

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

IN THE MATTER OF THE APPLICATION OF )  
ARTESIAN WATER COMPANY, INC., FOR AN ) PSC DOCKET NO. 06-158  
INCREASE IN WATER RATES )  
(FILED MAY 9, 2006) )

**ORDER NO. 6948**

**AND NOW**, to-wit, this 20<sup>TH</sup> day of June, 2006;

**WHEREAS**, Artesian Water Company, Inc. ("the Company"), having, on May 9, 2006, filed with the Commission an application for rate increases designed to produce approximately \$9,880,000 in additional annual revenues by increasing water service rates by approximately 23%; and

**WHEREAS**, the Commission, in PSC Order No. 6921 (May 23, 2006), having reviewed the application for increased rates, and having determined that such proposed rate 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 5, 2006, filed with the Commission a request to place temporary rates under bond and the Company having further on June 16, 2006, submitted revised tariff leaves, carrying an effective date of July 10, 2006, that establish 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 \$2,500,000 which does not exceed the lesser of 15% of the public utility's annual gross intrastate operating revenues or \$2,500,000; and

**WHEREAS**, the Commission having reviewed the petition of Artesian Water Company, Inc., to put rates into effect under bond and the supporting information demonstrating that the proposed increases are within the limitations established by 26 Del. C. § 306(c) and otherwise comply 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 Artesian Water Company, 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 filed by Artesian Water Company, Inc., on June 16, 2006, in the principal amount of Two Million Dollars (\$2,000,000), 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 July 10, 2006.

3. That the proposed temporary rates set forth above in the revised tariff leaves filed by Artesian Water Company, Inc., on June 16, 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 Artesian Water Company, Inc., and may, therefore, be placed into effect on July 10,

2006, under 26 Del. C. § 306(c), subject to any refund as the Commission may hereafter Order.

4. That, under 26 Del. C. § 314(b)(9), the Distribution System Improvement Charge imposed by Artesian Water Company, Inc., shall be reset to zero effective July 10, 2006.

5. 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