

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
UNITED WATER DELAWARE INC., CONCERNING)
THE ESTABLISHMENT OF A DISTRIBUTION SYSTEM) PSC DOCKET NO. 08-137
IMPROVEMENT CHARGE UNDER THE PROVISIONS)
OF 26 DEL. C. §314 TO BE EFFECTIVE)
JULY 1, 2008 (FILED MAY 30, 2008))

(NOT CONSOLIDATED)

IN THE MATTER OF THE APPLICATION OF)
UNITED WATER DELAWARE INC., CONCERNING)
THE ESTABLISHMENT OF A DISTRIBUTION SYSTEM) PSC DOCKET NO. 08-394
IMPROVEMENT CHARGE UNDER THE PROVISIONS)
OF 26 DEL. C. §314 TO BE EFFECTIVE)
JANUARY 1, 2009 (NOVEMBER 19, 2008))

ORDER NO. 7750

This 30TH day of March, 2010, the Commission determines and Orders the following:

WHEREAS, under the provisions of 26 *Del. C.* §314, a water utility may calculate and collect a "Distribution System Improvement Charge" ("DSIC Rate"). This charge allows the utility to promptly begin to recover depreciation expenses and a return on capital invested in "eligible distribution system improvements" recently put into service. Under the statutory scheme, a particular utility's DSIC Rate, once initiated, may thereafter be adjusted, on a semi-annual basis, to reflect eligible improvements put into service within a preceding six-month window. See 26 *Del. C.* §314(b)(3),(5);¹ and

WHEREAS, on May 30, 2008, United Water Delaware Inc. ("United") filed an application pursuant to 26 *Del. C.* §314 to reset its DSIC Rate from 1.16% to 1.7%; and

¹The Commission has explained the DSIC Rate mechanism in detail in PSC Order No. 5850 (Dec. 11, 2001).

WHEREAS, on June 17, 2008, the Commission entered Order No. 7400, opening PSC Docket 08-137 and resetting United's DSIC Rate to 1.7% on a temporary basis and subject to refund, pending a review, audit and annual reconciliation to be performed by Staff; and

WHEREAS, on November 19, 2008, United filed a subsequent application pursuant to 26 *Del. C.* §314 to reset its DSIC Rate from 1.7% to 5.29%; and

WHEREAS, on December 16, 2008, the Commission entered Order No. 7495, opening PSC Docket 08-394 and resetting United's DSIC Rate to 5.29%, again, on a temporary basis and subject to refund, pending a review, audit and annual reconciliation to be performed by Staff; and

WHEREAS, on February 13, 2009, prior to the completion of the above review, audit and reconciliation of the DSIC Rate, United filed a base rate case with the Commission. As part of that base rate case, which was ultimately settled, United's DSIC Rate was reset to zero. See PSC Docket No. 09-60; Order No. 7637 (Sep. 9, 2009); see also 26 *Del. C.* §314(b)(9)(providing that DSIC Rates be "reset to zero as of the effective date of new base rates that provide for the prospective recovery of the annual costs theretofore recovered under the DSIC rate."); and

WHEREAS, following the Commission's approval of the settlement in Docket NO. 09-60, United filed an application to set its DSIC Rate to .36%. The Commission has approved this new rate, again, on a temporary basis and subject to refund, pending Staff's review, audit and annual reconciliation. See PSC Docket No. 09-510; Order No. 7715 (Dec. 22, 2009).

WHEREAS, Staff has reported that it has reviewed the DSIC applications that preceded Docket 09-510, conducted certain discovery and found no discrepancies with the filings. Staff has further reported that it has shared its recommendation with the DPA and Tidewater and that there are no objections to the closings of these dockets. Accordingly, Staff has recommended that the Commission formally close these dockets. Staff will continue to review and audit the recent DSIC filing, Docket 09-510, and report back to the Commission once that review and audit is complete.

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

1. That, based upon Staff's recommendation and for the reasons discussed above, the following dockets may be closed without any further action of the Commission: PSC Docket 08-394 and PSC Docket 08-137.

2. Staff will continue its review and audit of United Water Delaware Inc.'s most recent DSIC application in PSC Docket 09-510 and report to the Commission once that review and audit is complete.

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/ Alisa Carrow Bentley
Secretary