

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

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

IN THE MATTER OF THE APPLICATION OF)
ARTESIAN WATER COMPANY, INC., FOR) PSC DOCKET NO. 05-293
EXPEDITED RATE CHANGE FOR PURCHASED)
WATER COSTS (FILED AUGUST 16, 2005))

ORDER NO. 6728

AND NOW, this 20th day of September, 2005:

WHEREAS, on April 5, 2005, the Delaware Public Service Commission (the "Commission") met at its regularly-scheduled meeting to hear oral argument and deliberate on the Hearing Examiner's Findings and Recommendations in PSC Docket No. 04-42; and

WHEREAS, in Order No. 6681 dated July 19, 2005, in light of the recent amendment to Section 102(3) of the Public Utilities Act of 1974 regarding the treatment of alternative minimum tax ("AMT") in rate base, the Commission determined to remand the AMT issue, as well as the issue regarding the "truing-up" of rate base, to the Hearing Examiner for further hearings as may be necessary to have a full and complete record concerning the AMT issue and the actual amount of rate base as of the end of the test period, and directed him to file a report and recommendations with the Commission; and

WHEREAS, on or about August 15, 2005, Artesian Water Company, Inc. "(Artesian" or "the Company") filed with the Commission a petition (the "Petition") to place into effect increased rates

resulting from its purchased water contracts with the Chester Water Authority and the City of Wilmington, both of which entities increased their rates effective July 1, 2005;

WHEREAS, the Commission believes that it would be more efficient for the Petition to be consolidated with the already-pending remand of the AMT and rate base "true-up" issues in this docket than to open a separate docket for the consideration of the issues raised in the Petition; and

WHEREAS, the Commission has determined to permit the proposed pass-through of purchased water costs as set forth in the Petition to become effective for usage on or after October 1, 2005, on a temporary basis, subject to "true-up" and refund, until completion of the evidentiary proceedings already scheduled in this matter; now, therefore,

IT IS HEREBY ORDERED:

1. That the Petition is hereby consolidated into Docket No. 04-42 and the issues raised therein will be considered on the same procedural schedule that the Hearing Examiner has already approved for the consideration of the AMT and rate base "true-up" issues.

2. That October 1, 2005, shall be used as the effective date for determining the appropriate amount of additional purchased water costs to be included in calculating the final base rates for Artesian Water Company, Inc.

3. That the Commission reserves the jurisdiction and authority to enter such other or further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

Vice Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Acting Secretary