

pursuant to law, and only then to the extent such further Commission Order or such law may permit or allow.

2. That, pursuant to the requirements of 26 Del. C. §§ 102A and 304, United Water Delaware Inc. shall give public notice of its application for increased rates and tariff revisions by causing the publication of the notice hereto attached as Exhibit "A" in The News Journal newspaper, in two-column format, outlined in black, on June 27 and 30, 2006. United Water Delaware Inc. shall file proof of such publication with the Commission as soon thereafter as is reasonably practicable, but prior to the date set for any evidentiary hearing in this docket.

3. That, pursuant to the terms of 26 Del. C. § 502 and 29 Del. C. ch. 101, Ruth A. Price is designated as Hearing Examiner for this matter. Hearing Examiner Price shall schedule and conduct such evidentiary hearings as may be necessary or appropriate to construct a full and complete evidentiary record concerning the justness and reasonableness of the proposed increased rates and tariff revisions. Hearing Examiner Price shall thereafter file a Report with her proposed findings and conclusions and her recommendations. Hearing Examiner Price is specifically delegated the authority to grant or deny petitions seeking leave to intervene. In addition, Hearing Examiner Price is delegated the authority, under 26 Del. C. § 102A, to determine the form and manner of any further public notice concerning this docket. James McC. Geddes, Esquire, is designated Rate Counsel for this matter. United Water Delaware Inc. is hereby placed on notice that the cost of the proceeding will be charged to it under the provisions of 26 Del. C. § 114(b)(1).

4. 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

/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

E X H I B I T "A"

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF UNITED WATER DELAWARE INC. FOR) PSC DOCKET NO. 06-174
AN INCREASE IN WATER RATES)
(FILED MAY 26, 2006))

P U B L I C N O T I C E

**TO: ALL CUSTOMERS OF UNITED WATER DELAWARE INC.,
AND OTHER INTERESTED PERSONS**

On May 26, 2006, United Water Delaware Inc. ("UWD" or "the Company") filed with the Delaware Public Service Commission (the "Commission") an application for an increase in water service rates and to make several changes to the Rules and Regulations in its Tariff. The rates proposed in the application are designed to produce additional annual base-rate revenues to the Company of approximately \$5,866,240. Such amount includes approximately \$800,000 of surcharge amounts currently being collected by UWD that would be included in the new base rates. With this transfer of present surcharge amounts, the base rate increases being proposed will have a net effect of raising the Company's revenues and customers' bills by approximately 24%.

The following is a comparison of the present and proposed rates:

WATER CHARGE
Rate Per 1,000 gallons

<u>RATE</u>	<u>OLD RATE</u>	<u>NEW</u>
<u>RESIDENTIAL:</u>		
0-5000	\$2.480	\$2.9192
5,001-20,000.....	\$2.642	\$3.6344
Over 20,000.....	\$3.077	\$5.4516
COMMERCIAL		
All Consumption.....	\$2.171	\$3.0778
INDUSTRIAL		
0-1,400,000.....	\$2.071	\$2.6469
Over 1,400,000.....	\$1.545	\$1.9959
PUBLIC AUTHORITY		
All Consumption.....	\$1.937	\$2.9774
SALES FOR RESALE		
All Consumption.....	\$1.750	\$2.5476

CUSTOMER SERVICE CHARGE

<u>Meter Size</u>	<u>MONTHLY</u>		<u>QUARTERLY</u>	
	<u>Old Rate</u>	<u>New Rate</u>	<u>Old Rate</u>	<u>New Rate</u>
5/8"	\$ 8.25	\$ 10.18	\$ 24.75	\$ 30.54
3/4"	9.90	12.23	29.70	36.69
1"	12.80	16.62	38.40	49.85
1-1/4"	15.63	18.65	46.89	55.95
1-1/2"	18.45	24.54	55.35	73.62
2"	28.22	35.38	84.66	106.14
3"	97.52	51.87	292.56	155.61
4"	124.07	79.20	372.21	237.60
6"	186.11	145.93	558.33	437.78
8"	257.01	224.43	771.03	673.30
10"	319.05	314.43	957.15	943.28

