

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

IN THE MATTER OF THE APPLICATION OF)
TIDEWATER UTILITIES, INC., FOR AN) PSC DOCKET NO. 06-145
INCREASE IN WATER RATES)
(FILED APRIL 28, 2006))

ORDER NO. 6946

AND NOW, to-wit, this 20th day of June, 2006;

WHEREAS, Tidewater Utilities, Inc. ("the Company"), having, on April 28, 2006, filed with the Commission an application for an increase in rates designed to produce approximately \$5,495,350 in additional annual revenue by increasing its water service rates by approximately 38.58%; and

WHEREAS, the Commission, in PSC Order No. 6922 (May 23, 2006), 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, the Company having, on June 2, 2006, filed with the Commission an amended request to place temporary rates under bond and revised tariff leaves carrying an effective date of June 27, 2006, establishing rates as permitted by 26 Del. C. § 306(c) to enable the Company to collect under bond, and subject to refund, an annual revenue increase of approximately \$2,045,709 which does not exceed 15% of the public utility's annual gross intrastate operating revenues or \$2,500,000, whichever is less; and

WHEREAS, the Commission having reviewed the request of the Company to put rates into effect under bond and the supporting information demonstrating that the proposed increase is within the limitations established by 26 Del. C. § 306(c) 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(c), that Tidewater Utilities, Inc., has the statutory right, on and after the expiration of sixty (60) days 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 the lesser of fifteen percent (15%) of the Company's annual gross intrastate operating revenues or Two and a Half Million Dollars (\$2,500,000), and provided that the Commission approves as reasonable the amount of the bond and the surety thereon.

2. That the Commission hereby approves as reasonable the form of rate refunding bond attached to the amended application filed by Tidewater Utilities, Inc. on June 2, 2006, in the principal amount of One Million, Five Hundred Seventy-Five Thousand Dollars (\$1,575,000), and further waives the requirement for a surety on such rate refunding bond to further guarantee the repayment of the interim rates collected pursuant to 26 Del. C. § 306(c). A duly executed rate refunding bond without surety shall be filed prior to June 27, 2006.

3. That the proposed temporary rates set forth above in the amended application and revised tariff leaves filed by Tidewater Utilities, Inc., on June 2, 2006, are reasonably designed to produce, on an annual basis, less than Two and a Half Million Dollars (\$2,500,000) and less than fifteen percent (15%) of the gross annual intrastate

operating revenues of Tidewater Utilities, Inc., and may, therefore, be placed into effect on June 27, 2006, under 26 Del. C. § 306(c), 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/ Joann T. Conaway
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary