

**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 ) PSC DOCKET NO. 11-503  
DISTRIBUTION SYSTEM IMPROVEMENT )  
CHARGE UNDER THE PROVISIONS OF )  
26 DEL. C. § 314 TO BE EFFECTIVE )  
JANUARY 1, 2012 )  
(FILED NOVEMBER 21, 2011) )

**ORDER NO. 8087**

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

**I. BACKGROUND**

1. 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).<sup>1</sup>

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

**II. DSIC RATE ADJUSTMENTS BY UNITED WATER DELAWARE, INC.**

3. On November 21, 2011, United Water Delaware, Inc. ("United") filed an application to set its DSIC Rate at 1.25%, effective January 1, 2012.<sup>2</sup> According to United, this increased DSIC charge reflects an additional net plant of \$2,014,040 placed into service between July 1, 2011, and October 31, 2011.

4. Consistent with previous determinations, the Commission will allow the adjusted DSIC Rate to go into effect on January 1, 2012. As with United's earlier DSIC Rates, the Commission does not specifically approve this new adjusted DSIC Rate. Rather, this adjustment will be subject to audit and review for compliance with 26 Del. C. §314 during the annual reconciliation proceeding. If the Commission finds that this DSIC Rate does not comply with the statutory prerequisites or was not calculated according to the statutory formula, the Commission may revise the DSIC Rate and provide an appropriate remedy for any DSIC charges improperly collected.

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

1. That, under the provisions of 26 Del. C. § 314, the adjusted DSIC Rate of 1.25% as proposed by United Water Delaware, Inc. in its application filed on November 21, 2011, is allowed to go into effect on January 1, 2012. Such DSIC Rate shall be subject to later review, audit, or revision as described in the

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<sup>2</sup> United's DSIC Rate was reset to zero as a part of its last base rate case. See PSC Docket No. 10-421. Prior to that, United's DSIC Rate has been adjusted by the Commission. See PSC Order No. 7790 (June 15, 2010).

body of this Order. Further, United Water Delaware, Inc. is put on notice that it may be obligated to make refunds or reimbursements to its subscribers if this adjusted DSIC Rate is later found, in all or in part, to be inconsistent with the provisions of 26 Del. C. § 314.

2. That United Water Delaware, Inc. shall provide information to its subscribers concerning this adjusted DSIC Rate as required by 26 Del. C. § 314(b)(1).

3. That the Commission explicitly reserves jurisdiction and authority over the DSIC Rate to conduct the review and audit as described in this Order and to conduct the annual reconciliation described in 26 Del. C. § 314(b)(8).

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

5. 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:

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Chair

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/s/ Joann T. Conaway  
Commissioner

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/s/ Jaymes B. Lester  
Commissioner

/s/ Jeffrey J. Clark  
Commissioner

/s/ Dallas Winslow  
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley  
Secretary