PUBLIC FIRE HYDRANT READY TO SERVE CHARGE

<u>Meter Size</u>	<u>MONTHLY</u>		<u>QUARTERLY</u>	
	<u>Old Rate</u>	<u>New Rate</u>	<u>Old Rate</u>	<u>New Rate</u>
5/8"	\$ 2.08	\$ 2.58	\$ 6.24	\$ 7.75
3/4"	3.11	3.86	9.33	11.59
1"	5.19	6.45	15.57	19.35
1-1/4"	7.80	9.69	23.40	29.08
1-1/2"	10.38	12.90	31.14	38.70
2"	16.63	20.67	49.89	62.00
3"	31.18	38.75	93.54	116.25
4"	51.97	64.59	155.94	193.76
6"	103.98	129.22	311.94	387.66
8"	166.37	206.75	499.11	620.26
10"	239.17	297.23	717.51	891.68

PRIVATE FIRE PROTECTION

	<u>MONTHLY</u>	
	<u>Old Rate</u>	<u>New Rate</u>
1-1/2" service line	\$ 5.68	\$ 7.53
2" service line	23.59	31.27
4" service line	37.73	50.01
6" service line	94.28	124.97
8" service line	169.62	224.83
10" service line	263.95	349.87
12" service line	377.04	499.77

Charge per private hydrant

Maintained by Company	\$ 113.18	\$ 150.02
Maintained by Customer	94.28	124.97

UWD also proposes to amend its Tariff to make textual changes and add certain new rules and regulations in its Tariff. Under such proposed changes:

- (1) property owners will be liable for all water service and account balances provided to properties they own;

- (2) the Company will be empowered to require cross-connect controls to eliminate or modify backflow and contamination;
- (3) certain administrative fees and charges will increase;
- (4) customers will be liable to reimburse the Company for damage to meters due to negligence; and
- (5) the Company will implement the contributions in-aid-of construction requirements imposed by the Rules adopted by the Commission in PSC Order No. 6873 (Mar. 14, 2006).

Pursuant to 26 Del. C. § 306(a)(1), the Commission has suspended the effectiveness of the proposed new rates and the proposed tariff and rule revisions pending further investigation and public evidentiary hearings. Those hearings will be held at a later date after further public notice. However, the utility is expected to exercise its right under 26 Del. C. § 306(c) and place a portion of the proposed rate increase into effect, under bond and subject to refund, sixty (60) days after the May 26, 2006 filing date.

The Commission will make its final decision on this matter on the basis of the evidence of record taken at the public evidentiary hearings. The Commission may approve or reject, in whole or in part, the proposed rate increases and tariff revisions and may approve a different method for allocating among rate classes any allowed increase in revenues.

Any person wishing to participate as a party in this docket (PSC Docket No. 06-174) should file for leave to intervene in accordance with

Rule 21 of the Commission Rules of Practice and Procedure. Such petitions should be filed on or before Friday, July 21, 2006 at the address listed below:

Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building
Suite 100
Dover, Delaware 19904

Petitions filed thereafter will not be considered except for good cause shown.

Customers and other interested persons are urged to review the application and supporting materials. Copies of the application are available for public inspection during normal business hours in the Commission's Dover office at the address listed above or on the Commission's website at <http://www.state.de.us/delpsc/water.shtml>. Copies may also be reviewed, by appointment, at the office of the Division of the Public Advocate located on the Fourth Floor of the Carvel State Office Building, 820 North French Street, Wilmington, Delaware 19801. Please call (302) 577-5077 to arrange for a time to review the documents at such location.

Any disabled individual who wishes to participate in, or to review, these proceedings should contact the Commission to discuss any auxiliary aids or services needed to facilitate such review or participation. For inquiries, the Commission's toll-free telephone number (in Delaware) is 1-800-282-8574. Any person may also contact the Commission Staff at (302) 739-4247 or by Text Telephone at (302) 739-4333. Inquiries can also be sent by Internet e-mail to william.schaffer@state.de.us.