

**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)
SYSTEM IMPROVEMENT CHARGE ("DSIC")) PSC Docket No. 12-539
UNDER THE PROVISIONS OF 26 DEL. C. §314)
TO BE EFFECTIVE JANUARY 1, 2013)
(FILED NOVEMBER 30, 2012))

IN THE MATTER OF THE APPLICATION OF)
ARTESIAN WATER COMPANY, INC., CONCERNING)
THE ESTABLISHMENT OF A DISTRIBUTION)
SYSTEM IMPROVEMENT CHARGE ("DSIC")) PSC Docket No. 13-217
UNDER THE PROVISIONS OF 26 DEL. C. §314)
TO BE EFFECTIVE JULY 1, 2013)
(FILED MAY 30, 2013))

ORDER NO. 8564

This 29th day of May 2014, 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"), which allows the utility to promptly begin to recover depreciation expenses and a return on capital invested in "eligible distribution system improvements" put into service between rate cases; and

WHEREAS, under the statutory scheme, a particular water utility's DSIC Rate, once initiated, may thereafter be adjusted on a semi-annual basis to reflect eligible improvements put into service within the preceding six months (see 26 Del. C. §§314(b)(3) and (b)(5));¹ and

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

WHEREAS, on November 30, 2012, Artesian Water Company, Inc. ("Artesian") filed an application in PSC Docket No. 12-539 to reset its DSIC Rate from 0.14% to 1.59%; and

WHEREAS, on December 18, 2012, the Commission approved Artesian's application in PSC Docket No. 12-539 to reset its DSIC Rate to 1.59%, subject to annual review, audit, and reconciliation by the Commission Staff ("Staff"); and

WHEREAS, on May 30, 2013, Artesian filed a subsequent application in PSC Docket No. 13-217 to reset its DSIC rate from 1.59% to 2.09% pursuant to 26 *Del. C.* §314. This Code Section allows for the DSIC Rate to go into effect without a substantial review, but does require an annual audit and reconciliation; and

WHEREAS, on June 18, 2013, the Commission approved Artesian's application to reset its DSIC rate to 2.09%, subject to annual review, audit, and reconciliation to be performed by Staff; and

WHEREAS, on May 9, 2014, Staff conducted an audit of Artesian's DSIC component and calculations and found no discrepancies and found that the numbers were in compliance with the Delaware Code and the DSIC Rates previously approved by the Commission; and

WHEREAS, Staff found in its audit that in PSC Docket No. 12-539, Artesian collected \$502,774, which was \$20,336 over the projected revenue; and

WHEREAS, Staff also found in its audit that in PSC Docket No. 13-217, Artesian collected \$574,515, which resulted in \$64,168 below the projected revenue. Thus, the annual reconciliation for PSC Docket Nos. 12-539 and 13-217 produced an under-collection in 2013 of

\$43,832. Staff therefore recommends to the Commission that Artesian include the \$43,832 of under-collection in its future DSIC application calculations; and

WHEREAS, Staff recommends that the DSIC rate of 2.09% in effect through December 31, 2013, should be approved as final; and Staff recommends that the Commission formally close PSC Docket Nos. 12-539 and 13-217; and

WHEREAS, Staff further reports that it has shared its findings with the Public Advocate and Artesian and that there are no objections to the closing of these dockets;

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

1. Under the provisions of 26 Del. C. §314, the Commission hereby approves Artesian's 2013 DSIC Rate of 2.09% as previously allowed to go into effect in Order No. 8262 (December 18, 2012) and Order No. 8401 (June 18, 2013).
2. Nothing in this Order shall preclude the examination and challenge of Artesian's claims in any base rate proceeding.
3. The annual audit of the filing made in PSC Docket Nos. 12-539 and 13-217 is concluded, and this proceeding is hereby closed.
4. The Commission reserves the jurisdiction and authority to enter such further orders in these dockets as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Dallas Winslow
Chair

