



STATE OF DELAWARE

**PUBLIC SERVICE COMMISSION**

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**MEMORANDUM**

**TO:** The Chairman and Members of the Commission

**FROM:** Lisa B. Driggins, Public Utility Analyst

Handwritten initials in a circle, possibly 'LBD'.

**DATE:** August 10, 2020

**SUBJECT:** IN THE MATTER OF THE APPLICATION OF SUSSEX SHORES WATER COMPANY FOR A GENERAL INCREASE IN WATER SERVICE RATES AND TO MAKE MISCELLANEOUS CHANGES TO ITS GENERAL TARIFF (FILED JUNE 28, 2020) – PSC DOCKET NO. 20-0421

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**Application**

On June 28, 2020, Sussex Shores Water Company (“Sussex Shores” or the “Company”) filed an application (“Application”) seeking approval for an increase in its water base rates. The total amount of the increase to annual base rates requested by Sussex Shores in this matter is approximately \$223,332 or 13.19% over rates currently in effect (*See* Application ¶ 3). Sussex Shores asserts that this increase is necessary due to recover the costs of its investments and ongoing expenses necessary to provide safe and reliable water service to its customers. A rate increase is also necessary to assure that Sussex Shores earns a fair rate of return and remains a financially strong utility with the ability to borrow money on favorable terms as needed to finance future utility plant investments.

**Interim Rates**

On July 31, 2020, the Company filed a petition pursuant to 26 *Del. C.* §306(c), seeking authorization to collect interim rates under bond 60 days from the date of the application. The temporary rates proposed would be effective beginning August 27, 2020, and provide for an increase in base revenues of \$111,094. The Company requested that the Commission waive the

requirements of 26 *Del. C.* § 306(b) requiring that a bond with surety be filed in connection with the implementation of interim rates based on its long-standing history within the State and its commitment to abide by the Commission's rules and regulations.

### **Review and Recommendation**

Staff has reviewed the Company's interim rate petition and proposed interim rate calculations and concurs with the Company's estimate of the impact and distribution of the interim rates which total to approximately \$111,094. The proposed interim rates will increase rates across all rates classes, except public and private fire service, which is consistent with Commission practice for implementing temporary rate increases.

Under 26 *Del. C.* §306(c), a utility is authorized to place temporary rates in effect sixty (60) days after filing an application requesting an increase in rates. The rates may be placed in effect under bond, provided that the increase does not exceed fifteen percent (15%) of the Company's gross intrastate operating revenues or \$2,500,000 annually, whichever is less. The interim rates proposed to be effective with usage on and after August 27, 2020, are within the limits set by the statute.

Therefore, Staff recommends approval of the proposed interim rates effective with usage on and after August 27, 2020. Furthermore, Staff recommends that the Commission take into consideration the Company's current financial condition and creditworthiness, and a commitment to abide by any rate refund order, as a satisfactory substitute and sufficient surety to meet the bond requirements of 26 *Del. C.* §306(b).