

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

IN THE MATTER OF THE APPLICATION OF )  
ARTESIAN WATER COMPANY, INC., CONCERNING )  
THE ESTABLISHMENT OF A DISTRIBUTION ) PSC DOCKET NO. 12-242  
IMPROVEMENT CHARGE UNDER THE PROVISIONS )  
OF 26 *DEL. C.* § 314 TO BE EFFECTIVE )  
JULY 1, 2012 (FILED MAY 31, 2012) )

**ORDER NO. 8166**

This 19th day of June, 2012, the Commission determines and Orders the following:<sup>1</sup>

**I. BACKGROUND**

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.

**II. DSIC RATE ADJUSTMENTS BY ARTESIAN WATER COMPANY, INC.**

On May 31, 2012, Artesian Water Company, Inc. ("Artesian") filed an application to adjust its DSIC Rate to 0.14%, with such change to be effective on July 1, 2012. According to Artesian, this increased DSIC charge reflects an additional net plant of \$485,599 placed in

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<sup>1</sup> The Commission has explained the DSIC Rate mechanism in greater detail earlier in PSC Orders Nos. 5850 and 5851 (dated December 11, 2001).

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service between November 1, 2011, and April 30, 2012. As set forth in the application, the net effect of such improvements is a 0.14% increase in Artesian's DSIC Rate.

Consistent with previous determinations, the Commission will allow the adjusted DSIC Rate to go into effect on July 1, 2012. As with Artesian'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, which will occur after December 31, 2012. If the Commission then 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 0.14% as proposed by Artesian Water Company, Inc. in its application filed on May 31, 2012, is allowed to go into effect on July 1, 2012. Such DSIC Rate shall be subject to later review, audit, or revision as described in the body of this Order. Further, Artesian Water Company, 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 Artesian Water Company, Inc. shall provide information to its subscribers concerning this adjusted DSIC Rate as required by 26 Del. C. §314(b)(1).

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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 Artesian Water Company, 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

/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