TIDEWATER
UTILITIES, INC.
A Middlesex Water Company Affiliate

November 19, 2015

Via DelaFile Submission

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

Re: **In the Matter of the Application of Tidewater Utilities, Inc. for the Approval of the Semi-Annual Adjustment to the Distribution System Improvement Charge (DSIC) Pursuant to 26 Del. C. § 314 (b) (5)**

Dear Ms. Nickerson:

Tidewater Utilities, Inc. has submitted an application for an adjustment to the Distribution System Improvement Charge pursuant to 26 Del.C. § 314 (b) (5) through the Delafile electronic system. A payment in the amount of $100 to satisfy the required filing fee was also submitted through the DelaFile system.

Please have this docketed as appropriate pursuant to the Rules.

If you have any question regarding this application, please contact me at (732) 638-7502.

Sincerely,

A. Bruce O'Connor
Treasurer

Enclosures
cc: David Bonar, Delaware Public Advocate (Electronic Delivery)
Robert Howatt (Electronic Delivery)
Connie McDowell (Electronic Delivery)

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

TELEPHONE: (302) 739-4247
TELECOPIER: (302) 739-4849

FILING COVER SHEET

1. NAME OF APPLICANT: Tidewater Utilities, Inc.

2. TYPE OF FILING:

RATE CHANGE	X
FUEL ADJUSTMENT	
ADMINISTRATIVE	
CPCN	
NEW SERVICE OFFERING	
OTHER	

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

BASIC _____ COMPETITIVE _____ DISCRETIONARY _____

3. PROPOSED EFFECTIVE DATE: January 1, 2015

IS EXPEDITED TREATMENT REQUESTED? Yes _____ NO _____

4. SHORT SYNOPSIS OF FILING Distribution System Improvement Charge

5. DOES THIS FILING RELATE TO PENDING DOCKETS: YES _____ NO X

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

6. IS PUBLIC NOTICE REQUIRED: YES _____ NO X

IF YES, PLEASE ATTACH COPY OF PROPOSED PUBLIC NOTICE.

7. APPLICANT'S CONTACT PERSON:

NAME: A. Bruce O'Connor
TITLE: Treasurer
PHONE: (732) 638-7502
FAX: (732) 218-1126
E-MAIL: aboconnor@middlesexwater.com

8. DID YOU PROVIDE A COMPLETE COPY OF THE FILING TO THE PUBLIC ADVOCATE?

YES X NO _____ IF YES, WHEN? By electronic mail (November 19, 2015)

9. FILING FEE ENCLOSED: AMOUNT: $100.00

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 TIDEWATER UTILITIES, INC. FOR THE APPROVAL OF THE SEMI-ANNUAL ADJUSTMENT TO THE DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") EFFECTIVE JANUARY 1, 2016 PURSUANT TO DEL. C. § 314 (b) (5)	:	Docket No. 15-____

Tidewater Utilities, Inc. ("Tidewater") a public water utility, regulated by the Delaware Public Service Commission ("Commission"), hereby petitions the Commission pursuant to 26 Del. C. § 314 (b) (5), for permission to reset its Distribution System Improvement Charge ("DSIC") effective January 1, 2016, which is no less than thirty (30) days from the date of this Application.

1. On May 21, 2015, Tidewater filed for permission to reset its DSIC rate for the automatic adjustment of its basic rates and charges and providing for recovery of associated costs in accordance with 26 Del. C. § 314 effective July 1, 2015. Tidewater's application to reset the DSIC rate to 0.37% received Commission approval on June 2, 2015, by Order No. 8747, PSC Docket No. 15-1000.

2. On November 14, 2014, Tidewater filed for permission to reset its DSIC rate for the automatic adjustment of its basic rates and charges and providing for recovery of associated costs in accordance with 26 Del. C. § 314 effective January 1, 2014. Tidewater's application to reset the DSIC rate to 0.31% received Commission approval on December 16, 2014, by Order No. 8691, PSC Docket No. 15-0525.

