

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

IN THE MATTER OF THE APPLICATION OF)
UNITED WATER COMPANY, INC. IMPLEMENTING)
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE) DOCKET NO. 14-0537
PURSUANT TO 26 DEL. C. §314)
(FILED NOVEMBER 21, 2014))

ORDER NO. 8692

This 16th day of December 2014, the Public Service Commission of Delaware (the "Commission") determines and Orders the following:

WHEREAS, on November 21, 2014, United Water Company, Inc. ("United") filed an application (the "Application") to implement a Distribution System Improvement Charge ("DSIC Rate")¹ pursuant to 26 Del. C. §314; and

WHEREAS, the Application requests implementation of a DSIC Rate of 7.5%, an increase of .65% over the last period which became effective June 26, 2014. The requested DSIC Rate is based on net additional plant of \$2,655,419.00 and an associated semi-annual depreciation expense of \$90,973.00; and

WHEREAS, the net additions stated in the Application would justify a surcharge of 8.84%, however the DSIC rate is capped at 7.5% by 26 Del. C. § 314(b) (7); and

WHEREAS, Staff has reviewed the Application and has determined that the requested DSIC Rate is less than a 5% increase in current rates and, therefore, satisfies the requirements of 26 Del. C. §314(b) (7); and

¹ The DSIC Rate mechanism is described in greater detail in PSC Order #5850 dated December 11, 2001.

WHEREAS, Staff recommends that the Commission not specifically approve the requested DSIC Rate, but rather permit the requested DSIC Rate to go into effect on January 1, 2015 on an interim basis subject to review, audit and an annual reconciliation based on the 12-month period ending December 31, 2015 (the "Audit"); and

WHEREAS, Staff further recommends that if the Audit reflects that the requested DSIC Rate was improperly calculated, the Commission properly revise the requested 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. Pursuant to 26 *Del. C.* §314, the requested DSIC Rate of 7.5% is allowed to go into effect on January 1, 2015 on an interim basis subject to the Audit and final approval.

2. Pursuant to 26 *Del. C.* §314(b) (1), United shall provide information to its customers concerning the requested DSIC Rate.

3. Pursuant to 26 *Del. C.* §314(b) (8), the Commission reserves jurisdiction and authority to conduct the Audit. United is put on notice that it may be obligated to refund or reimburse customers if the Audit determines that the requested DSIC Rate was improperly calculated.

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

5. 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:

/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