC SERVICE COMMISSION
CANNON BUILDING
861 SILVER LAKE BLVD., SUITE 100
DOVER, DELAWARE 19904

TELEPHONE: (302) 736-7529
TELECOPIER: (302) 739-4849

FILING COVER SHEET

- 1. NAME OF APPLICANT: WILKERSON WATER COMPANY AND PRIME HOOK WATER COMPANY
(Combined) (Divisions of J.H. WILKERSON & SON, INC.)
- 2. TYPE OF FILING:
 - RATE CHANGE
 - FUEL ADJUSTMENT
 - ADMINISTRATIVE
 - CPCN
 - NEW SERVICE OFFERING
 - OTHER - DESCRIBE _____

REQUEST TO CONSOLIDATE THE COMPANIES 1/1/15

IF A TELECOMMUNICATIONS FILING, WHAT TYPE OF SERVICE IS IMPACTED?

BASIC _____ COMPETITIVE _____ DISCRETIONARY _____

- 3. PROPOSED EFFECTIVE DATE: APRIL 1, 2015; PRIME HOOK CUSTOMERS JULY 1, 2015

IS EXPEDITED TREATMENT REQUESTED? YES NO

- 4. SHORT SUMMARY OF FILING: _____
WILKERSON WATER COMPANY AND PRIME HOOK WATER COMPANY (COMBINED) ARE REQUESTING A GENERAL RATE
INCREASE TO ALLOW THE COMPANIES TO EARN A FAIR RATE OF RETURN.

- 5. DOES THIS FILING RELATE TO OTHER DOCKETS: YES NO

IF YES, LIST DOCKET(S) NO(S): _____

- 6. IS PUBLIC NOTICE REQUIRED? YES NO
IF YES, PLEASE ATTACH COPY OF PROPOSED PUBLIC NOTICE.

- 7. APPLICANT'S CONTACT PERSON:
 - NAME: DAVID A. WILKERSON
 - TITLE: PRESIDENT
 - PHONE: (302) 422-4306
 - FAX: (302) 422-7441
 - EMAIL dawilkerson@verizon.net
 - WEBSITE (IF APPLICABLE) _____

- 8. DID YOU PROVIDE A COMPLETE COPY OF THE FILING TO THE PUBLIC ADVOCATE?
YES NO IF YES, WHEN? JULY 25, 2014

- 9. FILING FEE ENCLOSED: AMOUNT: \$ 100.00

NOTE: House Bill 681, enacted into law 7/13/98, authorizes the Commission to recover the cost of time spent by in-house staff to process all filings initiated after the date of enactment. You may be required to reimburse the Commission for staff time.

EXHIBIT B

PROPOSED PUBLIC NOTICE

EXHIBIT B

IN THE MATTER OF THE APPLICATION)
OF WILKERSON WATER COMPANY and)
PRIME HOOK WATER COMPANY (COMBINED))
FOR AN INCREASE IN RATES FOR UN-) PSC DOCKET
METERED WATER SERVICE) NO.
(FILED JULY 25, 2014))

**TO ALL CUSTOMERS OF WILKERSON
WATER COMPANY and PRIME HOOK
WATER COMPANY (COMBINED)**

On July 25, 2014, the Wilkerson Water Company and Prime Hook Water Company (Combined) ("the Company") filed with the Delaware Public Service Commission an application for an increase in the Company's unmetered water rates.

The proposed rate increases are as follows:

	Current Rate Without <u>DSIC</u>	Proposed <u>Increase</u>	Proposed New <u>Rates</u>	Effective <u>Date</u>	Annual <u>Basis</u>	% <u>Increase</u>
<u>Quarterly - Wilkerson Water Company Cedar Creek customers</u>						
3/4" service	\$ 58.75	\$ 10.00	\$ 68.75	4/1/2015	\$275.00	17%
<u>Semiannually - Other Wilkerson Water Company customers</u>						
3/4" service	\$117.50	\$ 20.00	\$137.50	4/1/2015	\$275.00	17%
1" service	\$192.50	\$ 20.00	\$212.50	4/1/2015	\$425.00	10%
<u>Annually - Prime Hook customers</u>						
Service	\$185.00	\$ 90.00	\$275.00	7/1/2015	\$275.00	49%

The DSIC charges will be set to zero.

Miscellaneous charges:

Tapping charge	\$500.00	\$100.00	\$600.00	4/1/2015		20%
Turn on service	\$ 50.00	\$ 25.00	\$ 75.00	4/1/2015		50%
Turn off service	\$ 50.00	\$ 25.00	\$ 75.00	4/1/2015		50%

The Companies also propose to consolidate the operations of Prime Hook Water Company with and into Wilkerson Water Company effective January 1, 2015. The Company requests that the Commission grant this request retroactively to January 1, 2015 if the Commission order will be after January 1, 2015.

The Commission will make its decision on this matter on the basis of the evidence of record taken at public evidentiary hearings and a public comment session. The Commission may approve or reject, in whole or in part, the proposed increase, and may approve a different method for allocating any increase, or it may require existing rates to be reduced. All such decisions will be based upon the evidence of record in this proceeding.

The public comment session will be held on _____

The evidentiary hearing will be held on _____

While open to the public, the evidentiary hearing is for the purpose of the formal introduction into evidence and the cross examination of pre-filled and other testimony and exhibits presented by the utility, the Commission Staff and other parties who have been granted formal intervenor status in this Docket. However, time will be allotted during the evidentiary hearing for public comment so that members of the public present who wish to comment upon the company's proposals may do so.

Copies of the Application and supporting materials that the company has filed in this Docket are available for public inspection at the Dover office of the Commission. Any individual with disabilities who wishes to participate in or review these proceedings should contact the Commission to discuss any auxiliary aids or services needed to facilitate such participation or review. Such contact may be in person, by writing, telephonically, or otherwise. The Commission's Public Information Office is available at (302) 736-7500 (Voice or Text Telephone). The Commission's toll free phone number is (800) 282-8574.

EXHIBIT C

BRIEFING SHEET - EXHIBIT C

July 25, 2014

Delaware Public Service Commission

Company: Wilkerson Water Company (Consisting of Wilkerson Water Company and Prime Hook Water Company)

Docket No.:

1. Subject: Application to consolidate the above companies and application for rate increase filed July 25, 2014.
2. Test Year: 12 months ended December 31, 2013.
3. Increase Requested: \$26,211 in operating revenues.
4. Impact on Wilkerson Water Company Customers: An increase of 17%. The Company has not applied for a rate increase since 1990, this increase of 17% would be the equivalent to the Company raising rates an average of 0.75% since 1991.
5. Impact on Prime Hook Water Company Customers: An increase of 49% (45% taking the DSIC into account). The Company has not applied for a rate increase since 1982, this increase of 49% would be the equivalent to the Company raising rates an average of 0.75% since 1984 after the phase-in.
6. Effective Date: Wilkerson Water Company customers - April 1, 2015. Prime Hook Water Company customers - July 1, 2015. Consolidation for annual reporting purposes - January 1, 2015.
7. Expected rate of return after rate increase: 8.30%
8. Reasons for Consolidation: Simplification of record keeping and reporting requirements with a reduction of the associated costs.
9. Reasons for Rate Increase: The increase will bring the rates charged to customers closer to the cost of providing service and enable the Company to adequately maintain and upgrade its water plant.
10. Would like to adopt as additional information the 2013 annual reports filed by the Companies.

EXHIBIT D

EXISTING AND PROPOSED RATES

EXHIBIT D

Delaware Public Service Commission

Company: Wilkerson Water Company and Prime Hook Water Company (Combined)

Docket No.:

1. Existing and proposed rates - unmetered service:

	Current Rate Without <u>DSIC</u>	Proposed <u>Increase</u>	Proposed New <u>Rates</u>	Effective <u>Date</u>	Annual <u>Basis</u>	% <u>Increase</u>
<u>Quarterly - Wilkerson Water Company Cedar Creek customers</u>						
3/4" service	\$ 58.75	\$ 10.00	\$ 68.75	4/1/2015	\$275.00	17%
<u>Semiannually - Other Wilkerson Water Company customers</u>						
3/4" service	\$117.50	\$ 20.00	\$137.50	4/1/2015	\$275.00	17%
1" service	\$192.50	\$ 20.00	\$212.50	4/1/2015	\$425.00	10%
<u>Annually - Prime Hook customers</u>						
Service	\$185.00	\$ 90.00	\$275.00	7/1/2015	\$275.00	49%

The DSIC charges will be set to zero.

2. Existing and proposed rates - Miscellaneous charges:

	Current Rate	Proposed <u>Increase</u>	Proposed New <u>Rates</u>	Effective <u>Date</u>	Annual <u>Basis</u>	% <u>Increase</u>
Tapping charge	\$500.00	\$100.00	\$600.00	4/1/2015		20%
Turn on service	\$ 50.00	\$ 25.00	\$ 75.00	4/1/2015		50%
Turn off service	\$ 50.00	\$ 25.00	\$ 75.00	4/1/2015		50%

EXHIBIT E

J.H. WILKERSON & SON, INC.

GENERAL INFORMATION

PUBLIC SERVICE COMMISSION

EXHIBIT E

1. HISTORY OF APPLICANT/OWNERSHIP

J.H. Wilkerson & Son, Inc., a Delaware Corporation established in March of 1959 was originally founded in 1919 by the father and son team of James H. Wilkerson and Charles VanNuis Wilkerson. Today it operates as an oil distribution firm and three water companies.

All companies are operated as divisions of J.H. Wilkerson & Son, Inc. The company elected to be treated as an "S" Corporation beginning January 1, 1987. Prior to 1987, the company had not declared any dividends. Since 1987, the shareholders have received "S" Corporation distributions. David A. Wilkerson is the sole stockholder of the corporation.

The firm is headed by David A. Wilkerson, assisted by one full-time employee and a secretary/bookkeeper. The company is also assisted by David's wife, Arlene D. Wilkerson who serves as Secretary of the corporation and is in charge of the water company billings and other office duties. The personnel basically split their day-to-day responsibilities among the four divisions on a demand basis. David and Arlene along with their full-time employee are licensed Delaware water operators.

The water division of the corporation began in 1962 with Prime Hook Water Company serving the seasonal community of Prime Hook Beach. There are currently 172 customers of which approximately one-third are year round residents.

In 1972, Broadkill Beach Water Company became the second service entity providing Broadkill Beach with public water. The company currently serves 486 customers. Broadkill Beach is also a seasonal community with the heaviest population being there two-thirds of the year. It is served by two wells located three miles from the beach on Turkle Pond Road. A new 6" water line from the well site to the beach was installed in December 2002, at a cost of \$359,250. This enables the system to use a larger pump in the newest well (placed in service on June 13, 2007 at a cost of \$30,312) which greatly enhances the supply of water to the beach. The latest upgrade was the installation of automated generation at both the well and beach pumping facilities providing the community with uninterrupted service during power failures. The automated generation project was placed in service on August 8, 2007 at a cost of \$233,525.

Broadkill Beach to the North borders Prime Hook Beach where an interconnection of the water systems exist.

J.H. WILKERSON & SON, INC.
GENERAL INFORMATION, Continued
PUBLIC SERVICE COMMISSION

EXHIBIT E

1. HISTORY OF APPLICANT/OWNERSHIP (Continued)

The third service entity began as Cedar Creek Estates Water Company in 1974. Teal Point and Fishermans Village were acquired during 1989. Country Club Village and South Shores were acquired during 1990 and Blue Heron Estates in 1991. The water plants of the companies acquired from 1989 to 1991 were contributed by the developers of the various communities. Per IRS regulations, J.H. Wilkerson & Son, Inc. was required to include the value of the water plants received in its taxable income. This tax cost is borne by the shareholders since the company is an "S" Corporation. This IRS regulation was rescinded in 1996. These six small sub-divisions were consolidated in 1991 to become Wilkerson Water Company. On April 1, 1997, the company acquired a seventh water system consisting of 66 customers known as "The Meadows At Cubbage Pond." In 2005, an interconnection between Cedar Creek Estates and South Shores was completed and now the two systems operate together. Currently there are 349 customers served by Wilkerson Water Company.

The cost to meter the systems would be prohibitive and is not planned.

Customers of Prime Hook and Broadkilyn Beach are billed annually around June 1st with the payment due July 1st.

Prime Hook started out with a rate of \$35 in 1963; the rate was changed to \$50 in 1974, to \$63 in 1979 and to \$185 (phased-in) over 3 years in 1982. A DSIC was added in 2011 adding an additional \$9.25 charge per year. Broadkilyn Beach started out with a rate of \$50 in 1972; the rate was changed to \$63 in 1979; to \$134 (phased-in) in 1982; to \$170 in 1994; to \$235 (phased-in) in 1997; and to \$325 (phased-in) in 2007.

Cedar Creek Estates started out with a rate of \$84 in 1974, the rate was increased to \$174 (phased-in) in 1982. The developmental stage water companies all started out with a rate of \$200 (although \$250 was requested for two of the companies). After the 1991 consolidation of the small companies into one company known as Wilkerson Water Company, the rates for a 3/4" service was increased to \$235 per year and a 1" service to \$385 per year. A DSIC was added in 2003 - currently an additional \$4 charge per year.

J.H. WILKERSON & SON, INC.
GENERAL INFORMATION, Continued
PUBLIC SERVICE COMMISSION

EXHIBIT E

2. REASONS FOR PROPOSED INCREASES AND CONSOLIDATION

We propose two changes to Wilkerson Water Company. First, we propose to consolidate Prime Hook Water Company with and into Wilkerson Water Company effective January 1, 2015.

Second, we propose a rate increase from the current tariffs of \$235 (3/4" Wilkerson Water Company customers); \$385 (1" Wilkerson Water Company customers), and \$185 (Prime Hook customers) to \$275, \$425 and \$275 a year, respectively.

All of the customers of this group will be billed semiannually with the exception of Cedar Creek, whose customers will be billed quarterly, and Prime Hook, whose customers will be billed annually. This increase will bring the rates charged to customers closer to the cost of providing service and enable the Company to adequately maintain and upgrade its water plant. In order for the Company to operate without the financial assistance of J.H. Wilkerson & Son, Inc. and to operate profitably, the proposed increase is necessary. The increase is expected to provide a fair return of 8.30%.

Based on the above information relative to the past results of operations, and projected results of operations, these increases are necessary and reasonable.

This rate application does not apply or have any effect on the tariffs or operations of Broadkilm Beach Water Company.

There are various reasons for the proposal to consolidate. On the basis of costs, operations, or potential size, the small utilities comprising this group are similar. The companies' record keeping and reporting requirements would be greatly reduced. The commission staff's time required to review the companies' filings would be reduced. In addition, any future rate applications would be made on a consolidated basis which would save time and costs.

EXHIBIT F

WILKERSON WATER COMPANY AND PRIME HOOK WATER COMPANY (COMBINED)
APPLICATION FOR RATE INCREASE AND CONSOLIDATION - JULY 25, 2014
OVERALL COMBINED FINANCIAL SUMMARY WITH SCHEDULES (SMALL UTILITY)

EXHIBIT F

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WILLIAM E. HOWE & Co.
CERTIFIED PUBLIC ACCOUNTANTS
MEDIA, PENNSYLVANIA
ESTABLISHED 1918

JOHN W. HART, C.P.A.
CHARLES P. BOWES, C.P.A.
HERBERT I. BERKOWITZ, C.P.A.
CHARLES A. RUBILLO, JR., C.P.A.
STEPHEN J. MIHAICH, C.P.A.
THOMAS M. CHIZAUSKIE, C.P.A.

RONALD J. MORSE, C.P.A.
DANIEL J. CAMPBELL, C.P.A.
MARK J. SCHNEIDER, C.P.A.
MYLES T. KUPPE, C.P.A.
JOSEPH W. VERDI JR., C.P.A.
H. PATRICK FEELY, C.P.A.

105 CHESLEY DRIVE, 1ST FLOOR
YORKTOWN BUILDING
MEDIA, PA 19063-1754
610-521-6556
1-800-433-5601
FAX: 610-521-6557

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
Wilkerson Water Company and Prime Hook Water Company
Divisions of J.H. Wilkerson & Son, Inc.
Milford, Delaware

We have compiled the overall combined financial summary and supporting schedules (Exhibit F) of WILKERSON WATER COMPANY and PRIME HOOK WATER COMPANY (Combined) [divisions of J.H. Wilkerson & Son, Inc. (an S corporation)] for the test year ending December 31, 2013 and for the test year as adjusted, included in the accompanying prescribed form. We have not audited or reviewed the overall combined financial summary and supporting schedules (Exhibit F) included in the accompanying prescribed form and, accordingly, do not express an opinion or provide any assurance about whether the overall combined financial summary and supporting schedules (Exhibit F) is in accordance with the form prescribed by the Delaware Public Service Commission (Minimum Filing Requirements - Part B - Rate Increase Application - Small Utilities).

Management is responsible for the preparation and fair presentation of the overall combined financial summary and supporting schedules (Exhibit F) included in the form prescribed by the Delaware Public Service Commission and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the overall combined financial summary and supporting schedules (Exhibit F).

Our responsibility is to conduct the compilation in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of the overall combined financial summary and supporting schedules

(Exhibit F) without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the overall combined financial summary and supporting schedules (Exhibit F).

The overall combined financial summary and supporting schedules (Exhibit F) included in the accompanying prescribed form are presented in accordance with the requirements of the Delaware Public Service Commission, and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the management of J.H. Wilkerson and Son, Inc. and the Delaware Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

William E. Howe & Co.

July 25, 2014

COMBINED - WILKERSON WATER COMPANY (WWC) & PRIME HOOK WATER COMPANY
Schedule No. 1

OVERALL COMBINED FINANCIAL SUMMARY

Line No.	Description	Schedule Reference	Test Year as Adjusted	
			1/1/13-12/31/13 Test Year Actual	Before Rate Increase After Rate Increase
1.	Rate Base	2	\$190,966	\$190,966 \$190,966
2.	Net Operating Inc.	3	\$433	(\$4,495) \$15,848
3.	Earned Rate of Return (L2/L1)		0.23%	-2.35% 8.30%
4.	Proposed Fair Rate of Return	4	xxx	xxx 10.00%
5.	Required Operating Income (L1 x L4)		xxx	xxx \$19,097
6.	Operating Income Deficiency (L5-L2)		xxx	xxx \$3,249

Person Responsible:
Daniel J. Campbell

See accountants' compilation report.

COMBINED - WILKERSON WATER COMPANY (WWC) & PRIME HOOK WATER COMPANY
Schedule No.2

RATE BASE SUMMARY

Docket No.	<u>1/1/13-12/31/13</u>	<u>Proposed</u>	<u>Adjustment</u>	<u>Adjusted</u>
	<u>Test Year</u>	<u>Ref. (.)</u>	<u>Amount</u>	<u>Amount</u>
	<u>Actual</u>			
1	Used and Useful Utility Plant	Sch 2-A(1)	\$0	\$377,590
2	(Less: Accum. Dep'n)	Sch 2-A(2)	0	(198,558)
3	(Less: Contribution in Aid of Construction)		0	(9,000)
4	Plus: Accum. Dep'n of Contributions in Aid of Construction	CIAC / 33.3 YRS.	0	3,041
	Plus: Prepaid Taxes PD on Contrib of Water Plant by Developer (Net of Amortization)		0	\$17,893
5	TOTAL CLAIMED RATE BASE		\$0	\$190,966

Person Responsible:
Daniel J. Campbell

See accountants' compilation report.

COMBINED - WILKERSON WATER COMPANY (WWC) & PRIME HOOK WATER COMPANY
Schedule No.2-A

SUMMARY OF RATE BASE ADJUSTMENT / COMPUTATION

Docket No.

- (1) Additions to Rate Base (Used and Useful Utility Plant)

<u>DATE</u>	<u>PAYEE</u>	<u>DESC</u>	<u>AMOUNT</u>
TOTAL ADDITIONS TO RATE BASE			<u>\$0.00</u>

- (2) Accumulated Dep'n:

Present System for one year Dep'n Sch.

	Calc.
Total Dep'n Adjust.	0 To sch. 2
Test Year Actual	
Adjustment	<u>To sch. 3</u>

Person Responsible:
 Daniel J. Campbell

COMBINED - WILKERSON WATER COMPANY (WWC) & PRIME HOOK WATER COMPANY

Schedule No. 2-B

USED AND USEFUL UTILITY PLANT IN SERVICE AND RESERVES

Line No.	Docket No.	Description of Property	Sub Acct. No.	Primary Acct. No.	WWC		PRIME HOOK		COMBINED		WWC Reserve for Depreciation	PRIME HOOK Reserve for Depreciation	COMBINED Reserve for Depreciation	Net Utility Plant	Depreciation Rate Used (%)
					1/1/13-12/31/13 Actual	1/1/13-12/31/13 Test Year Actual	1/1/13-12/31/13 Actual	1/1/13-12/31/13 Test Year Actual	1/1/13-12/31/13 Actual	1/1/13-12/31/13 Test Year Actual					
1		WELLS AND SPRINGS	314	100	\$50,211	\$6,919	\$57,130								
2		SUPPLY MAINS	316	100	53,759	61,315	115,074								
3		OTHER WATER SOURCE PLANT	317	100	1,115	1,435	2,550								
4		STRUCTURES AND IMPROVEMENTS	321	100	38,510	21,638	60,148								
5		ELECTRIC PUMPING EQUIPMENT	325	100	50,765	27,582	78,347								
6		OTHER PUMPING EQUIPMENT	328	100	2,229	0	2,229								
7		WATER TREATMENT EQUIPMENT	332	100	9,800	0	9,800								
8		DISTRIBUTION RES AND STANDPIPES	342	100	8,000	0	8,000								
9		METERS	346	100	0	0	0								
10		METER INSTALLATIONS	347	100	0	0	0								
11		OTHER TRANSMISSION & DISTRIB PL	347	100	4,050	0	4,050								
12		OTHER GENERAL EQUIPMENT	379	100	17,146	4,212	21,358								
13		SUBTOTAL - PROPERTY SUBJECT TO DEPRECIATION			235,585	123,101	358,686							358,686	VAR
14		ACCUMULATED DEPRECIATION		101							(134,748)	(63,810)	(198,558)	(198,558)	
14		LAND	320	100	2,275	16,629	18,904					0	0	18,904	N/A
15		TOTAL OF AC 100		100 / 101	237,860	139,730	377,590				(134,748)	(63,810)	(198,558)	179,032	
16		CONTRIBUTIONS IN AID OF CONSTRUCTION		271	0	(9,000)	(9,000)					0	0	(9,000)	N/A
17		ACCUMULATED DEPRECIATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION		272	0	3,041	3,041					0	0	3,041	3%
18		PREPAID TAXES PAID ON CONTRIBUTION OF WATER PLANT BY DEVELOPER (NET OF AMORTIZATION)		162	17,893	0	17,893					0	0	17,893	
					\$255,753	\$133,771	\$389,524				(\$134,748)	(\$63,810)	(\$198,558)	\$190,966	

Person Responsible:
Daniel J. Campbell

See accountants' compilation report.

COMBINED - WILKERSON WATER COMPANY (WWC) & PRIME HOOK WATER COMPANY
Schedule No.3

NET OPERATING INCOME SUMMARY

Docket No.	1/1/13-12/31/13 Test Year Actual	Proposed Ref. (.)	Adjustment Amount	Adjusted Amount	Proposed Rate Adjustment (Sch. 3-C)	Adjusted Amount Incl. Proposed Rate Adjustment
1	Operating Revenue	\$133,281	Sch. 3-C / 3-A	\$0	\$133,281	\$159,492
2	Operating Expense	121,128	Sch. 3-D	6,349	127,477	127,477
3	Depreciation Exp	9,782	Sch. 2-A	0	9,782	9,782
4	Amortization Exp	1,812	Sch. 3-D-1	0	1,812	1,812
5	Taxable Income before Int and taxes	559		(6,349)	(5,790)	20,421
6	State Inc. Taxes (Benefit)	49	Sch. 3-B	(552)	(503)	1,777
7	Fed. Inc. Taxes (Benefit)	77	Sch. 3-B	(869)	(792)	2,796
8	Net Operating Inc.	433		(4,928)	(4,495)	15,848
9	Other Income (Net) (A)	0	(Below)	0	0	0
10	Inc. Available (A) Interest Income Income Taxes Other Income (Net)	\$433 0 0 0		(\$4,928) 0 @ 22.4%	(\$4,495) 0 0	\$20,341 15,848 0 \$15,848
	Memo - Interest expense	\$0		\$0	\$0	\$0
	Person Responsible: Daniel J. Campbell					

COMBINED - WILKERSON WATER COMPANY (WWC) & PRIME HOOK WATER COMPANY
Schedule No.3-A

SUMMARY OF ADJUSTMENTS
TO NET OPERATING INCOME

Docket No.	<u>Account adjusted</u>	Description of <u>Adjustment</u>	Estimated Additional <u>Customers</u>	Present <u>Rate</u>	Proposed <u>Adjustment</u>
1	Water rents - 3/4" line	Additional Customers	0	\$235	\$0
2	Water rents - 1" line	Additional Customers	0	\$385	\$0
3	Tapping fees	Additional Customers	0	\$500	\$0
					<u>\$0</u>

Person Responsible:
Daniel J. Campbell

See accountants' compilation report.

COMBINED - WILKERSON WATER COMPANY (WWC) & PRIME HOOK WATER COMPANY
 Schedule No. 3-B

CALCULATION OF FEDERAL AND STATE INCOME TAXES

Docket No.

Line No.	Description	Sch. 3	Test Year as Adjusted		
			1/1/13-12/31/13 Test Year Actual	Before Rate Increase	After Rate Increase
1	Net Operating Income		\$433	(\$4,495)	\$15,848
2	Add: FIT-Current	(Benefit)	77	(792)	2,796
3	Add: Del Inc. Tax	(Benefit)	49	(503)	1,777
4	Less: Interest Expense		0	0	0
5	Taxable Income (loss)		559	(5,790)	20,421
6	Del Inc. Tax	8.7%	49	(504)	1,777
7	FIT	15% of (L.5-L.6)	77	(793)	2,797
8	Taxes - Operating Inc.	22.4%	126	(1,297)	4,574
9	Taxes on Other Inc. of	22.4%	0	0	0
10	Total Taxes		\$126	(\$1,297)	\$4,574

Person Responsible:
 Daniel J. Campbell

See accountants' compilation report.

COMBINED - WILKERSON WATER COMPANY (WWC) & PRIME HOOK WATER COMPANY
Schedule No.3-C

CALCULATION OF PROPOSED REVENUE INCREASE

Docket No.	Description of Rate	Number of Tariff Units	Present Rate	1/1/13-12/31/13 Test Year Present Annual Revenue	Proposed Number of Tariff Units	Proposed Rate	Proposed Annual Revenue	Annual Increase or (Decrease)	% Increase in Rate	Percent of Revenue
1	Water rents - 3/4" - WWC	251	\$235.00	\$59,013	251	\$275.00	\$69,025	\$10,012	17.02%	43.28%
2	Water rents - 1" - WWC	98	\$385.00	\$37,725	98	\$425.00	\$41,650	\$3,925	10.39%	26.11%
3	Water rents - 3/4" - PH	172	\$185.00	\$32,041	172	\$275.00	\$47,300	\$15,259	48.65%	29.66%
4	Subtotal - Water rents	521		\$128,779	521		\$157,975	\$29,196		
5	Tapping fees	0	\$500.00	\$0	0	\$500.00	\$0	\$0	0.00%	0.00%
6	Late charges (A)	607	\$2.50	\$1,517	607	\$2.50	\$1,517	\$0	0.00%	0.95%
7	DSIC charges - WWC	349	\$4.00	\$1,394	0	\$0.00	\$0	(\$1,394)	DSIC = \$0	0.00%
8	DSIC charges - PH	172	\$9.25	\$1,591	0	\$0.00	\$0	(\$1,591)	DSIC = \$0	0.00%
	Sales for Resale			\$0			\$0	\$0		0.00%
	Totals			\$133,281			\$159,492	\$26,211		100.00%
(A)	\$2.50 per month									

Person Responsible
Daniel J. Campbell

COMBINED - WILKERSON WATER COMPANY (WWC) & PRIME HOOK WATER COMPANY
Schedule No.3-D

OPERATING EXPENSES

<u>A/C #</u>	<u>Docket No.</u> <u>Account</u>	<u>WWC</u>	<u>PRIME HOOK</u>	<u>COMBINED</u>	<u>Proposed Ref. ()</u>	<u>Adjustment Amount</u>	<u>Adjusted Amount</u>
		<u>1/1/13-12/31/13</u> <u>Test Year</u> <u>Actual</u>	<u>1/1/13-12/31/13</u> <u>Test Year</u> <u>Actual</u>	<u>1/1/13-12/31/13</u> <u>Test Year</u> <u>Actual</u>			
600	Sal. - maint & oper.	\$30,843	\$14,847	\$45,690			\$45,690
610	Purchased Water	\$0	\$127	\$127	(1)	\$1,346	\$1,473
620	Electric	\$7,540	\$2,320	\$9,860			9,860
630	Chemicals / Testing	\$725	\$100	\$825			825
631	Metered Service	\$6,598	\$0	\$6,598			6,598
640	Shop expenses	\$1,995	\$41	\$2,036			2,036
650	Maintenance	\$1,268	\$2,757	\$4,025			4,025
660	Vehicle expense	\$3,093	\$1,503	\$4,596			4,596
680	Sal. - Admin.	\$5,689	\$2,815	\$8,504			8,504
681	Office expense	\$3,297	\$1,126	\$4,423			4,423
682	Professional fees	\$2,055	\$1,560	\$3,615	(2)	(997)	2,618
684	Insurance	\$10,885	\$5,750	\$16,635			16,635
688	Reg. Comm. Exp.	\$259	\$32	\$291	(3)	6,000	6,291
689	Taxes & filing fees	\$3,274	\$1,823	\$5,097			5,097
690	Uncollectable accounts	\$0	\$0	\$0			0
691	Bad Debt Recoveries	\$6,979	\$0	\$6,979			6,979
692	CCR Reports	\$1,579	\$248	\$1,827			1,827
700	Misc expense	\$0	\$0	\$0			0
	Total	\$86,079	\$35,049	\$121,128		\$6,349	\$127,477

Person Responsible:
 Daniel J. Campbell

COMBINED - WILKERSON WATER COMPANY (WWC) & PRIME HOOK WATER COMPANY
Schedule No.3-D (1)

OPERATING EXPENSES - PROPOSED ADJUSTMENTS

Docket No.

