

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF)
ARTESIAN WATER COMPANY, INC., FOR AN) PSC DOCKET NO. 04-42
INCREASE IN WATER RATES)
(FILED FEBRUARY 5, 2004))

ORDER NO. 6468

AND NOW, to-wit, this 31st day of August, 2004;

WHEREAS, Artesian Water Company, Inc. ("the Company" or "Artesian") having, on February 5, 2004, filed with the Commission a revised rate tariff designed to produce approximately \$8,800,000 in additional annual revenues by increasing its water service rates by approximately 24.22%; and

WHEREAS, the Commission, in PSC Order No. 6378 (March 16, 2004), having reviewed the application for increased rates, and having determined that such proposed rate and tariff changes should, pursuant to the authority granted to the Commission by *26 Del. C. § 306(a)(1)*, be suspended pending full and complete evidentiary hearings into the justness and reasonableness of the proposed new rates and tariff alterations; and

WHEREAS, Artesian having, on April 6, 2004, put into effect rates under bond (and subject to refund) to allow the Company to collect, pending a final decision, a revenue increase which does not exceed \$2,500,000, as specifically permitted by *26 Del. C. § 306(c)* and subject to the conditions accepted in PSC Order No. 6390 (Apr. 6, 2004); and

WHEREAS, seven months having now lapsed from the date of the filing of the Company's rate filing; and

WHEREAS, Artesian having, on August 24, 2004, submitted a petition to increase by 8.1% the rates allowed under bond, as now permitted by the provisions of *26 Del. C. § 306(b)*, with such increased bonded rates to be subject to the same conditions as set forth in PSC Order No. 6390 (Apr. 6, 2004); and

WHEREAS, it appearing that the bonded rates proposed by the petition of August 24, 2004 will result in total additional revenue to Artesian equivalent to 15% of Artesian's annual gross intrastate operating revenues; thus not exceeding the 15% ceiling set forth in section 306(b); and

WHEREAS, the Commission having reviewed the August 24, 2004 petition of Artesian Water Company, Inc., to put increased rates into effect under bond and the supporting information demonstrating that the proposed increase is within the limitations established by *26 Del. C. § 306(b)* and otherwise complies therewith for the collection of rates under bond;

Now, therefore, **IT IS ORDERED**:

1. That the Commission finds, pursuant to *26 Del. C. § 306(b)*, that Artesian Water Company, Inc., has the statutory right, after the expiration of seven months from the filing of its rate increase application, to place into effect temporary rates, subject to refund, so long as such temporary rates do not exceed fifteen percent (15%) of the Company's annual gross intrastate operating revenues and provided that the Commission approves as reasonable the amount of the bond and the surety thereon.

2. That the Commission hereby continues in force the rate refunding bond, without surety, previously filed by Artesian Water Company, Inc., in the principal amount of Two Million Five Hundred Thousand Dollars (\$2,500,000), and earlier approved in PSC Order no. 6390

(Apr. 6, 2004). Such rate refunding bond shall further guarantee the repayment of the increased interim rates now to be collected pursuant to 26 Del. C. § 306(b). The Commission reserves the right to subsequently increase the principal amount of the rate refunding bond, or require surety on any such amount, if the proceedings in this matter are not concluded under the present procedural schedule.

3. That the proposed temporary rates set forth above in the tariff sheets filed by Artesian Water Company, Inc., on August 24, 2004, are reasonably designed to produce, on an annual basis, less than fifteen percent (15%) of the gross annual intrastate operating revenues of Artesian Water Company, Inc., and may, therefore, be placed into effect on September 7, 2004, under 26 Del. C. § 306(b), subject to any refund as the Commission may hereafter Order.

4. 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:

/s/ Arnetta McRae
Chair

/s/ Joshua M. Twilley
Vice Chair

/s/ Donald J. Puglisi
Commissioner

/s/ Jaymes B. Lester
Commissioner

PSC Docket No. 04-42, Order No. 6468 Cont'd.

/s/ Joann T. Conaway
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary