ARTESIAN WATER COMPANY, INC.
NET OPERATING INCOME SUMMARY

Schedule DLV 3-1
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.		Reference	Test Year	Test Period
1	Operating Revenues	3 p 2	$ 62,283,339	$ 64,297,489
2	Operating Expenses	3 p 2	43,391,917	47,171,293
3	Net Operating Revenues		$ 18,891,422	$ 17,126,196
4	Operating Taxes	3 p 2	5,186,059	4,494,297
5	Net Operating Income		$ 13,705,363	$ 12,631,899

ARTESIAN WATER COMPANY, INC.
STATEMENT OF OPERATING INCOME
FOR THE TEST YEAR AND PRO FORMA PERIODS

Schedule DLV3-2
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	Test Year	Pro Forma Test Period: Present Rates Adjustments		Present Rates Amount	Proposed Rates Adjustments		Proposed Rates Amount
1	Water Sales	$ 60,849,520	1,902,796		$ 62,752,316	$9,983,823	1	$72,736,139
2	Finance Charges	55,324	73,750		129,073			129,073
3	Misc. Revenues	1,378,496	37,604		1,416,100	20,535		1,436,635
4	Total Operating Revenues	$ 62,283,339	$2,014,150	3A p.2	$64,297,489	$10,004,359	3A p.2	$74,301,848
5	Operating Expenses							
6	Operation and Maintenance	$31,881,977	$2,335,645	3Bp.1	$34,217,622	$62,321		$34,279,943
7	Depreciation & Amortization	7,726,815	1,192,555	3Bp.1	8,919,371			8,919,371
8	Taxes Other Than Income Taxes							
9	Property	2,698,138	145,906	3Bp.1	2,844,044			2,844,044
10	Franchise	53,808	0		53,808			53,808
11	Payroll	1,031,179	105,269	3Bp.1	1,136,448			1,136,448
12	Total Operating Expenses	$43,391,917	$3,779,375		$47,171,293	$62,321		$47,233,614
13								
14	Utility Operating Income Before Income Taxes	$18,891,422	($1,765,226)		$17,126,196	$9,942,037		$27,068,234
15								
16	Income taxes							
17	Current:							
18	Federal	0	2,955,835	3J	2,955,835	3,086,207	3J	6,042,042
19	State	0	828,418	3J	828,418	864,957	3J	1,693,376
20	Deferred				0			
21	Federal	4,069,786	(3,514,052)	3K	555,734			555,734
22	State	1,137,827	(982,074)	3K	155,753			155,753
23	Amortization of Deferred ITC	(21,554)	20,110	3B	(1,444)			(1,444)
24	Total Income Taxes	$5,186,059	($691,762)		$4,494,297	$3,951,165		$8,445,461
25								
26	Utility Net Operating Income	$13,705,363	($1,073,464)		$12,631,899	$5,990,873		$18,622,772
27								
28	Rate Base	$207,946,505			$221,767,586			$221,767,586
29								
30	Rate of Return	6.59%			5.70%			8.40%

ARTESIAN WATER COMPANY, INC.
OPERATING REVENUES AT PRESENT RATES
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV 3A-1
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Acct No.	Account Title	Actual Test Year	Normalizing Adjustments	Normalized Revenue at Current Rates	Adjustments for Growth	Current Rates Pro Forma Test Period
	461	Metered Sales					
1		Residential	$37,352,573	$752,969	$38,105,542	$240,661	$38,346,203
2		Commercial	5,312,009	270,249	5,582,258		5,582,258
3		Motel/Hotel	426,281	(1,298)	424,983		424,983
4		Apartments	4,711,739	126,875	4,838,614		4,838,614
5		Trailers	1,366,256	(7,620)	1,358,636		1,358,636
6		Industrial	82,341	17,571	99,911		99,911
7		Gov't Agcy	822,234	166,483	988,717		988,717
8		Seasonal	32,959	17,569	50,528		50,528
9		Religious Affiliation	130,988	(30,094)	100,894		100,894
10		School	473,100	9,343	482,442		482,442
11		Restaurant	614,036	(1,135)	612,902		612,902
12		Medical Facility	962,946	(21,282)	941,664		941,664
13		Other	419,187	41,611	460,797		460,797
14			$52,706,647	$1,341,239	$54,047,887	$240,661	$54,288,547
15	462	Private Fire Protection	$1,963,274	($32,007)	$1,931,267		1,931,267
16	463	Public Fire protection service	$4,725,464	$97,850	$4,823,314	$28,704	4,852,018
17	466	Resale	$1,454,134	$226,349	$1,680,483		1,680,483
18		Total Sales of Water	$60,849,520	$1,633,431	$62,482,951	$269,365	$62,752,316
		Miscellaneous Revenues					
19	471	Service Charge	$592,584		$592,584		$592,584
20	472	Rental Income	513,129	(10,932)	502,197		502,197
21	473	Finance Charge	55,324	73,195	128,519	$554	129,073
22	474	Other	30,372	22,770	53,142		53,142
23	474	Purchase Discounts	22,218		22,218		22,218
24	474	Contract Service	220,194	25,766	245,960		245,960
25		Total Miscellaneous Revenues	$1,433,820	$110,799	$1,544,619	$554	$1,545,173
26		Total Operating Revenues	$62,283,340	$1,744,231	$64,027,570	$269,919	$64,297,489

ARTESIAN WATER COMPANY, INC.
OPERATING REVENUES AT PRESENT RATES & PROPOSED RATES
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3A-2
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Acct No.	Account Title	ProForma at Present Rates	Percentage Increase	Proposed Increase	Pro Forma Test Period
	461	Metered sales to general customers				
1		Residential	$38,346,203	15.92%	$6,104,765	$44,450,968
2		Commercial	5,582,258	16.93%	944,930	6,527,188
3		Motel/Hotel	424,983	18.00%	76,498	501,481
4		Apartments	4,838,614	17.71%	857,065	5,695,679
5		Trailers	1,358,636	18.40%	249,938	1,608,573
6		Industrial	99,911	16.76%	16,742	116,654
7		Gov't Agcy	988,717	14.70%	145,341	1,134,058
8		Seasonal	50,528	17.95%	9,068	59,596
9		Religious Affiliation	100,894	15.10%	15,233	116,126
10		School	482,442	16.25%	78,419	560,861
11		Restaurant	612,902	17.67%	108,274	721,176
12		Medical Facility	941,664	18.11%	170,564	1,112,228
13		Other	460,797	16.17%	74,524	535,321
14	462	Private fire protection service	1,931,267	9.30%	179,578	2,110,845
15	463	Public fire protection service	4,852,018	17.70%	858,974	5,710,992
16	466	Sales for resale	1,680,483	5.59%	93,925	1,774,407
17		Total sales of water	$62,752,316		$9,983,823	$72,736,139
		Miscellaneous revenues				
18	473	Finance charges	$129,073		$20,535	$149,609
19	471	Service charges	592,584			$592,584
20	472	Rental income	502,197			$502,197
21	474	Other	53,142			$53,142
22	474	Contract Operations	245,960			$245,960
23	474	Discounts on purchases	22,218			$22,218
24		Total Misc Revenues	$1,545,173		$20,535	$1,565,708
25		Total Operating Revenues	$64,297,489		$10,004,359	$74,301,848

ARTESIAN WATER COMPANY, INC.
REVENUE FROM METERED SALES AND FIRE PROTECTION
FOR THE THREE YEARS ENDED DECEMBER 31, 2013

Schedule DLV-3A-3
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Customer Class	2011	2012	2013	Pro Forma Revenues Current Rates
1	Metered Sales				
2	Residential	$35,717,589	$38,348,451	$37,352,573	$38,346,203
5	Commercial	5,183,876	5,586,020	5,312,009	5,582,258
6	Motel/Hotel	392,215	427,741	426,281	424,983
7	Apartments	4,759,160	4,894,830	4,711,739	4,838,614
8	Trailers	1,323,356	1,329,135	1,366,256	1,358,636
9	Industrial	141,109	70,293	82,341	99,911
10	Gov't Agcy	1,003,729	933,193	822,234	988,717
11	Seasonal	56,842	55,339	32,959	50,528
13	Religious Affiliation	93,607	104,019	130,988	100,894
14	School	433,344	501,636	473,100	482,442
15	Restaurant	594,952	607,754	614,036	612,902
16	Medical Facility	876,060	931,916	962,946	941,664
17	Other	459,549	468,675	419,187	460,797
18	Total	$51,035,388	$54,259,003	$52,706,647	$54,288,547
19					
20	Private Fire Protection	$1,729,215	$2,073,460	$1,963,274	$1,931,267
21					
22	Public Fire protection service	$3,425,543	$4,711,663	$4,725,464	$4,852,018
23					
24	Resale	$812,356	$1,123,881	$1,454,134	$1,680,483
25					
26	Total Water Sales Revenues	$57,002,502	$62,168,007	$60,849,520	$62,752,316

ARTESIAN WATER COMPANY, INC.
QUANTITY OF WATER SOLD (KGAL)
FOR THE THREE YEARS ENDED DECEMBER 31, 2013

Schedule DLV-3A-4
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Class	2011	2012	2013	Test Period
1	Residential	3,663,594	4,347,401	3,560,208	3,798,675
2	Commercial	738,728	789,492	680,640	734,744
3	Motel/Hotel	64,238	69,942	64,297	65,613
4	Apartments	763,365	783,323	686,839	723,399
5	Trailers	212,355	214,585	204,018	206,856
6	Industrial	20,928	8,880	10,117	13,019
7	Gov't Agcy	258,273	239,235	171,517	236,097
8	Seasonal	8,906	9,457	4,667	7,554
9	Religious Affiliation	9,901	11,227	10,109	10,198
10	School	57,785	65,107	56,090	59,348
11	Restaurant	95,131	100,369	90,076	91,987
12	Medical Facility	183,481	190,217	183,284	185,074
13	Other	69,565	70,851	55,445	67,559
14	Private Fire	3,356	3,713	3,932	3,270
15	Resale	355,540	372,558	495,123	537,954
16	Total	6,505,146	7,276,357	6,276,362	6,741,347

ARTESIAN WATER COMPANY, INC.
SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3B-1
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description		Reference
1	Adjustment to Reflect Interest on Customer Deposits	$1,060	2E
2	Adjustment to Reclassify Donations as Operating Expense	45,825	3F
3	Adjustment to Remove Cost of Pool Operations	(6,082)	Workpaper
4	Adjustmen to Annualize Salaries and Wages	899,073	3C
5	Adjustment to Annualize Pension Costs Based on Current Salaries	180,104	3C
6	Adjustment to Annualize Current Cost of Group Insurance Benefits	739,183	3C
7	Adjustment to Workmens Compensation Insurance	8,419	3C
8	Adjustment to Annualize Test Year Purchased Power Costs	36,400	3B-2
9	Adjustment to Annualize Test Year Chemical Costs	(16)	3B-3
10	Adjustment to Amortize Chester Legal Costs Incurred	(578,040)	3B-4
11	Adjustment to Reflect Increased Cost of Purchased Water	347,348	3B-5
12	Adjustment to Annualize WTP Disposal Costs	4,902	3B-6
13	Adjustment to Annualize Tank Painting Costs	16,040	3B-7
14	Adjustment to Reflect Llangollen Well Treatment Costs	120,657	3B-8
15	Adjustment to Reflect Incremental Cost of Information Technology Support	142,064	3B-9
16	Adjustment to Annualize Test Year Insurance Expenses	48,954	3B-10
17	Adjustment to Reflect Postal Rate Increase	19,580	3B-11
18	Adjustment to Remove Costs from Operations	(129,289)	3B-12
20	Adjustment to Amortize Net Cost of Rate Proceeding	439,463	3H
21	Total Adjustments to Operation and Maintenance Expenses	$2,335,645	
22	Adjustment to Annualize Depreciation & Amortization Expenses	1,192,555	3B-13
25	Adjustment to Annualize Property Taxes	145,906	3B-14
26	Adjustment to Reflect Increased Payroll Taxes	105,269	3C
27	Adjustment remove Deferred Amortization of ITC	20,110	3B-15
28	Total Operating Expense Adjustments	$3,799,485	

ARTESIAN WATER COMPANY, INC.
PURCHASED POWER
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3B-2
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	
1	Projected Purchased Power Costs	$ 1,683,158
2	Test Year Costs	1,646,759
3	Adjustment to Purchased Power Costs	$36,400

ARTESIAN WATER COMPANY, INC.
CHEMICAL COSTS
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3B-3
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	
1	Pro Forma Chemical Costs	$724,887
2	Test Year Chemical Costs	724,902
3	Adjustment to Purchased Power Costs	($16)

ARTESIAN WATER COMPANY, INC.
CHESTER LEGAL COSTS
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3B-4
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	
1	Removal of Chester Legal Costs Reflected in Per Book Results	($813,304)
2	Chester Legal Costs Incurred	1,646,848
3	Amortization of Costs Incurred over 7 years	235,264
4	Adjustment to Amortize Chester Legal costs	($578,040)

ARTESIAN WATER COMPANY, INC.
PURCHASED WATER COSTS
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3B-5
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	
1	Projected Purchased Water Costs	$ 4,106,126
2	Test Year Purchased Water Costs	3,758,777
3	Adjustment to Annualize Purchased Water Costs	$347,348

ARTESIAN WATER COMPANY, INC.
WATER TREATMENT PLANT (WTP) DISPOSAL COSTS
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3B-6
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	
1	ProForma Disposal Costs for Water Treatment Plants	$12,000
2	Test Year Expense	7,098
3	Adjustment to Annualize WTP Disposal Costs	$4,902

ARTESIAN WATER COMPANY, INC.
TANK PAINTING
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3B-7
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	
1	2014 Tank Painting Contract	$347,020
2	Carbon Tank Cleaning/Painting	14,750
3	Inspections	31,625
4	Total Pro Forma Costs	$393,395
5	Test Year Tank Painting Costs	377,355
6	Pro Forma Adjustment	$16,040

ARTESIAN WATER COMPANY, INC.
LLANGOLLEN WELL TREATMENT COSTS
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3B-8
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	
1	Energy Costs	$28,572
2	Hydrogen Peroxide Treatment	56,255
3	Replacement Lamps	31,030
4	Charge for Refurbishing Lamps	4,800
5	Adjustment to Reflect Increased Costs at Llangollen Well	$120,657

See page 3.5 of treatability study prepared by Hatch Mott MacDonald

ARTESIAN WATER COMPANY, INC.
INFORMATION TECHNOLOGY SUPPORT COSTS
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3B-9
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	
1	Pro Forma Information Technology Costs	$793,851
2	Test Year Expenses	651,787
3	Adjustment to Reflect Incremental IT Costs	$142,064

ARTESIAN WATER COMPANY, INC.
INSURANCE COSTS
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3B-10
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	
1	Pro Forma Insurance Costs	$538,492
2	Test Year Insurance Costs	489,538
3	Adjustment to Reflect Incremental Insurance Costs	$48,954

ARTESIAN WATER COMPANY, INC.
POSTAGE COSTS
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3B-11
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
ARTESIAN WATER COMPANY, INC.

Line No.	Description	
1	Test Year Postage Costs	$326,332
2	No. of Pieces of Mail	878,635
3	Average Cost per Mail Item	0.37141
4	Average Cost Adjusted for 6% Postal Rate Increase	0.39369
5	Pro Forma Postage Costs	345,912
6	Adjustment to Postage Costs	$19,580

ARTESIAN WATER COMPANY, INC.
REMOVAL OF COSTS FROM OPERATIONS
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3B-12
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	
1	Compensation costs	(49,973)
2	Allocate Costs of Building to Affiliates	(79,246)
3	Remove Misc. Costs	(70)
4	Total Costs	($129,289)
5	Adjustment to Remove Costs From Opreration and Maintenance Expenses	($129,289)

ARTESIAN WATER COMPANY, INC.
DEPRECIATION & AMORTIZATION EXPENSE
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3B-13
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Utility Plant A/C No.	Description	Test Period Plant	Depreciation Rate	ProForma Deprreciation Expense
1	310	Land - Source of Supply	$2,787,735	0.00%	$0
2	311	Well Houses	1,296,613	1.62%	21,005
3	314	Wells	11,667,352	2.22%	259,015
4	314.001	Wells - Monitoring	1,034,834	2.22%	22,973
5	316	Collecting Mains	1,372,064	1.18%	16,190
6	320	Land - Pumping Plant	279,037		
7	321	Structures - Pumping Plant	5,231,782	1.62%	84,755
8	323	Power Production Equipment	1,927,175	2.86%	55,117
9	323.1	Solar Power Production Equipment	237,977	2.86%	6,806
10	325	Electric Pumping Equipment	7,853,483	2.86%	224,610
11	325.1	Submersible Pumps	1,878,300	12.50%	234,788
12	330	Land - Water Treatment	209,889		
13	331	Structures - Water Treatment	34,819,083	2.00%	696,382
14	332	Water Treatment Equipment	17,657,600	2.22%	391,999
15	340	Land - Transmission and Distribution	788,857		
16	341	Structures & Improvements			
17	342	Reservoirs and Standpipes	21,223,343	1.31%	278,026
18	343	Transmission and Distribution Mains	205,265,859	1.24%	2,545,297
19	345	Services	32,766,256	2.57%	842,093
20	345.001	Temporary Services			
21	346	Meters	21,454,371	3.84%	823,848
22	348	Fire Hydrants	10,863,891	1.67%	181,427
23	389	General Land	2,267,545		
24	389.001	Land - Leasehold			
25	390	Office and Warehouse Building	18,354,857	4.22%	774,575
26	390.001	Office and Warehouse - Leasehold	2,005,386	4.22%	84,627
27	391	Office Furniture	1,741,780	3.19%	55,563
28	391.001	Office Equipment	287,075	4.79%	13,751
29	391.002	EDP Equipment	1,628,676	12.00%	195,441
30	391.004	Computer Software	2,011,809	19.19%	386,066
31	391.005	Computer Equipment Mainframe	28,731	10.28%	2,954
32	391.007	Computer Equipment - Peoplesoft	5,990,350	6.67%	399,556
33	391.008	Office Equip-Comp-GIS System	423,345	6.67%	28,237
34	392	Transportation Equipment	7,089,800	8.64%	612,559
35	393	Stores	28,400	3.20%	909
36	394	Tools, Shop and Garage Equipment	625,478	3.20%	20,015
37	394.001	Tools, Shop and Garage Equipment - Leasehold	125,862	3.20%	4,028
38	395	Lab Equipment	171,224	10.66%	18,252
39	396	Power Operated Equipment	2,222,800	5.76%	128,033
40	397	Communication Equipment	4,870,756	6.40%	311,728
41	398	Miscellaneous Equipment	1,850,515	4.80%	88,825
42		Total Tangible and Intangible Used and Useful Utility Plant	$432,339,891		$9,809,449
43					
44		Add: Depreciation relative to Taxes paid for CIAC			57,874
45		Deduction for depr on adv and ciac			(950,795)
46		Pro Forma Depreciation Expense			8,916,528
47		Test Year Depreciation Expense			7,710,880
48		Pro Forma Depreciation Expense			1,205,648
49		Pro Forma Amortization Expense			2,842
50		Test Year Amortization Expense			15,935
51		Adjustment to Amortization Expenses			(13,093)
52		Pro Forma Adjustment to Depreciation & Amortization			1,192,555

ARTESIAN WATER COMPANY, INC.
PROPERTY TAXES
FOR THE TEST YEAR ENDED DECEMEBR 31, 2013

Schedule DLV-3B-14
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	
1	Pro Forma Property Tax Expense	$2,844,044
2	Test Year Property Tax Expense	2,698,138
3	Adjustment to property tax expense	$145,906

ARTESIAN WATER COMPANY, INC.
AMORTIZE DEFERRED ITC
FOR THE TEST YEAR ENDED DECEMEBER 31, 2013

Schedule DLV-3B-15
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	
1	Test Year Expense	($21,554)
2	Pro Forma Amount	(1,444)
3	Adjustment to Deferred Taxes	$20,110

Schedule DLV-3C
D.L. Valcarenghi

ARTESIAN WATER COMPANY, INC.
PAYROLL AND BENEFIT COSTS
FOR THE TEST YEAR ENDED DECEMEBER 31, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

		Test Year						Test Period					
Line No.	Description	Direct Payroll	Pensions	Payroll Taxes	Employee Benefits	Comp Insurance	Total Payroll	Direct Payroll	Pensions	Payroll Taxes	Employee Benefits	Workers' Comp.	Total Payroll
1	Total Costs	$ 16,953,927	$985,795	$1,298,729	$3,944,554	$188,778	$ 23,371,783	$ 18,160,037	1,164,566	1,393,630	4,679,367	202,207	$ 25,599,808
2	Less: Allocated Payroll	1,288,535	76,147	99,678	303,480	35,564	$ 1,803,404	1,380,202	89,956	106,962	360,014	$ 38,094	$ 1,975,228
3	Less: Cap. Payroll	2,945,765	176,422	228,065	699,614	33,915	$ 4,083,781	3,161,135	161,280	210,414	638,711	$ 36,395	$ 4,207,934
4	Total O&M Costs	$ 12,719,627	$733,226	$970,986	$2,941,460	$119,299	$17,484,598	$ 13,618,700	$913,330	$1,076,255	$3,680,643	$127,718	$ 19,416,646

Payroll	$ 899,073
Pensions	$ 180,104
Payroll Taxes	$ 105,269
Employee Benefits	$ 739,183
Compensation Insurance	$ 8,419
Total	$ 1,932,048

ARTESIAN WATER COMPANY, INC.
EXECUTIVE COMPENSATION COSTS
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	Base Salary	Other Compensation	Total Compensation	Allocations to Affiliates	Capitalized Payroll	Compensation Less Allocations & Capitalized Payroll
1	Dian C. Taylor, Chief Executive Office	$409,947	$91,209	$501,157	$40,350	0	$460,807
2	Joseph A. DiNunzio, Executive Vice President	$283,982	$74,723	$358,706	$28,343	0	$330,363
3	David B. Spacht Chief Financial Officer & Treasurer	$248,206	$96,550	$344,757	$24,913	0	$319,843
4	John M. Thaeder, Senor Vice President of Operations	$267,280	$16,938	$284,218	$26,118	0	$258,100
5	John J. Schreppler II, Esq., General Counsel, Vice President, Assistant Secretary	$227,115	$13,431	$240,546	$22,093	0	$218,453

ARTESIAN WATER COMPANY, INC.
ADVERTISING EXPENSES
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3E
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Acct No.	Description	
1		Newspaper Advertising - Recruitment	$3,150
2		Print Media Advertising	2,603
3		CPCN Advertising	3,909
4		Total	$9,662

ARTESIAN WATER COMPANY, INC.
CHARITABLE DONATIONS
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.			Line No.		
1	AMERICAN HEART ASSOCIATION	$3,750	36	HOME BUILDERS ASSOC. OF DE	$25
2	AMERICAN HEART ASSOCIATION-WILMINGTON HEART BALL	2,939	37	JUNIOR ACHIEVEMENT OF DEL INC	500
3	AMERICAN LUNG ASSOCIATION	600	38	KRYSTI BINGHAM CEREBAL PALSY FOUNDATION	250
4	AMERICAN RED CROSS	1,000	39	LEUKEMIA RESEARCH FOUNDATION	4,000
5	AMERICAN SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS	300	40	MINISTRY OF CARING	600
6	BETHANY BEACH VOLUNTEER FIRE COMPANY	100	41	MINQUADALE FIRE COMPANY	50
7	BLOOD BANK OF DELMARVA	1,000	42	MINQUADALE FIRE COMPANY, MINQUADALE LADIES AUXILIARY	500
8	BOYS TOWN	250	43	MOT BIG BALL MARATHON	250
9	CAESAR RODNEY ROTARY CLUB	250	44	MOT LITTLE LEAGUE	300
10	CAMDEN/WYOMING FIRE COMPANY	60	45	NATIONAL BRAIN TUMOR SOCIETY	500
11	CATHOLIC CHARITIES	1,000	46	NATIONAL WILDLIFE FEDERATION	250
12	CHRISTINA CONSERVANCY	500	47	ODESSA FIRE COMPANY	50
13	CITY OF DELAWARE CITY	1,000	48	PARTNERSHIP FOR THE DELAWARE ESTUARY	250
14	COMMITTEE OF 100	219	49	PAWS FOR LIFE, INC.	600
15	COUNTY PRIDE, INC.	500	50	PAWS FOR PEOPLE	250
16	CRANSTON HEIGHTS FIRE COMPANY	100	51	POSITIVE GROWTH ALLIANCE, INC.	1,050
17	CROHN'S & COLITIS FOUNDATION OF AMERICA	250	52	SALVATION ARMY	500
18	DELAWARE COMMISSION FOR WOMEN	500	53	SOUTHWEST INDIAN FOUNDATION	250
19	DELAWARE COMMUNITY FOUNDATION	500	54	SPECIAL OLYMPICS DELAWARE	300
20	DELAWARE FARM BUREAU	500	55	ST. JOSEPH'S INDIAN SCHOOL	200
21	DELAWARE HUMANE ASSOCIATION WILMINGTON WALK	250	56	ST. JUDE CHILDREN'S RESEARCH	500
22	DELAWARE MUSEUM OF NATURAL HISTORY	1,150	57	ST. PATRICK'S CENTER	500
23	DELAWARE STATE CHAMBER OF COMMERCE	500	58	STATE OF DELAWARE	100
24	DELAWARE STORM	250	59	SUNDAY BREAKFAST MISSION	700
25	DELAWARE TECH / SCTTC	500	60	THE CINDY FOUNDATION	450
26	DELAWARE THEATRE COMPANY	1,000	61	THE JOHNS HOPKINS SCLERODERMA CENTER	250
27	DELMARVA TEEN CHALLENGE	500	62	TOWN OF CHESAPEAKE CITY 5K	350
28	DUCKS UNLIMITED	750	63	TOWNSEND FIRE COMPANY	50
29	EVERETT THEATER	6,725	64	TRI-STATE BIRD RESCUE&RESEARCH	250
30	FAIRHILL INTERNATIONAL	1,000	65	VITAS HOSPICE	100
31	FORUM TO ADVANCE MINORITIES IN ENGINEERING	807	66	VOLUNTEER HOSE COMPANY	200
32	FRIENDS OF WEST END PARK	100	67	WOUNDED WARRIOR PROJECT	700
33	GIRL SCOUTS OF THE CHESAPEAKE	1,000	68	YWCA DELAWARE INC.	800
34	HABITAT FOR HUMANITY	300			
35	HOCKESSIN FIRE CO	50			
		$30,200			$15,625
				Total Donations for Test Year	$45,825

ARTESIAN WATER CO[illegible]Y, INC.
SOCIAL AND SERVICE CLUB DUES
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.		
1	AMERICAN COUNCIL OF ENGINEERING COMPANIES OF DELAWARE	$350
2	AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS	1,418
3	AMERICAN MANAGEMENT ASSOCIATION	225
4	AMERICAN WATER RESOURCES ASSOCIATION	145
5	AMERICAN WATER WORKS ASSOCIATION	8,130
6	ASIS INTERNATIONAL	195
7	BETHANY-FENWICK AREA CHAMBER OF COMMERCE	244
8	BETTER BUSINESS BUREAU OF DE	580
9	BETTER INVESTING	3,900
10	CENTRAL DELAWARE CHAMBER OF COMMERCE	225
11	CHRISTINA CONSERVANCY	100
12	CIVIC LEAGUE OF NEW CASTLE COUNTY	50
13	COMMITTEE OF 100	1,300
14	DELAWARE BUSINESS ROUNDTABLE	2,500
15	DELAWARE CENTER FOR HORTICULTURE	125
16	DELAWARE CONTRACTORS ASSOCIATION	728
17	DELAWARE GREENWAYS	150
18	DELAWARE LEAGUE OF LOCAL GOVERNMENTS	600
19	DELAWARE NATURE SOCIETY	250
20	DELAWARE RURAL WATER ASSOCIATION	550
21	DELAWARE SAFETY COUNCIL INC	300
22	DELAWARE SECTION OF THE AMERICAN WATER RESOURCES ASSOCIATION	340
23	DELAWARE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS	370
24	DELAWARE STATE BAR ASSOCIATION	530
25	DELAWARE STATE CHAMBER OF COMMERCE	1,360
26	DELAWAREANS FOR ENVIRONMENTAL ECONOMIC DEVELOPMENT	500
27	GREATER GEORGETOWN CHAMBER OF COMMERCE	150
		$25,314

Line No.		
28	GREATER MILLSBORO CHAMBER OF COMMERCE	$300
29	GROUNDWATER FOUNDATION	100
30	HOME BUILDERS ASSOCIATION OF DELAWARE	500
31	INSTITUTE OF MANAGEMENT ACCOUNTANTS	220
32	INTERNATIONAL WOMEN'S FORUM	150
33	ISACA - INFORMATION SYSTEMS AUDIT AND CONTROL ASSOCIATION	215
34	MIDDLETOWN AREA CHAMBER OF COMMERCE	150
35	NASDAQ STOCK MARKET LLC	35,000
36	NATIONAL ASSOCIATION OF WATER COMPANIES	36,269
37	NATIONAL ASSOCIATION OF WATER COMPANIES-DELAWARE CHAPTER	1,362
38	NATIONAL GROUND WATER ASSOCIATION	315
39	NATIONAL SAFETY COUNCIL	645
40	NEW CASTLE COUNTY CHAMBER OF COMMERCE	1,845
41	PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS	170
42	POSITIVE GROWTH ALLIANCE, INC.	250
43	PROFESSIONAL EMERGENCY RESOURCE SERVICES	210
44	RED CLAY VALLEY ASSOC INC	250
45	SIERRA CLUB	75
46	SOCIETY FOR HUMAN RESOURCE MANAGEMENT	360
47	SOCIETY OF CORPORATE SECRETARIES & GOVERNANCE PROFESSIONALS	645
48	SOUTH JERSEY WATER PROFESSIONALS ASSOCIATION	75
49	SUNGARD SHAREHOLDERS SYSTEMS	150
50	SUSSEX COUNTY ASSOCIATION OF TOWNS	250
51	WATER ENVIRONMENT FEDERATION	62
52	WATER RESEARCH FOUNDATION	15,433
53	WATER RESOURCES ASSOCIATION OF THE DELAWARE RIVER BASIN	2,500
		$97,501
	Total Costs Incurred in Test Year	$122,816

ARTESIAN WATER COMPANY, INC.
RATE CASE EXPENSES

Schedule DLV-3
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Item of Expense	Current Case	Prior Case	Reasons for Significant Change	Amortization Period
1	Legal	$600,000	$177,162	The difference in costs was	2
2	Rate of Return Study	42,816	13,291	that prior case was resolved	2
3	Rate Design/Cost of Service	50,000	86,149	through a negotiated	2
4	Depreciation Study	0	44,984	settlement and compromise	2
5	P.S.C. Charges	350,000	133,797		2
6	Printing	6,000			2
7	Compensation Study	75,000			5
8	Miscellaneous	11,000	14,750		2
9	Total	$1,134,816	$470,133		

	Rate Case	Total Expenses	Docket No.	Amortization Period	Test Year Expense	Proforma Amort
10	Current (estimated)	$1,134,816	14-	2 years		$544,908
11	Most Recent	$470,133	11-207	June 08 - May 2013	105,445	-
12	Next Most Recent	934,347	08-96	July 06 to July 08		-
13						
14	Total	$2,539,296			$105,445	$544,908
						$439,463

ARTESIAN WATER COMPANY, INC.
SUMMARY OF OPERATING TAXES
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3I
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

No.	Item	Test Year	Proforma Present	Proforma Proposed
1	Federal Income Tax- Current	0	$2,955,835	$6,042,042
2	State Income Tax- Current	0	828,418	1,693,376
3	Deferred Federal Income Tax	4,069,786	555,734	555,734
4	Deferred State Income Tax	1,137,827	155,753	155,753
5	Total	$5,207,613	$4,495,741	$8,446,906

ARTESIAN WATER COMPANY, INC.
CALCULATION OF OPERATING INCOME TAXES
FOR THE TEST YEAR AND PRO FORMA PERIODS

Schedule DLV-3J
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Operating Income Taxes		Present	Pro Forma
1	Utility Operating Income before Income Taxes		$17,126,196	$27,068,234
2	Interest Expense @ Weighted Debt	2.89%	6,405,412	6,405,412
3	Adjustments: to determine income for Delaware		$10,720,784	$20,662,822
4	Add: Book depreciation on 1973 and prior assets		$581,936	$581,936
5	Less: Tax Depr on pre 1973 assets		(11,041)	(11,041)
	Less: Amortization of Deferred ITC		1,444	1,444
6	Net income subject to state income taxes		11,312,317	21,254,355
7	DE State Income Tax Rate		8.70%	8.70%
8	Pro Forma State Income Tax at Current Rates		$984,172	$1,849,129
9	Less: Deferred State Income Tax		155,753	155,753
10	State Income Tax Currently Payable for Test Period		$828,418	$1,693,376
11	Actual State Income Tax Payable		0	
12	Pro Forma State Income Tax at Proposed Rates		$828,418	828,418
13	Pro Forma Adjustment to State Tax			$864,957
14	Net Income Subject to State Income		$11,312,317	$21,254,355
15	Pro Forma State Income Tax		984,172	1,849,129
16	Net Income Subject to Federal Income Tax		$10,328,146	$19,405,226
17	Federal Income Tax Rate		34%	34%
18	Pro Forma Federal Income Tax		$3,511,569	$6,597,777
19	Less Deferred Federal Income Tax		555,734	555,734
20	Total Pro Forma Federal Income Tax		2,955,835	6,042,042
21	Actual Tax Payable for Test Year		0	
22	Pro Forma Decrease to FIT payable under present rates		$2,955,835	
23	Pro Forma FIT Payable			2,955,835
24	Pro Forma Adjustment to Federal Income Tax			$3,086,207

ARTESIAN WATER COMPANY, INC.
DEFERRED INCOME TAXES
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-[illegible]
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.		
1	Excess Tax over Book Depreciation	$1,790,266
2	Rate of Tax	8.70%
3	Deferred State Income Tax	$155,753
4	Timing Differences for Federal Income Tax	1,634,513
5	Tax Rate	34%
6	Deferred Federal Income Tax	$555,734

ARTESIAN WATER COMPANY, INC.
UNAMORTIZED INVESTMENT TAX CREDIT
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Description	Test Year ITC	Cumulative Amortization	Unamortized Balance	Proforma Amortization	Unamortized Bal in RB
1	Production Plant	$314,121	$291,583	$22,538	$1,769	$20,769
2	Transmission and Distribution	1,330,130	752,321	577,809	12,877	564,931
3	General Plant	142,287	142,287	-	-	-
4	Total	$1,786,537	$1,186,191	$600,346	$14,646	$585,700

ARTESIAN WATER COMPANY, INC.
OTHER FEDERAL, STATE AND LOCAL TAXES
FOR THE TEST YEAR ENDED DECEMBER 31, 2013

Schedule DLV-3
D.L. Valcarenghi

PSC Min. Req. V.A.

Delaware Public Service Commission
Company: Artesian Water Company, Inc.
Docket No. _____

Line No.	Type of Tax	Test Year Total Utility	Test Year DE Jurisdiction	Test Period Total Utility	Test Period DE Jurisdiction
		N/A	N/A	N/A	N/A