<u>ADJ.</u> <u>NO.</u>	<u>DESCRIPTION OF ADJUSTMENTS</u>								
(1)	Prime Hook purchased water from Broadkilm Beach Water Company: Adjustment needed to average out the prior 4 years.	PH	<u>\$1,346</u>						
	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Gallons 1/1/14 to 7/8/14</th> <th style="text-align: left; border-bottom: 1px solid black;">Rate per 1,000</th> <th style="text-align: left; border-bottom: 1px solid black;">Amount so far in 2014</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">1,289,500</td> <td style="text-align: right;">\$1.50</td> <td style="text-align: right;">\$1,934</td> </tr> </tbody> </table>	Gallons 1/1/14 to 7/8/14	Rate per 1,000	Amount so far in 2014	1,289,500	\$1.50	\$1,934		
Gallons 1/1/14 to 7/8/14	Rate per 1,000	Amount so far in 2014							
1,289,500	\$1.50	\$1,934							
(2)	<u>Reduction in annual report due to combining companies</u> \$2,055.00 x 30% \$1,265.00 x 30%	WWC PH	<u>(\$617)</u> <u>(\$380)</u> <u>(\$997)</u>						
(3)	Estimated Cost of Rate Case - \$24,000 over 4 Yrs (Split 2/3 1/3) Combined application Wilkerson Water Company & Prime Hook Water Company - estimated at \$24,000 (Broadkilm rate case in 2007 cost \$33,336 less 2012 assessment refund of \$2,505)	WWC PH	<u>\$4,000</u> <u>\$2,000</u> <u>\$6,000</u>						
	<u>To Schedule 3 - Amortization Expense</u>		<u>\$0</u>						

Person Responsible:
Daniel J. Campbell

COMBINED - WILKERSON WATER COMPANY (WWC) & PRIME HOOK WATER COMPANY
Schedule No. 4

COST OF CAPITAL SUMMARY

Docket No.

TYPE OF CAPITAL	ACTUAL AT TEST YEAR END AMOUNT OUTSTANDING	% OF TOTAL	12/31/2013 COST RATE	WEIGHTED COST RATE
<u>LONG-TERM DEBT</u>				
NOTE 1	XX/XX/20XX	\$0		
NOTE 2	XX/XX/20XX	\$0		
NOTE 3	XX/XX/20XX	\$0		
SUBTOTAL - LONG TERM DEBT		\$0	0.00%	0.00%
(A) OTHER - DUE TO J.H. WILKERSON & SON, INC.	\$211,804	100.00%	10.00%	10.00%
SHORT-TERM DEBT				
PREFERRED STOCK				
COMMON EQUITY				
COST FREE CAPITAL				
TOTAL CAPITALIZATION	\$211,804	100.00%		10.00%

TYPE OF CAPITAL	CLAIMED COST OF CAPITAL AND FAIR RATE OF RETURN AMOUNT OUTSTANDING	% OF TOTAL	COST RATE	WEIGHTED COST RATE
<u>LONG-TERM DEBT</u>				
NOTE 1	XX/XX/20XX	\$0		
NOTE 2	XX/XX/20XX	\$0		
NOTE 3	XX/XX/20XX	\$0		
SUBTOTAL - LONG TERM DEBT		\$0	0.00%	0.00%
(A) OTHER - DUE TO J.H. WILKERSON & SON, INC.	\$211,804	100.00%	10.00%	10.00%
SHORT-TERM DEBT				
PREFERRED STOCK				
COMMON EQUITY				
COST FREE CAPITAL				
TOTAL CAPITALIZATION	\$211,804	100.00%		10.00%
CLAIMED FAIR RATE OF RATE				
(A) COMPANY IS A DIVISION OF J.H. WILKERSON & SON, INC.				10.00%
COMPANY HAS NO EQUITY ACCOUNTS OF ITS OWN. ALL INCOME OR LOSS, AS WELL AS TRANSFERS OF FUNDS ARE INCLUDED IN THIS ACCOUNT.				

Person Responsible:
Daniel J. Campbell

COMBINED - WILKERSON WATER COMPANY (WWC) & PRIME HOOK WATER COMPANY
 Schedule No. 4-A

COST OF DEBT

Docket No.	SERIES OR ISSUE DESIGNATION	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	PRINCIPAL AMOUNT ISSUED	ANNUAL SINKING FUND REQUIREMENT	AMOUNT OUTSTANDING	PERCENTAGE OF TOTAL	ANNUAL INTEREST REQUIREMENT	WEIGHTED RATE
	NOTE 1	XX/XX/20XX	XX/XX/20XX	0.00%	\$0	N/A	\$0	0.00%	0.00%	0.00%
	NOTE 2	XX/XX/20XX	XX/XX/20XX	0.00%	\$0	N/A	\$0	0.00%	0.00%	0.00%
	NOTE 3	XX/XX/20XX	XX/XX/20XX	0.00%	\$0	N/A	\$0	0.00%	0.00%	0.00%
	SUB-TOTAL				<u>\$0</u>		<u>\$0</u>	<u>0.00%</u>		<u>0.00%</u>

AMORTIZATION OF PREMIUM/DISCOUNT, ISSUANCE AND SELLING EXPENSE N/A

TOTAL COST

Person Responsible:
 Daniel J. Campbell

See accountants' compilation report.