3. Pursuant to 26 Del. C. § 314 (b) (5) Tidewater hereby requests Commission permission to reset its DSIC rate. The aforementioned section states that the DSIC rate shall be adjusted semi-annually for eligible distribution system improvements placed in service during the six month period ending two months prior to the effective date of changes in the DSIC rate. In this filing, Tidewater has included improvements placed in service for the six month period May 1, 2015 through October 31, 2015.

4. Attached are Schedules No. 1, 1A and No. 2, which supports the development of the DSIC rate.

5. Also attached hereto as Schedule No. 3 is a draft Tariff Schedule of Rates, which reflects the proposed reset to the DSIC rate as January 1, 2016, arising in this Petition.

6. The proposed Tidewater customer rate adjustment, reflected by this application, is 1.06% and is expected to result in additional revenues of approximately $148,535. The requested rate reset is less than a 5% increase in current rates of Tidewater customers and, as such, satisfies the requirements of 26 Del. C. § 314 (b) (7). Customers will be notified of this change with a statement that shall be printed on the first bill following the effective date of this change. The statement will indicate that the DSIC rate is 1.06% effective January 1, 2016.

7. Tidewater is prepared to provide the Commission with all reasonable information requested by the Commission with respect to this filing.

8. The utility contact person responsible for this Application is the signatory shown below.

9. The Division of Public Advocate has been served with a copy of this filing.

WHEREFORE, in light of the foregoing, Tidewater respectfully requests that the Commission enter an Order, pursuant to 26 Del. C. § 314 (b) (5), approving a semi-annual rate adjustment to the Distribution System Improvement Charge.

Respectfully Submitted,

TIDEWATER UTILITIES, INC.

A. Bruce O'Connor
Treasurer
C/O Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08830-3020
Telephone: 732-638-7502
Facsimile: 732-218-1126
E-mail: aboconnor@middlesexwater.com

Date: November 19, 2015

Tidewater Utilities, Inc.
November 2015 DSIC Application to the PSC

Schedule 1: Development Of Rate And Supporting Data

		PSC Docket No. 14-0525 07/01/14 to 10/31/14	PSC Docket No. 15-1000 11/01/14 to 04/30/15	Current Filing 05/01/15 to 10/31/15	Current Filing DSIC Total
1	Net Utility Plant Additions (Schedule 2 and Schedule 2A)	$ 321,189	$ 353,454	$ 1,284,391	$ 1,959,033
2	Net Accumulated Depreciation Reserve Change (Schedule 2A)	43,432	41,481	(9,521)	75,392
3	Net Change in Rate Base (Sum of Lines 1 and 2)	$ 364,621	$ 394,935	$ 1,274,870	$ 2,034,426
4	Pre-Tax Rate of Return (Schedule 1A)	13.18%	13.18%	13.18%	13.18%
5	Semi-Annual Pre-Tax Rate of Return (Line 4 divided by 2)	6.59%	6.59%	6.59%	6.59%
6	Semi-Annual Investment Cost Recovery (Line 3 multiplied by Line 5)	$ 24,029	$ 26,026	$ 84,014	$ 134,069
7	Semi-Annual Depreciation Expense (Schedule 2A)	$ 2,368	$ 2,577	$ 9,521	$ 14,466
8	Semi-Annual DSIC Revenue Requirement (Sum of Lines 6 and 7)	$ 26,397	$ 28,603	$ 93,535	$ 148,535
8A	(Over)/Under Collected DSIC Revenue (PSC Docket No. 12-525, Schedule 1B)	10,294			
9	Total Semi-Annual DSIC Revenue Requirement (Sum of Lines 8 and 8A)	$ 36,691			
10	Semi-Annual Projected Water Service Revenues (1/1/16-6/30/16)				14,025,000
11	Projected DSIC Rate Increase Percentage (Line 8 divided by Line 10)				1.06%
12	Maximum limitation in a twelve month period				5.00%
13	Overall limitation				7.50%

Tidewater Utilities, Inc.
November 2015 DSIC Application to the PSC

Schedule 1A: Capital Structure Approved In Most Recent General/Base Rate Case

Capital Structure Utilized for Rate Setting in Order No. 8611, PSC Docket No. 13-466

	%	Cost	Weighted Cost	Revenue Multiplier	Pre-Tax Cost
Cost of Debt	49.04%	6.01%	2.95%	1.664525	4.91%
Common Equity	50.96%	9.75%	4.97%	1.664525	8.27%
	100.00%		7.92%		13.18%

Tidewater Utilities, Inc.
November 2015 DSIC Application to the PSC

Schedule 2: Projects Placed Into Service And/Or Retired

Utility Plant In Service from May 1, 2015 to October 31, 2015

Project Name	Description of Project	TUI Account #	Amount Applied for DSIC	Retirement Costs
1. Plantation Road Main	Installation of new water main on Postal Lane in conjunction with Plantation Road DelDOT project.	214-310	$ 159,679	
2. Rt. 26 Water Main	Installation of new water main on Rt. 26 in conjuction with DelDOT Widening project.	206-334	$ 1,124,712	
	Total		$ 1,284,391	$ -
	Net Total		$ 1,284,391	

Tidewater Utilities, Inc.
November 2015 DSIC Application to the PSC

Schedule 2A: Net Accumulated Depreciation

Utility Plant In Service from May 1, 2015 to October 31, 2015
Net Additions to Plant and Depreciation Expense

	NARUC A/C #	Amount	Depreciation Rate	Depreciation Amount
Wells & Springs	314	$ -	2.37%	$ -
Pumping Structures & Improvements	321	-	3.12%	-
Electric Pumping Equipment	325	-	3.17%	-
Water Treatment Equipment	332	-	2.89%	-
Storage Facilities	342	-	1.61%	-
Mains	343	1,186,603	1.43%	16,968
Services	345	16,736	2.12%	355
Hydrants	348	81,052	2.12%	1,718
Total		$ 1,284,391 (1)		$ 19,041
Semi-Annual Depreciation Expense				$ 9,521

(1) - Net of associated retirements. See Schedule 2.

Accumulated Depreciation Reserve Change

Semi-Annual Depreciation Expense (above)	$ (9,521)
Retirements (See Schedule 2)	-
Total	$ (9,521)

Schedule 3

TIDEWATER UTILITIES, INC.
P.S.C. DEL. NO. 6
TWENTY-THIRD~~SECOND~~ REVISED PAGE NO. 25
CANCELING
TWENTY-SECOND~~FIRST~~ REVISED PAGE NO. 25
NOVEMBER~~MAY~~ 19~~21~~, 2015
EFFECTIVE DATE: JANUARY~~ULY~~ 1, 2016~~5~~

7. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE:

In addition to the net charges provided for in items 1. and 2. of this Tariff Schedule of Rates, a charge of 1~~0~~.06~~37~~% will apply to all charges for bills rendered on or after January~~uly~~ 1, 2016~~5~~.

The above charge will be recomputed semi-annually, using the elements prescribed by Section 314 of Title 26 of the Delaware Code.

8. BULK WATER CONTRACT SALES

a) Ocean View – Under contract, the Town of Ocean View is charged $4.8024 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Town of Ocean View water distribution system.

b) Dover Air Force Base – Off Base Housing – Under contract, Dover Air Force Base Housing – Eagle Meadows/Heights is charged $12.2609 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Eagles Heights and Eagle Meadows Housing subdivision water distribution systems.

c) Southern Shores – Under contract, Southern Shores Water Company is charged $5.6116 per thousand gallons of consumption registered through the meter(s) at the interconnection with Southern Shores water distribution systems.

Schedule 3