

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

IN THE MATTER OF THE APPLICATION)
OF ARTESIAN WATER COMPANY, INC.)
FOR AUTHORITY TO INCREASE) **PSC DOCKET NO. 14-132**
RATES AND CHARGES FOR WATER)
SERVICE (FILED APRIL 11, 2014))

ORDER NO. 8664

AND NOW, this 13th day of November, 2014;

WHEREAS, on April 11, 2014, Artesian Water Company, Inc. ("Artesian" or the "Company") filed with the Delaware Public Service Commission (the "Commission") an application (the "April 2014 Application") seeking approval of: (a) an increase in its water base rates; and (b) miscellaneous tariff changes; and

WHEREAS, in its April 2014 Application, Artesian sought approval of an increase in annual operating revenues of \$9,983,823 or 15.91% over total revenues; and

WHEREAS, pursuant to its authority under 26 *Del. C.* §306(a)(1), the Commission reviewed the April 2014 Application and determined in PSC Order No. 8558 (May 13, 2014) that the proposed rate and tariff changes should be suspended pending full and complete evidentiary hearings into their justness and reasonableness; and

WHEREAS, by PSC Order No. 8558, the Commission also granted the Company's request, pursuant to 26 *Del. C.* § 306(c), to implement interim rates intended to produce an annual increase in intrastate operating revenues of \$ 2.5 million on June 10, 2014, with proration

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and subject to refund, in the event the Commission suspends the proposed rate increase; and

WHEREAS, as of November 11, 2014, seven months have elapsed from the date of the filing of the Company's application for a rate increase; and

WHEREAS, on November 5, 2014, Artesian submitted an Application with proposed tariff sheets (the "November 2014 Application") seeking to implement an interim rate increase of \$7,000,000,¹ as permitted by 26 Del C. § 306(b); and

WHEREAS, the Company requests the Commission to waive the statutory requirement of a bond with surety pursuant to Del. C. § 306 (b), stating that it is strong financially with sufficient financial resources to provide a refund, if so ordered by the Commission, having access to a \$40,000,000 Line of Credit with Citizens Bank, and a \$20,000,000 Line of Credit with CoBank that will provide appropriate protection of interested parties (November 2014 Application ¶10); and

WHEREAS, Commission Staff reviewed the November 2014 Application and recommends that the Commission approve the Company's request; and

WHEREAS, it appears that the proposed rates set forth in the November 2014 Application will result in total additional revenue to Artesian of less than or equal to 15% of its annual gross intrastate operating revenues, thus not exceeding the 15% ceiling set forth in 26 Del. C. §306(b); and

WHEREAS, the Commission having reviewed the November 2014 Application to implement an interim rate increase and the supporting information demonstrating that the proposed increase is within the limits established by 26 *Del. C.* §306(b) and otherwise complies therewith for the collection of rates;

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

1. That the Commission finds, pursuant to 26 *Del. C.* §306(b), that Artesian Water Company, Inc. has the statutory right, after the expiration of seven months from the filing of its rate increase application (on or after November 13, 2014), to place into effect an interim rate increase, subject to refund, so long as said rates will not produce an increase in excess of 15% of the Company's annual gross intrastate operating revenues.

2. That the proposed temporary rates set forth in the tariff sheets filed by Artesian Water Company, Inc. in its November 2014 Application are reasonably designed to produce, on an annual basis, revenues equal to or less than 15% of the gross annual intrastate operating revenues of Artesian Water Company, Inc. and, consistent with the provisions of 26 *Del. C.* § 306(b), may therefore be placed into effect on November 13, 2014, with proration for usage on and after November 13, 2014, subject to refund with interest.

¹ \$7,000,000 is cumulative of the \$2,500,000 put into effect on June 10, 2014 in accordance with PSC Order No. 8558. By the November 2014 Application, Artesian seeks to put an additional \$4,500,000 into effect.

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3. That the Company's request to waive the requirement of 26 Del. C. § 306(b) of a bond with surety with respect to the interim rates is granted, conditioned on its agreement to abide by any Commission refund Order.

4. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary and proper.

BY ORDER OF THE COMMISSION:

/s/ Dallas Winslow
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Harold B. Gray
Commissioner

/s/ Jeffrey J. Clark
Commissioner

/s/ Jaymes B. Lester
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary