

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
YMG CORPORATION (THE PLANTATIONS) FOR)
APPROVAL OF RATES TO GOVERN THE PRO-) PSC DOCKET NO. 05-68WW
VISION OF WASTEWATER SERVICES IN)
DELAWARE (FILED FEBRUARY 24, 2005))

ORDER NO. 6755

This 25th day of October, 2005, the Commission determines and Orders the following:

1. YMG Corporation ("YMG") operates a wastewater system serving approximately 600 customers in the several "The Plantations" developments west of Lewes in Sussex County. As a "pre-existing" wastewater utility, YMG obtained a Certificate of Public Convenience and Necessity to continue to operate as a now-regulated public wastewater utility. See PSC Order No. 6580 (Feb. 22, 2005).¹ YMG also filed, for Commission approval, a schedule of its current rates.²

2. By earlier Order and notices, the Commission sought comments about YMG's current rates, the quality of its services, and other terms and conditions surrounding its services. The Commission solicited such comments both by general newspaper notice and direct notice to YMG's then current subscribers.³ The notices indicated that,

¹See 26 Del. C. § 203D(a)(2) (2004 Supp.) (certification of wastewater utilities operating on June 7, 2004).

²See 26 Del. C. §§ 203D(a)(2), 301(c) (2004 Supp.). YMG's current rates include a \$96 per quarter charge (\$384 per year); an initial "front-end" charge of \$975; and a "transfer" fee of \$150. YMG also charges a \$10 late fee on amounts unpaid after 30 days and a "returned check" charge of \$25.

³See PSC Order No. 6583 (Mar. 8, 2005).

in the absence of comments, the Commission might follow Staff's preliminary recommendation and approve YMG's current rates as reasonable. Several customers of YMG filed comments. In part, those comments focused on a rate increase implemented by YMG that had raised its rates beyond the charges in effect in July 2004. Realizing that such a rate increase could not be implemented without Commission approval,⁴ YMG thereafter rescinded the rate increase. It notified all its customers of such action and credited (or refunded) all excess amounts collected under such earlier rate increase. In addition, the President of The Plantations East Homeowners' Association submitted a letter stating that YMG had provided satisfactory wastewater services. While the President did not object to YMG's current rates, he did express concern about the trend of increasing rates, moving from \$66 per quarter in 2000 to the current charge of \$96 per quarter.⁵

3. The Commission Staff has filed a memorandum recommending approval of YMG's scheduled rates and its proposed tariff.⁶ However, the Staff also recommends that YMG be directed to comply with certain conditions.

⁴See 26 Del. C. § 301(c) (2004 Supp.).

⁵Another customer, while choosing not to comment on the current rates or to participate in this proceeding, asked to be informed of future rate increases.

⁶In contrast to the methodology used in judging the reasonableness of rates charged by other small wastewater utilities, in this instance, Staff utilized the traditional "cost of service/rate base-rate of return" methodology in its scrutiny of YMG's current rates. After developing an original cost rate base from costing data supplied by YMG, Staff determined that YMG's current rates would provide the opportunity for the utility to earn a return of 9.75% on its present rate base.

4. Based on Staff's investigation and its recommendations, and after considering the content of the comments submitted, the Commission now approves the schedule of rates proffered by YMG as well as its proposed tariff. In doing so, the Commission specifically directs YMG to comply with the conditions set forth in Staff's memorandum dated October 18, 2005.

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

1. That, pursuant to the provisions of 26 Del. C. § 301(c) (2004 Supp.), the rates set forth in YMG Corporation's schedule of rates are hereby found to be just and reasonable and are hereby approved.

2. That, pursuant to the provisions of 26 Del. C. § 301(c) (2004 Supp.), the proposed draft tariff filed by YMG Corporation, is approved as the tariff for such public wastewater utility. Within ten days of this Order, YMG Corporation shall file a formal tariff incorporating the rates approved in Ordering paragraph 1. Such tariff shall forthwith govern the terms, conditions, and rates for wastewater services provided by YMG Corporation. Such tariff and rates shall be changed or modified only in accordance with the provisions of 26 Del. C. ch. 1 and any implementing rules of the Commission.

3. That the approvals granted in Ordering paragraphs 1 and 2 are specifically conditioned on YMG Corporation complying with the conditions expressed in Staff's memorandum dated October 18, 2005. YMG Corporation is hereby directed:

(a) to submit an annual report to the Commission;

- (b) to report any major changes in its operations to the Commission within 30 days of such changes;
- (c) to comply with the requirements set forth in the "Minimum Standards Governing Service Provided by Public Wastewater Companies," and other Orders that the Commission may direct from time to time;
- (d) to implement the NARUC system of accounts for the calendar year 2006 and thereafter
- (e) to develop and maintain property and plant records indicating its service area and the original cost and year of installation by account (as prescribed by the NARUC system of accounts) of its plant (including additions and retirements); and
- (f) to file with the Commission a copy of the plant and property record as required by Ordering Paragraph 3(e) by December 31, 2006.

4. 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

PSC Docket No. 05-68WW, Order No. 6755 Cont'd.

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary