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

May 8, 2014

MEMORANDUM

To: The Chair and Members of the Commission

From: Amy J. Woodward, Public Utility Analyst III

Subject: IN THE MATTER OF THE APPLICATION OF ARTESIAN WATER COMPANY, INC. FOR A REVISION OF RATES (FILED April 11, 2014) – PSC DOCKET NO. 14-132

On April 11, 2014, Artesian Water Company, Inc. ("Artesian" or the "Company") filed an application seeking approval of a rate increase of $9,983,823 (the "Application"). The total amount being requested is a 15.91% increase over existing rates. Artesian asserts that this increase is necessary due to increasing operating expenses and significant capital investment in utility plant.

The Company also requests, pursuant to *26 Del. C. §306(c)*, authorization to collect temporary rates under bond, subject to refund, 60 days after the filing of its Application. The temporary rates proposed would be effective beginning June 10, 2014, and provide for an increase of $2,460,674 in additional revenues.

Section 306 (c), Title 26 of the Delaware Code authorizes a utility to place increased rates in effect 60 days after filing an application seeking a general rate increase in rates, providing that the increase does not constitute an increase of more than 15% of the public utility's annual gross intrastate revenues or $2,500,000 annually, whichever is less. The interim rates proposed to be effective June 10, 2014 are within the limits set by the statute.

Artesian proposes to increase all rates on an "across the board" basis, which is consistent with Commission practice for implementing temporary rate increases.

Staff recommends that the Commission approve Artesian's petition to place a temporary rate increase under bond in effect as June 10, 2014. The Company shall file their interim tariff sheets prior to the effective date.