COMBINED - WILKERSON WATER COMPANY (WWC) & PRIME HOOK WATER COMPANY
 Schedule No. 4-B

COST OF PREFERRED STOCK

Docket No.	<u>SERIES OR ISSUE DESIGNATION</u>	<u>AUTHORIZED NO. SHARES</u>	<u>PRINCIPAL AMOUNT ISSUED</u>	<u>ANNUAL SINKING FUND REQUIREMENT</u>	<u>AMOUNT OUTSTANDING</u>	<u>CLAIMED COST OF CAPITAL (SCH 4) ANNUAL DIVIDEND REQUIREMENT</u>
	N/A	N/A	N/A	N/A	N/A	N/A
TOTALS						
			\$0	\$0	\$0	\$0

Person Responsible:
 Daniel J. Campbell

See accountants' compilation report.

EXHIBIT G

WILKERSON WATER COMPANY (WWC) and PRIME HOOK WATER COMPANY (PH) - COMBINED

PSC Docket No.

Application for Rate Increase and Consolidation

Exhibit G

Direct Testimony

of

Daniel J. Campbell, Jr.

July 25, 2014

Direct Testimony of Daniel J. Campbell, Jr. - Exhibit G

Q. Please state your name and business address.

A. My name is Daniel J. Campbell, Jr. and my business address is William E. Howe & Co., CPA's, 105 Chesley Drive, 1st Floor, Media, PA 19063.

Q. By whom are you employed and in what capacity?

A. I am employed by William E. Howe & Co. as a Certified Public Accountant.

Q. How long have you been employed by William E. Howe & Co.?

A. Since December, 1982.

Q. How long have you serviced J.H. Wilkerson & Son, Inc.?

A. Since February, 1983.

Q. Briefly describe your duties and responsibilities with William E. Howe & Co. as they relate to J.H. Wilkerson & Son, Inc.

A. My duties and responsibilities include preparation of the corporate and individual tax returns, preparation of the Water Companies' annual reports as well as assistance with rate applications.

Q. What is your educational background?

A. I received a Bachelor of Science degree in accounting from Saint Joseph's University in 1979. I became a certified public accountant in February 1983.

Q. Mr. Campbell, have you previously offered testimony before this commission?

A. Yes, in Broadkiln Beach Water Company's rate applications dated June 22, 1993, August 16, 1997, and October 24, 2007.

Q. What is the purpose of your testimony in this docket?

A. The purpose of my testimony is to provide information to Wilkerson Water Company and Prime Hook Water Company (Combined) divisions of J.H. Wilkerson & Son, Inc. for an increase in rates and a consolidation of two (2) companies.

Q. What is the reason for the proposed rate increase?

A. The rate increase is needed in order to bring the rates charged to customers closer to the cost of providing service and enable the company to adequately maintain and upgrade its water plant.

Direct Testimony of Daniel J. Campbell, Jr. - Exhibit G

Q. What is the amount of the rate increase?

A. WWC 3/4" service - \$40 per year; an increase from the present rate of \$235 a year, not including the current DSIC of \$4.00 per year, which will be reset to zero, resulting in a rate of \$275 per year effective April 1, 2015.

WWC 1" service - \$40 per year; an increase from the present rate of \$385 a year, not including the current DSIC of \$4.00 per year, which will be reset to zero, resulting in a rate of \$425 per year effective April 1, 2015.

Prime Hook - \$90 per year; an increase from the present rate of \$185 a year, not including the current DSIC of \$9.25 per year, which will be reset to zero, resulting in a rate of \$275 per year effective July 1, 2015.

Q. What will be the effective date of the increase?

A. April 1, 2015 - water services for Wilkerson Water Company customers; July 1, 2015 - water service for Prime Hook customers; April 1, 2015 - miscellaneous charges.

Q. What test year did you use in your rate application?

A. I used calendar year 2013 as the test year - the same period the Company uses for financial reporting purposes.

Q. Are there any other tariff changes in this application other than the annual residential water rates?

A. Yes. Tapping charges - increase of \$100 from \$500 to \$600. Water turn on service - increase of \$25 from \$50 to \$75. Water turn off service - increase of \$25 from \$50 to \$75. All these increases have an effective date of April 1, 2015.

Q. Will the Company earn a fair rate of return as a result of this increase?

A. The Company will earn a 8.30% rate of return, which is a little less than the 10.00% anticipated fair rate of return.

Q. Did you also compute the rate of return separately for Wilkerson Water Company and Prime Hook Water Company?

A. Yes. On a separate company basis, Wilkerson Water Company would earn a rate of return of 8.40% and Prime Hook Water Company would earn a rate of return of 8.12%. Both rates of return approximate the combined 8.30% rate of return.

Direct Testimony of Daniel J. Campbell, Jr. - Exhibit G

Q. What is the purpose of consolidating the companies?

A. To simplify the record keeping and reporting requirements of the utilities.

Q. What is the effective date of the consolidation of the companies?

A. January 1, 2015.

Q. What if the Commission will not rule on the consolidation of the companies until after January 1, 2015?

A. I would ask the Commission to allow for consolidation of the Companies retroactively to January 1, 2015.

Q. Does this conclude your testimony?

A. Yes, it does.