

EXHIBIT A



Gary Prettyman
Senior Director-Regulatory Business
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Via DelaFile

June 5, 2018

Ms. Donna Nickerson, Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE 19904

**SUBJECT: SUEZ Water Delaware Inc. (SWDE)
Distribution System Improvement Charge (DSIC) Filing**

Dear Secretary Nickerson:

Pursuant to 26 Del.C. § 304 (b)(5), SUEZ Water Delaware Inc. has filed an application via DelaFile for the adjustment of its Distribution System Improvement Charge to become effective on July 1, 2018.

I can be reached at (201) 784-7083 or via email at gary.prettyman@suez-na.com if you have any questions pertaining to this filing.

Very Truly Yours,

A handwritten signature in blue ink, appearing to read 'Gary Prettyman', with a large, sweeping flourish extending to the right.

Gary Prettyman
Senior Director-Regulatory Business

Enclosures

cc: Division of Public Advocate
J. Hollenbach
L. Finnicum

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF :
SUEZ WATER DELAWARE INC. :
CONCERNING THE SEMI ANNUAL :
ADJUSTMENT TO THE DISTRIBUTUION :
SYSTEM IMPROVEMENT CHARGE (“DSIC”) :
EFFECTIVE JULY 1, 2018 PURSUANT TO :
DEL. C. § 314(b) (5) :

SUEZ WATER DELAWARE INC. (hereinafter referred to as “SWDE”) a duly organized and existing Public Water Utility Corporation, regulated by the Delaware Public Service Commission (hereinafter referred to as the “Commission”), hereby petitions the Commission pursuant to 26 Del. C. § 314 (b) (5), for permission to adjust its Distribution System Improvement Charge (hereinafter “DSIC”) effective July 1, 2018.

1. On November 30, 2001, UWDE filed for permission to establish a DSIC rate for the automatic adjustment of its rates and charges and providing for recovery of associated costs in accordance with 26 Del. C. § 314. UWDE’s application received Commission approval on December 11, 2001, by Order 5854, PSC Docket No. 01-481.

2. Thus, pursuant to 26 Del. C. § 314 (b)(5) SWDE hereby requests Commission permission to adjust its DSIC rate. The aforementioned section states that the DSIC rate shall be adjusted semiannually for eligible distribution system improvements placed in service during the six month period ending 2 months prior to the effective date of changes in the DSIC rate.

3. Attached hereto, supporting the development of the surcharge are Schedules 1, 1A, 1B, 2 and 2A in accordance with Commission Order No. 8138 approved April 17, 2012, and the regulations approved therein.
4. Attached hereto as Schedule 3 are revised tariff sheets to P.S.C. No. 6 – Water, issued June 5, 2018 to become effective July 1, 2018:
 - Table of Contents – Twenty Ninth Revised Sheet No. 1
 - Miscellaneous Charges – Distribution Improvement Charge for SUEZ Water Delaware Inc. – Twenty Forth Revised Sheet No. 17
5. The SWDE customer rate adjustment reflected by this application increases the DSIC Rate from 2.33% to 3.41%. The adjusted rate of 3.41% is to be applied to bills rendered on or after July 1, 2018. This increase is less than a (5%) increase in current rates within any 12 month period and less than the overall cap of 7.5% to SWDE customers and, as such, satisfies the requirements of 26 Del. C. § 314 (b) (7).
6. Customers will be notified of this change with a statement that shall be printed on the first bill following the effective date of this change. The statement will indicate that the DSIC Rate has changed from 2.33% to 3.41% effective July 1, 2018.
7. SWDE requests a waiver from the currently established Minimum Filing Requirements. The form and content of this application are similar to those of the previous filing on November 27, 2017, which was agreed to by Commission Staff

and the Division of the Public Advocate in lieu of the pending establishment of specific filing requirements associated with the DSIC.

8. Concurrent with this filing, supporting work-papers are being filed with Commission Staff and the Division of the Public Advocate.
9. A copy of this filing has been forwarded to the Division of Public Advocate.

WHEREFORE, SWDE respectfully requests that the Commission approve the proposed Distribution System Improvement Charge and rate adjustment requested herein.

Respectfully submitted,
SUEZ WATER DELAWARE INC.

Date: 6/5/18

By: 
John Hollenbach
General Manager and Vice President

Schedule No. 1
DEVELOPMENT OF RATE AND SUPPORTING DATA
SUEZ Water Delaware

	Item	Docket No. 9075 11/1/16 -4/30/17	Docket No. XXXXX 5/1/17-10/31/17	Docket No. XXXXX 11/1/17-4/30/18	Total
1	Net Utility Plant Additions	\$ 2,290,138	\$ 2,517,439	\$ 3,376,751	\$ 8,184,327
2	Net Accumulated Depreciation Reserve Change	\$ 224,065	\$ 423,314	\$ 292,677	\$ 940,055
3	Net Change in Rate Base (Line 1+ Line 2)	\$ 2,514,203	\$ 2,940,752	\$ 3,669,427	\$ 9,124,383
4	Pre-tax Rate of Return	11.25%	11.25%	9.68%	9.68%
5	Semi-Annual Pre-Tax Rate of Return	5.63%	5.63%	4.84%	4.84%
6	Semi-Annual Investment Cost Recovery	\$ 141,424	\$ 165,417	\$ 177,686	\$ 441,833
7	Semi-Annual Depreciation Expense	\$ 16,375	\$ 18,710	\$ 25,901	\$ 60,986
8	Total Semi-Annual DSIC Revenue Requirement (Line 6 + Line 7)	\$ 157,799	\$ 184,127	\$ 203,587	\$ 502,819
8A	Total Over/(Under) Collection from Previous DSIC Revenue Requirement				
9	Total Semi-Annual DSIC Revenue Requirement	\$ 157,799	\$ 184,127	\$ 203,587	\$ 502,819
10	Semi-Annual Projected Water Service Revenues	\$ 14,691,439	\$ 14,702,407	\$ 14,748,932	\$ 14,748,932
11	Projected DSIC Rate Increase Percentage	1.07%	1.25%	1.38%	3.41%

**- Schedule No. 1A -
CAPITAL STRUCTURE APPROVED IN MOST RECENT GENERAL/BASE RATE CASE**

SUEZ Water Delaware

Capital Structure in in PSC Docket 16-0163, March 1, 2017					
	Percentage	Cost	Weighted Cost	Revenue Multiplier	Pre-Tax
Cost of Debt	46.66%	5.19%	2.42%		2.42%
Cost of Equity	53.34%	9.75%	5.20%	1.39705	7.26%
	100.00%		7.62%		9.68%

**- Schedule No. 1B -
OVER/UNDERCOLLECTIONS FROM PREVIOUS DSIC FILINGS
SUEZ Water Delaware**

Docket No.	Over/(Under) Collection
2016 Reconciliation	\$ - *
Total	\$ -

**- Schedule No. 2 -
PROJECTS PLACED INTO SERVICE AND/OR RETIRED
SUEZ Water Delaware**

Utility Plant in Service 11/1/17 to 4/30/18				
Project Name	Description	Project No.	DSIC Amount (net of CIAC)	Retirement Costs
Maguire & Water Streets	Replace main, valves and services	C16D607_027_001	\$ 839	
Rt 71 & Old Porter Rd - DOT	Highway Relocation	C16D701_027_001	(70,065)	
Repl Customer Meters	Replace Meters	C16G501_027_001	86	
Salem Church Road	New Main for reliability	C17D102_027_001	466	
Repl 20" Valve - North of I95	Replace Valve	C17D501_027_001	1,288	
Washington Street Extension	Replace main, valves, hydrants, services	C17D603_027_001	6,375	
Blackwood Road	Replace main, valves, hydrants, services	C17D604_027_001	12,026	
West Clearview Ave & Harrison Ave	Replace main, valves, hydrants, services	C17D605_027_001	5,879	
Wiltshire Road	Replace main, valves, hydrants	C17D606_027_001	5,078	
Georgetown Ave	Replace main, valves and services	C17D607_027_001	312	
Parkside Blvd.	Replace main, valves, hydrants, services	C17D608_027_001	39,929	
Honeywell Dr	Replace main, valves, hydrants, services	C17D609_027_001	1,265,583	35,853
Montvale Road	Replace main, valves, hydrants, services	C17D610_027_001	267,129	
Sonora Ave	Replace main, valves, hydrants, services	C17D611_027_001	127,681	
PRV Pits	Replace Valves	C17D620_027_001	150,847	7,262
Myrtle Ave DOT	Highway Relocation	C17D701_027_001	796	
Eugene Ct.	Replace main, valves, hydrants, services	C18D602_027_001	243,625	6,685
Carson Road	Replace main, valves, hydrants, services	C18D603_027_001	218,054	9,271
South Avon Drive	Replace main, valves, hydrants, services	C18D604_027_001	170,940	12,036
East Avon Drive	Replace main, valves, hydrants, services	C18D605_027_001	230,767	19,639
North Avon Drive	Replace main, valves, hydrants, services	C18D606_027_001	134,269	24,650
Replacement Fire Hydrants	Replace Hydrants	CYYD501_027_001	28,503	1,837
Repl Short Mains	Replace Mains, Valves	CYYD502_027_001	160,676	1,676
Repl. Section of Pipe- Bellevue	Replace Main	CYYD502_027_003	554	
Kimberton Apts. 20" Break	Replace Main	CYYD502_027_007	41,415	123
Replacement Valves- T&D	Replace Valves	CYYD503_027_001	35,145	587
Calpine-12"	Replace Valve	CYYD503_027_002	46,831	
Repl Domestic Services	Replace Services	CYYF501_027_001	229,456	1,089
Repl Fire Services	Repl Fire Services	CYYF503_027_001	6,754	
Repl Customer Meters	Replace Meters	CYYG501_027_001	265,100	128,882
TOTAL			\$ 3,626,341	\$ 249,590
NET TOTAL			\$ 3,376,751	

- Schedule No. 2A -

NET ACCUMULATED DEPRECIATION

SUEZ Water Delaware

Utility Plant in Service 7/1/16 - 4/30/17

<u>Account Name</u>	<u>NARUC Account</u>	<u>Amount</u>	<u>Depreciation Rate</u>	<u>Depreciation Amount</u>
Struct. & Improvements	33100	\$ -	1.23%	\$ -
Water Treatment Equipment	33200	\$ -	2.53%	\$ -
Mains	34300	\$ 2,122,844	1.00%	\$ 21,228
Services DOM	34500	\$ 1,032,227	1.96%	\$ 20,232
Meters	34600	\$ 143,145	5.99%	\$ 8,574
Hydrants	34800	\$ 78,534	2.25%	\$ 1,767
Communications	39700	\$ -	7.34%	\$ -
TOTAL		<u>\$ 3,376,751</u>		<u>\$ 51,802</u>
Semi-Annual Depreciation Expense				<u>\$ 25,901</u>

Accumulated Depreciation Reserve Change	
Semi-Annual Depreciation Expense	\$ 25,901
Retirements and Cost of Removal	\$ (318,577)
TOTAL	<u>\$ (292,677)</u>

Schedule 3

Revised Tariff Pages

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<u>Rules and Regulations</u>		
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Service Connection	3	Original
Cross Connections	4	Third Revised
Meters	4	Third Revised
Meter Setting	4	Third Revised
Meter Testing	5	Original
Bills	5	Original
Discontinuance of Service	6	Second Revised
Customers' Deposits	7	Second Revised
Miscellaneous	8	Second Revised
Fire Protection	9	Third Revised
Water Main Extensions	10 – 10E	First Revised
Installation of Facilities	10F-10H	Third Revised
Appendix A Charges	10I	First Revised
Distribution System Improvement Charge (DSIC)	11 – 11B	Original
<u>Schedule of Rates</u>		
Schedule A – General Metered Rates	12	Twelfth Revised
Schedule A – Residential Service	12A	Twelfth Revised
Schedule A – Commercial Service	12B	Eleventh Revised
Schedule A – Industrial Service	12C	Eleventh Revised
Schedule A – Public Authority Service	12D	Eleventh Revised
Schedule A – Sales for Resale	12E	Eleventh Revised
Schedule B – Rates for Public Fire Hydrant Service	13	Ninth Revised
Schedule C – Rates for Private Fire Hydrant Service	14	Ninth Revised
Schedule D – Rates for Private Unmetered Fire Service Line	15	Ninth Revised
Schedule E – Miscellaneous Fees and Charges	16 – 16A	Original
Schedule F – Distribution System Improvement Charge (DSIC)	17	Twenty Forth Revised

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 3.41% will apply to all charges for bills rendered on or after July 1, 2018.

The above charge will be recomputed semi-annually, using the elements prescribed by Section 314 of Title 26 of the Delaware Code.

EXHIBIT B



STATE OF DELAWARE

PUBLIC SERVICE COMMISSION
861 SILVER LAKE BLVD.
CANNON BUILDING, SUITE 100
DOVER, DELAWARE 19904

Telephone: (302) 736-7500
Fax: (302) 739-4849

June 12, 2018

Mr. John Hollenbach, General Manager
Suez Water Delaware
461 From Road, Suite 400
Paramus, New Jersey 07652

Dear Mr. Hollenbach:

The Delaware Public Service Commission ("Commission") is in receipt of SUEZ Water Delaware Inc.'s ("SWDE") June 5, 2018 e-filing for Commission approval of a Distribution System Improvement Charge ("DSIC"). However, SWDE's filing has been rejected because it does not comply with the requirements set forth in 26 *Del. C.* § 314(b)(4) and 26 *Del. Admin. C.* § 1009.2.1.

Specifically, 26 *Del. C.* § 314(b)(4) mandates that "[t]he public water utility **shall file** any request for a change in the DSIC rate and supporting data with the Commission **at least 30 days prior to its effective date.**" (Emphasis added). Accordingly, SWDE's application for adjustment of its DSIC to become effective on July 1, 2018, was required to have been filed no later than May 31, 2018.

Very Truly Yours,

Donna Nickerson
Commission Secretary

Certified Mail: 70143490000080186238
cc: Docket No. 18-0899

EXHIBIT C



James C. Cagle
Vice President – Rates and Regulatory Affairs
461 From Road, Suite 400
Paramus, NJ 07652
tel 201-750-5702
fax 201-750-5728
email Jim.Cagle@suez-na.com

Via Federal Express

June 15, 2018

Donna Nickerson
Commission Secretary
Delaware Public Service Commission
861 Silver Lake Blvd.
Cannon Building, Suite 100
Dover, Delaware 19904

Dear Ms. Nickerson,

The Company received from your office a certified letter dated June 12, 2018 addressing the Company's Distribution System Improvement Charge ("DSIC") filing filed on June 5, 2018. The Company recognizes and acknowledges that for the first time since the DSIC mechanism was granted for SUEZ Water Delaware Inc., it inadvertently made the filing late due to recent staffing changes.

It seems clear that there is little the Company can do to remedy its error. However, the Company would request that the Commission consider an exception which would allow the Company to implement rates as of August 1, 2018 utilizing the same DSIC rate as filed on June 5, 2018 for the abbreviated period from August 1, 2018 through January 1, 2019. Thereafter, the Company's DSIC rate would be updated in accordance with the applicable statutory and regulatory requirements. Alternatively, if the updated DSIC rate is not permitted to go into effect on August 1, 2018 the Company would request that eligible investment's made during the period from November 1, 2017 through April 30, 2017 (the DSIC investment period related to the missed filing) be included in the DSIC filing for the surcharge to be effective January 1, 2019.

Sincerely,

A handwritten signature in black ink, appearing to read 'James C. Cagle', written over a circular scribble.

James C. Cagle
Vice President – Rates and Regulatory Affairs

cc: John Hollenbach

EXHIBIT D

Schedule 3 (Updated)

Revised Tariff Pages

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Schedule F – Distribution System Improvement Charge (DSIC)	17	Twenty Fourth Revised

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 3.41% will apply to all charges for bills rendered on or after September 1, 2018.

The above charge will be recomputed semi-annually, using the elements prescribed by Section 314 of Title 26 of the Delaware Code.