

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

IN THE MATTER OF THE APPLICATION OF )  
TIDEWATER UTILITIES, INC., FOR APPROVAL )  
TO ESTABLISH A DISTRIBUTION SYSTEM ) PSC DOCKET NO. 03-506  
IMPROVEMENT CHARGE UNDER THE PROVISIONS )  
OF 26 DEL. C. § 314 TO BE EFFECTIVE )  
JANUARY 1, 2004 (FILED NOVEMBER 24, 2003) )

**ORDER NO. 6561**

This 25<sup>TH</sup> day of January, 2005, the Commission determines and Orders the following:

1. In January 2004, Tidewater Utilities, Inc. ("Tidewater"), adjusted its Distribution System Improvement Charge ("DSIC") rate. See 26 Del. C. § 314 (2004 Supp.). The Commission allowed such adjustment to go into effect, reserving further scrutiny of the revised charge until the time of the year-end reconciliation process required by 26 Del. C. § 314(b)(8) (2004 Supp.). See PSC Order No. 6318 (Dec. 9, 2003). This DSIC rate terminated on June 25, 2004, when Tidewater, after filing for a general rate increase, put a portion of its new proposed general rates into effect under bond. See 26 Del. C. § 314(b)(9) (DSIC rate shall be reset to zero as of the effective date of new base rates that provide for the prospective recovery of the annual costs theretofore recovered under the DSIC rate).

2. Staff has now submitted the results of its year-end review and audit of the January 2004 adjustment and its reconciliation of revenues for the portion of the 2004 year during which such DSIC rate was in effect. Staff reports that the improvements underlying the January 2004 DSIC adjustment were indeed "eligible" ones and that the

components of that rate adjustment had been appropriately calculated. Staff also reports that the DSIC revenues received by Tidewater during the year 2004 did not exceed the revenue amount determined by the DSIC calculation.

3. Neither Tidewater nor the Division of the Public Advocate contests Staff's findings. Tidewater has waived the recovery of any under-collections in revenues for the period in 2004 during which the DSIC rate was in effect.

4. In light of Staff's report, the Commission now confirms the 2003 DSIC rate adjustments made by Tidewater.

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

1. That the Distribution System Improvement Charge rate allowed to go into effect by PSC Order No. 6318 (Dec. 9, 2003) is now confirmed.

2. That no "under-collections" under the reconciliation process of 26 Del. C. § 314(b)(8) for the year 2004 shall be carried forward to any future Distribution System Improvement Charge rate and no such "under-collections" were made a part of the general rate increase approved by PSC Order No. 6494 (Oct. 19, 2004).

3. 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

PSC Docket No. 03-506, Order No. 6561 Cont'd.

/s/ Joshua M. Twilley  
Vice Chair

/s/ Joann T. Conaway  
Commissioner

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Commissioner

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Commissioner

ATTEST:

/s/ Norma J. Sherwood  
Acting Secretary