November 23, 2016

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

Re: DSIC

Dear Ms. Nickerson:

Enclosed for filing with the Delaware Public Service Commission is Sussex Shores Water Company's application for the implementation of the Distribution System Improvement Charge pursuant to 26 Del. C § 314.

If you have any questions regarding this application, please do not hesitate to contact me.

Sincerely,
Sussex Shores Water Company

Christine T. Mason

Christine T. Mason
President

ENCLOSURE

STATE OF DELAWARE)
) SS
COUNTY OF Sussex)

On this 21st day of November, 2016, personally came before me, the subscriber, a Notary Public in and for the state and county aforesaid, Chrisitne T. Mason as President of Sussex Shores Water Company, known to me personally to be such or having presented to me satisfactory evidence of identity, and acknowledged this document to be her act and deed and the act and deed of such company, that the signature of such individual is in her own proper handwriting, and that the facts set forth in this application are true and correct to the best of her knowledge, information, and belief.

Christine T. Mason

Christine T. Mason

SIGNED AND SWORN
before me on this 21st day of November, 2016

Kelly Marie Sloan
Signature of Delaware Notarial Officer

SEAL

My Commission Expires:
5/30, 2017

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

TELEPHONE: (302) 736-7529
TELECOPIER: (302) 739-4849

FILING COVER SHEET

1. NAME OF APPLICANT: Sussex Shores Water Company

2. TYPE OF FILING:
   - RATE CHANGE ☒
   - FUEL ADJUSTMENT ☐
   - ADMINISTRATIVE ☐
   - CPCN ☐
   - NEW SERVICE OFFERING ☐
   - OTHER - DESCRIBE _____

   IF A TELECOMMUNICATIONS FILING, WHAT TYPE OF SERVICE IS IMPACTED?

   BASIC ____ COMPETITIVE ____ DISCRETIONARY ____

3. PROPOSED EFFECTIVE DATE: January 1, 2017

   IS EXPEDITED TREATMENT REQUESTED? YES ☒ NO ☐

4. SHORT SUMMARY OF FILING: Implement distribution system improvement charge.

5. DOES THIS FILING RELATE TO OTHER DOCKETS: YES ☐ NO ☒

   IF YES, LIST DOCKET(S) NO(S): _____

6. IS PUBLIC NOTICE REQUIRED? YES ☐ NO ☒
   IF YES, PLEASE ATTACH COPY OF PROPOSED PUBLIC NOTICE.

7. APPLICANT'S CONTACT PERSON:
   - NAME: Christine T. Mason
   - TITLE: President
   - PHONE: (302) 539-7611
   - FAX: (302) 539-0216
   - EMAIL: christine@sussexshoreswater.com
   - WEBSITE (IF APPLICABLE) _____

8. DID YOU PROVIDE A COMPLETE COPY OF THE FILING TO THE PUBLIC ADVOCATE?
   YES ☒ NO ☐ IF YES, WHEN? 11-23-16

9. FILING FEE ENCLOSED: AMOUNT: $ 100-

NOTE: House Bill 681, enacted into law 7/13/98, authorizes the Commission to recover the cost of time spent by in-house staff to process all filings initiated after the date of enactment. You may be required to reimburse the Commission for staff time.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF	)	
SUSSEX SHORES WATER COMPANY	)	
CONCERNING THE DISTRIBUTION	)	PSC DOCKET NO: _____
SYSTEM IMPROVEMENT CHARGE	)	
("DSIC") EFFECTIVE JANUARY 1, 2017	)	
PURSUANT TO 26 DEL. C § 314	)	

1. Sussex Shores Water Company ("The Company") is a Delaware public water utility, regulated by the Delaware Public Service Commission ("Commission"). The Company sells water to residential, commercial, industrial and governmental customers throughout Baltimore Hundred, Sussex County, Delaware. As of September 30, 2016, The Company served 2034 metered customers. The Company is owned by nine shareholders.
2. Pursuant to 26 Del. C. § 314 a public water utility providing water service may file with the Commission rate schedules establishing a "DSIC Rate", or distribution system improvement charge, which allows for automatic adjustment of the public water utility's basic rates and charges to provide for recovery of "DSIC Cost", or depreciation expenses and pretax return associated with eligible distribution system improvements.
3. The Company hereby applies for the establishment of a "DSIC Rate" allowing for an automatic adjustment of its basic rates and charges and providing for recovery of DSIC Cost in accordance with 26 Del. C. § 314.
4. The proposed revenue requirement for eligible DSIC capital projects is $19,198 which equates to a rate of 2.58% as presented on Schedule 1 to this application. This proposed

rate is less than the 5% maximum level, and therefore satisfies the requirements of 26 Del. C. § 314 (b)(7). The proposed 2.58% rate is expected to increase customer bills by approximately $1.75 per month over the rates currently in effect.

5. Schedule 1A, attached to this application, provides the Company's capital structure as approved in the Company's most recent general base rate case, Docket No. 07-278.
6. Schedule 1B, attached, details the amounts over or under collected in previous DSIC filings as required in Public Service Commission Order 8138, Final Regulations, Docket No. 63.
7. Schedule 2, attached , provides a listing of eligible DSIC capital projects, placed in service between May 1 ,2016 and October 31, 2016, in accordance with 26 Del. C. § 314(a)(4) and Public Service Commission Order 8138, Final Regulations, Docket No. 63.
8. Schedule 2 A, attached provides detail of changes to Net Accumulated Depreciation in relation to the DSIC eligible capital projects included in this application.
9. Schedule 3, attached, provides a draft tariff page, which reflects the proposed DSIC rate to become effective January 2017.
10. The Company has appropriate evidence that documents and supports the recovery of claimed eligible DSIC capital projects in this application.
11. The Division of Public Advocate has been served with a copy of this filing.

Whereas, in the light of the foregoing, the Company respectfully requests that Commission enter an Order, pursuant to 26 Del. C. §314, that authorizes the Company to implement a DSIC rate of 2.58% effective January 1, 2017, subject to audited results.

Respectfully Submitted,

SUSSEX SHORES WATER COMPANY

Christine T. Mason

Christine T. Mason
President
P.O. Box 170
Bethany Beach, DE 19930
Telephone: (302) 539-7611
Facsimile: (302) 539-0216

FORM 1

SCHEDULE 1: DEVELOPMENT OF RATE AND SUPPORTING DATA

	Item	5/1/2016-10/31/2016
1	Net Utility Plant Additions (Schedule 1A and Schedule 2)	$205,824
2	Net Accumulated Depreciation Reserve Change (Schedule 2A)	$5,086
3	Net Change in Rate Base (Line 1 + Line 2)	$200,738
4	Pre-Tax Rate of Return (Schedule 1A)	14.05%
5	Semi-Annual Pre-Tax Rate of Return (Line 4/ 2)	7.03%
6	Semi-Annual Investment Cost Recovery (Line 3 * Line 5)	$14,112
7	Semi-Annual Depreciation Expense (Schedule 2A)	$5,086
8	Semi-Annual DSIC/UFRC Revenue Requirement (Line 6 + Line 7)	$19,198
8A	Total Over-/Undercollection from Previous DSIC/UFRC (Schedule 1B)	$0
9	Total Semi-Annual DSIC/UFRC Revenue Requirement (Line 8 + Line 8A)	$19,198
10	Semi-Annual Projected Total Revenues (for DSIC) Semi-Annual Projected Distribution Revenues (for UFRC)	$745,000
11	Projected DSIC/UFRC Rate Increase (Line 9/Line 10)	2.58

FORM 4

SCHEDULE 2: PROJECTS PLACED INTO SERVICE AND/OR RETIRED

Utility Plant in Service 5/1/16 – 10/31/16				
Project Name	**Description**	**Project No.**	**DSIC/UFRC Amount(net of CIAC)**	**Retirement Cost**
Sussex Shores water mains/services	Replace water distribution mains and services	None	$205,824	$0
		XXXXX	$	$
		XXXXX	$	$
		XXXXX	$	$
		XXXXX	$	$
Total			$205,824	$0
Net Total			$205,824	$0

FORM 5

SCHEDULE 2A: NET ACCUMULATED DEPRECIATION

Net Additions to Plant and Depreciation Expense 5/1/16 – 10/31/16				
Account Name	**FERC/NARUC Account No.**	**Amount**	**Depreciation Rate**	**Depreciation Amount**
Mains	343	$3,284	1.33%	$44
Hydrants	348		2.00%	
Lines	XXXXX	$202,540	5.00%	$10,128
TOTAL		$205,824		$10,172
Semi-Annual Depreciation Expense				$5,086

Accumulated Depreciation Reserve Change	
Semi-Annual Depreciation Expense (above)	$5,086
Retirements (Schedule 2)	$ 0
TOTAL	$5,086

Sussex Shores Water Company
Revised Tariff Sheet
Effective January 1, ~~2016~~ 2017

Rate Schedule for Demand and Usage:

Quarterly Demand Charge

5/8 inch meter	~~$88.68~~ $90.97
3/4 inch meter	~~$104.80~~ $107.50
1 inch meter	~~$172.75~~ $177.21
1 ½ inch meter	~~$922.51~~$946.31
2 inch meter	~~$2304.54~~$2364.00

Usage Charge (per 1,000 gallons)

0-5,000	~~$3.74~~$3.84
5,001-20,000	~~$5.34~~$5.48
Over 20,000	~~$6.80~~$6.98

Fire Hydrants

Quarterly Charge	~~$132.45~~ $135.87 per hydrant

Fire Lines

Size of Meter	Quarterly Charge
1 ½"	~~$52.65~~ $54.01
2"	~~$92.75~~$95.14
3"	~~$118.25~~$121.30
4"	~~$132.86~~$136.29
6"	~~$161.44~~$165.61
10"	~~$354.76~~$363.91

Distribution System Improvement Charge (DSIC) ~~.0283 (2.83%)~~ .0258 (2.58%)