BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

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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

ORDER NO. 8558

AND NOW, this 13th day of May, 2014:

WHEREAS, on April 11, 2014, Artesian Water Company, Inc. ("Artesian" or the "Company") filed an application (the "Application") with the Delaware Public Service Commission (the "Commission") requesting approval of a rate increase of $9,983,823 (a 15.91% increase over existing rates); and

WHEREAS, 26 *Del. C.* §306(a)(1) permits the Commission to suspend the operation of a utility's proposed rate change for a period not to exceed seven months after the utility's application; and

WHEREAS, notwithstanding the provisions of 26 *Del. C.* §306(a)(1), 26 *Del. C.* §306(c) permits a utility to place into effect under bond a rate increase that does not exceed the lesser of: (1) 15% of the utility's annual gross intrastate operating revenues; or (2) $2.5 million; and

WHEREAS, the Application with the Commission seeks, pursuant to 26 *Del. C.* §306(c), to place into effect on June 10, 2014 interim rates designed to collect $2.5 million on an annual basis, which Artesian represents will enable it to collect $2,460,674 in additional revenues through the end of the statutory suspension period; and

WHEREAS, Artesian requests the Commission to waive the statutory requirement of a bond with surety pursuant to 26 *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 (Application at ¶22); and

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

1. That the rates and revised tariff sheets filed by Artesian on April 11, 2014 are hereby suspended pursuant to 26 *Del. C.* §306(a)(1) and, subject to the implementation of interim rates as authorized herein, shall not be placed into force or effect except pursuant to law or further Order of the Commission, and then only to the extent such law or further Commission Order may permit or allow.

2. That any proposed non-rate modifications to the tariffs of Artesian are suspended until such time as a final Order in this proceeding is issued.

3. That the Company's request to implement interim rates intended to produce an annual increase of $2,460,674 million in intrastate operating revenues, effective June 10, 2014 is granted, with the proviso that such increased rates shall be implemented on a prorated basis and shall be subject to refund to the extent that the Commission does not grant the relief requested in Artesian's Application.

4. That, pursuant to the provisions of 26 *Del. C.* §314(b)(9), the Distribution System Improvement Charge previously set for Artesian shall be reset to zero concurrently with the effective date for the interim rates described in Ordering paragraph 3.

5. 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.

6. That Artesian shall give public notice of the filing of its Application with the proposed rate changes and this action by the Commission by publishing notice in the form attached hereto as Exhibit "A" in two-column format, outlined in black, in the legal classified section of The News Journal, The Delaware State News and The Cape Gazette newspapers as early as possible during the week of **May 19, 2014**. The Company shall submit proof of such publication as soon as possible, but no later than the commencement of the evidentiary hearings concerning this matter.

7. That Senior Hearing Examiner Mark Lawrence is designated as Hearing Examiner for this matter pursuant to the terms of 26 *Del. C.* §502 and 29 *Del. C.* ch. 101 to schedule and conduct, upon due notice, such public comment sessions and evidentiary hearings as may be necessary to have a full and complete record concerning the justness and reasonableness of the proposed increased rates and tariff modifications. Thereafter, Senior Hearing Examiner Lawrence shall file with the Commission his proposed findings and recommendations.

Pursuant to 29 *Del. C.* ch. 101 and Rule 1001-2.9 of the Commission's Rules of Practice and Procedure (26 *Del. Admin. Code* ch. 1001, section 2.9), Senior Hearing Examiner Lawrence is specifically delegated the authority to grant or deny petitions seeking leave to intervene and for admission of counsel *pro hac vice*. In addition, Senior Hearing Examiner Lawrence is delegated the authority, under 26 *Del. C.* §102A, to determine the form and manner of any further public notice in this matter. James McC. Geddes and Julie M. Donoghue are designated as rate counsel for this matter.

8. That the deadline for filing petitions to intervene pursuant to Rule 1001-2.9 of the Commission's Rules of Practice and Procedure shall be **Friday, June 23, 2014.** Late-filed petitions to intervene will not be granted unless good cause is shown.

9. Artesian is hereby placed on notice that the costs of the proceedings will be charged to it under the provisions of 26 *Del. C.* §114(b)(1).

10. That 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:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary

EXHIBIT "A"

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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**

PUBLIC NOTICE

TO: ALL CUSTOMERS OF ARTESIAN WATER COMPANY, INC.

On April 11, 2014, Artesian Water Company, Inc. ("AWC" or the "Company") filed with the Delaware Public Service Commission ("Commission") an application for an increase in its water service rates across all rate classifications. The new proposed rates and charges increase annual water service revenues by approximately 15.91% or $9.984 Million.

The following tables present a summary of AWC's present rates and those proposed in its rate application.

MONTHLY USAGE RATES (per 1,000 gallons)

RESIDENTIAL

Current Rate Tiers	Current	Proposed Rate Tiers	Proposed
First 2,000 Gallons	$6.565	First 2,000 Gallons	$7.793
Next 5,000 Gallons	$7.098	Next 5,000 Gallons	$8.425
Over 7,000 Gallons	$8.277	Over 7,000 Gallons	$9.825

ALL OTHER

Current Rate Tiers	Current	Proposed Rate Tiers	Proposed
First 500,000 Gallons	$5.887	First 500,000 Gallons	$6.988
Over 500,000 Gallons	$6.776	Over 500,000 Gallons	$8.043

CCH

Current Rate per T.G. $3.887	Proposed Rate per T.G. $4.598

MONTHLY CUSTOMER CHARGES

Meter Size	Current	Proposed
5/8"	$13.22	$14.51
3/4"	$15.86	$17.42
1"	$21.15	$23.22
1-1/2"	$42.29	$46.44
2"	$55.51	$60.96
3"	$84.59	$92.89
4"	$121.59	$133.52
6"	$211.47	$232.21
8"	$317.20	$348.32
10"	$502.23	$551.51

MONTHLY PUBLIC FIRE PROTECTION CHARGES

Meter Size	Current	Proposed
5/8"	$4.00	$4.71
3/4"	$5.98	$7.03
1"	$10.00	$11.76
1-1/2"	$19.94	$23.43
2"	$31.99	$37.59
3"	$60.02	$70.55
4"	$100.04	$117.59
6"	$200.39	$235.74
8"	$319.71	$376.03
10"	$511.38	$601.53

MONTHLY PRIVATE FIRE PROTECTION CHARGES

Detector Check	Current	Proposed
1-1/2"	$19.28	$21.11
2"	$40.95	$44.43
4"	$106.69	$114.36
6"	$227.47	$248.31
8"	$378.70	$415.05
10"	$565.73	$626.43
12"	$618.19	$737.27

Private Hydrant	$227.47	$248.31

WHOLESALE RATES AND CHARGES

Description	Current	Proposed
New Castle-Boothhurst	Various	No Change
City of New Castle	$3.100 per T.G.	No Change
Middletown	$2.125 per T.G.	$2.489
Delaware Correctional Ctr.	$2.243 per T.G.	$2.491
Clayton	$2.000 per T.G.	No Change
Artesian Water Maryland	$3.762 per T.G.	No Change
Chesapeake City	$4.104 per T.G.	No Change

Pursuant to 26 Del. C. 306(a)(1), the Commission has suspended the effectiveness of the proposed new rates and proposed rule revisions pending further investigations and public evidentiary hearings, which will be held at a later date after further public notice. However, pursuant to 26 Del. C. 306(c) AWC has requested authority to place a portion of the proposed rate increase into effect, under bond and subject to refund, on June 10, 2014.

The Commission will make its decision on this matter on the basis of the evidence of record taken at public evidentiary hearings. The Commission may approve or reject, in whole or in part, the proposed increase and revisions and may approve a different method for allocating among rates any increase in revenues should one be found to be appropriate.

Any person that wishes to participate formally, as a party, in this docket (PSC Docket No. 14-132) should file for leave to intervene with the Commission in accordance with Rule 21 of the Commission's Rules of Practice and Procedure (26 *Del. C.* ch. 1001, section 2.9.2).

Such Petitions should be filed on or before June 23, 2014 at the Commission's office located at:

Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building
Dover, Delaware 19904

Petitions filed after date shown will not be considered, except for good cause shown.

Interested customers are invited to review the application and supporting materials to see how their individual interest may be affected. Copies of the application are available for public inspection during normal business hours in the Commission's Dover office at the address listed above. Copies may also be reviewed, by appointment, at the office of the Division of the Public Advocate (DPA) located at the Carvel State Office Building, 4th Floor 8320 North French Street, Wilmington, Delaware 19801. Please call (302) 577-5077 to arrange for a time to review the documents at such location.

Any individual with disabilities, who wishes to participate in, or to review these proceedings, may contact the Commission to discuss the use of auxiliary aides or services that may facilitate such review or participation. Such contact may be in person, by writing, by telephone, or otherwise. For inquiries, the Commission's toll free telephone number (in Delaware) is 1-800-282-8574. Any person with questions may also contact the Commission Staff at (302) 736-7500 and by Text Telephone also at (302) 736-7500. Inquiries can also be sent via the Internet to Alisa.Bentley@state.de.us.