

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

IN THE MATTER OF THE APPLICATION OF )  
TIDEWATER UTILITIES, INC., TO )  
IMPOSE, UNDER 75 DEL. LAWS. CH. 142 )  
§ 5 (2005), AN ASSESSMENT ADJUSTMENT ) PSC DOCKET NO. 05-330  
CHARGE TO REFLECT THE INCREASE IN THE )  
ASSESSMENT RATE IMPOSED BY 26 DEL. C. )  
§ 115 (FILED SEPTEMBER 13, 2005) )

**ORDER NO. 6722**

This 20<sup>th</sup> day of September, 2005, the Commission determines and Orders the following:

1. As the Commission has explained (in somewhat greater detail) in PSC Order No. 6700 (Aug. 23, 2005), in July 2005, the General Assembly and Governor increased the assessment factor used in calculating the annual assessment that is paid by public utilities and retail electric suppliers. The factor has now moved from 2 mills (.002) to 3 mills (.003).<sup>1</sup>

2. On September 13, 2005, Tidewater Utilities, Inc. ("Tidewater"), filed an application seeking approval to implement a separate line item charge to recover the incremental costs it will incur due to this 1 mill increase in the assessment factor.<sup>2</sup> Under Tidewater's proposal, it will assess a monthly charge in an amount

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<sup>1</sup>See 75 Del. Laws ch. 142 § 1 (July 12, 2005), changing the assessment factor in 26 Del. C. § 115(d) from 2 mills to 3 mills. The assessment factor is multiplied against the utility's or supplier's prior calendar year gross revenues to determine the monetary assessment due to be paid.

<sup>2</sup>The July 2005 law specifically allows utilities and retail electric suppliers to recover the incremental costs resulting from the increased assessment factor and allows those entities to use a separate charge on subscribers' bills as the vehicle to do so. See 75 Del. Laws ch. 142 § 5 (2005).

equal to .004805 of the subscriber's monthly charges for regulated water services. That factor will prevail until January 1, 2006. On that date, Tidewater proposes, the line charge factor will revert to .001, representing the 1 mill increase in the assessment factor. Eventually, Tidewater says the additional assessment costs will be rolled into its regular rates (which already recover 2 mills of the assessment factor).

3. The particular line charge factor (.004805) proposed by Tidewater is greater than the 1 mill increase because Tidewater proposes to collect in the period from October 1 through December 31, 2005, the increased costs resulting from applying the 3 mill factor to Tidewater's gross revenues for the entire 2005 year.<sup>3</sup>

4. The Staff recommends approval of the separate line charge to prevail until January 1, 2006 and approval to reset the line charge factor to .001 on January 1, 2006.

5. The statutory directive in the July 2005 enactment is for the Commission to act promptly in reviewing Tidewater's proposal and allow the necessary rate adjustment to go into effect as promptly as reasonably practicable. Based on Staff's recommendation, the Commission now approves Tidewater's line charge proposal and the .004805 line charge factor. The line charge factor shall govern until January 1, 2006 and then will be reset to .001.

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<sup>3</sup>See PSC Order No. 6700 at ¶ 4 (explaining how the increased assessment factor, enacted in July 2005, will be applied to a utility's gross revenues for the entire 2005 year).



PSC Docket No. 05-330, Order No. 6722 Cont'd.

/s/ Joann T. Conaway  
Commissioner

/s/ Dallas Winslow  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

ATTEST:

/s/ Karen J. Nickerson  
Secretary