

**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 )  
IMPROVEMENT CHARGE UNDER THE PROVISIONS ) PSC DOCKET NO. 12-540  
OF 26 *DEL. C.* §314 TO BE EFFECTIVE )  
JANUARY 1, 2013 FILED NOVEMBER 30, 2012) )

IN THE MATTER OF THE APPLICATION OF )  
UNITED WATER DELAWARE, INC. CONCERNING )  
THE ESTABLISHMENT OF A DISTRIBUTION ) PSC DOCKET NO. 13-216  
IMPROVEMENT CHARGE UNDER THE PROVISIONS )  
OF 26 *DEL. C.* §314 TO BE EFFECTIVE )  
JULY 1, 2013 FILED MAY 29, 2013) )

**ORDER NO. 8588**

**AND NOW**, this 23rd day of July, 2014, the Delaware Public Service Commission ("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));<sup>1</sup> and

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

**WHEREAS**, on November 30, 2012, United Water Delaware, Inc. ("United") filed an application in PSC Docket No. 12-540 to set its DSIC Rate to 3.54% effective on January 1, 2013; and

**WHEREAS**, on December 18, 2012, the Commission approved United's application to increase its DSIC Rate by 1.65% to be effective January 1, 2013, subject to annual review, audit, and reconciliation by the Commission Staff ("Staff") based on a 12-month period ending December 31, 2013. See Order No. 8263; and

**WHEREAS**, on May 24, 2013, United filed a subsequent application in PSC Docket No. 13-216 to reset its DSIC Rate from 3.54% to 4.15% to be effective on July 1, 2013. The requested rate reset was less than a 5% increase in the then-current rates of United and, as such, satisfied the requirements of 26 Del. C. § 314(b)(7). The increase was expected to result in additional revenues of approximately \$532,709; and

**WHEREAS**, on June 18, 2013, the Commission approved United's application to reset its DSIC rate from 3.54% to 4.15%, subject to annual review, audit, and reconciliation to be performed by Staff. See Order No. 8400; and

**WHEREAS**, on May 30, 2014, Staff began conducting an audit of United's DSIC component and calculations and found no discrepancies. Staff also found that the numbers were in compliance with the Delaware Code and the DSIC Rates which the Commission previously addressed in Order Nos. 8263 and 8400. Specifically, Staff found that (i) United's rate of return did not exceed its last authorized rate of return; (ii) United

collected \$401,133 in DSIC revenues for PSC Docket No. 12-540, which was \$21,411 below the projected DSIC revenue; (iii) United collected \$501,803 in DSIC revenues for PSC Docket No. 13-216, which was \$30,906 below the projected revenue; (iv) the plant portion of United's DSIC calculation was accurate; and (v) the total depreciation as calculated by United agreed with its general ledger; and

**WHEREAS**, Staff found that the annual reconciliation for PSC Docket Nos. 12-540 and 13-216, when netted with prior year over-collections, produced a total under-collection in 2013 of \$42,631; and

**WHEREAS**, based on Staff's audit of the additional plant claimed by United in 2013 and the revenues collected by United under the 2013 DSIC rates, Staff recommends that United's DSIC rate of 4.15%, which was in effect through December 31, 2013, should be approved as final; and

**WHEREAS**, Staff recommends that the Commission formally close PSC Docket Nos. 12-540 and 13-216; and

**WHEREAS**, Staff further reports that it has shared its findings with the Public Advocate and United 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 United's 2013 DSIC Rate of 4.15% (effective July 1, 2013, to December 31, 2013), as previously

allowed to go into effect in Order No. 8263 (December 18, 2012) and Order No. 8400 (June 18, 2013).

2. Nothing in this Order shall preclude the examination and challenge of United's claims in any base rate proceeding.

3. The annual audit of the filing made in PSC Docket Nos. 12-540 and 13-216 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

/s/ Joann T. Conaway  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

/s/ Jeffrey J. Clark  
Commissioner

/s/ Harold B. Gray  
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley  
Secretary