

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

IN THE MATTER OF THE APPLICATION OF)
TIDEWATER ENVIRONMENTAL SERVICES,)
INC., FOR APPROVAL OF RATES TO)
GOVERN THE PROVISION OF WASTEWATER) PSC DOCKET NO. 05-392WW
SERVICES TO THE HARTS LANDING)
SUBDIVISION, SUSSEX COUNTY, DELAWARE)
(FILED NOVEMBER 7, 2005))

IN THE MATTER OF THE APPLICATION OF)
TIDEWATER ENVIRONMENTAL SERVICES,)
INC., FOR APPROVAL OF RATES TO)
GOVERN THE PROVISION OF WASTEWATER) PSC DOCKET NO. 06-24WW
SERVICES TO THE COUNTRY GROVE)
SUBDIVISION, SUSSEX COUNTY, DELAWARE)
(FILED JANUARY 13, 2006))

ORDER NO. 6955

This 20th day of June, 2006, the Commission determines and Orders the following:

1. Tidewater Environmental Services, Inc. ("TESI") is a public wastewater utility subject to the regulatory supervision of this Commission. In main, its business model so far is to develop wastewater systems to serve particular developments or communities. For each separate development, it creates separate rates and charges premised on the costs for that particular system.¹ By this Order, the Commission acts on rate applications filed by TESI for two new systems. By using this single Order process, the Commission will save publication costs for the utility.

¹TESI has developed a single Tariff to govern its operations. It includes in that common document a schedule of rates for each separate system/service territory.

A. Harts Landing

2. The "Harts Landing" service territory encompasses a 144-lot development in Sussex County. For this system, TESI proposes an \$82.91 monthly service charge (\$994.92 per year). No front-end fee or capital charge is to be charged. The Staff has conducted a preliminary investigation of the annual charge as compared to the system's actual and projected costs and has tentatively concluded that the service charge rate is both sufficient to sustain the system, and reasonable for customers that utilize the services.

B. Country Grove

3. The "Country Grove" service territory will be served by a system designed to serve 177 individual residential customers in this new subdivision in Sussex County. Full build-out is expected within five years. For this system, TESI originally proposed an annual service charge of \$1,300. After discussions with Staff, TESI has now amended that proposed annual charge to \$1,024.92. In addition, for this system, TESI proposes to charge a front-end "Impact Fee" of \$21,930.46. That amount, contributed by each first purchaser of a lot in the development/service territory, will be used to fund the capital costs of the system along with debt and equity infusions from TESI. Again, Staff has performed an extensive investigation of the costs underlying these proposed rates and has concluded, on a preliminary basis, that the annual fee (as revised to \$1,024.92) and the "Impact Fee" contribution are reasonable.

4. Based on Staff's analyses, the Commission will allow the proposed rates for each system to go into effect on a temporary basis

and subject to refund. At the same time, the Commission will direct TESI to publish a general notice of these proposed rates and to provide direct notice to any already existing customers within the two subdivisions. If comments or objections are forthcoming, or further information comes to light, the Commission can then determine what additional process, if any, might be appropriate before the Commission undertakes any final decision concerning the proposed rates and fee for each system. Conversely, if no person or entity files objections or comments raising significant issues, the Commission might finally approve the rates and fee now allowed on a temporary basis without further hearings or protracted proceedings.

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

1. That, for the reasons set forth in the body of this Order, Tidewater Environmental Services, Inc., is hereby authorized to charge, on a temporary basis, an annual Service Charge of \$994.92 (\$82.91 per month) to be billed monthly for its wastewater services provided to customers within the service territory granted by PSC Order No. 6818 (Jan. 24, 2006) ("Harts Landing"). The annual rate allowed to go into effect by this Order shall be subject to refund, in whole or in part, if the Commission shall later finally determine that such rate is unjust or unreasonable.

2. That, for the reasons set forth in the body of this Order, Tidewater Environmental Services, Inc., is hereby authorized to charge, on a temporary basis, an annual Service Charge of \$1,024.92 (\$85.41 per month) to be billed monthly for wastewater services provided to customers within the service territory granted by PSC Order No. 6935

(June 6, 2006) ("Country Grove"). In addition, Tidewater Environmental Services, Inc., is hereby authorized, on a temporary basis, to charge a \$21,930.46 "Impact Fee" to each customer initially taking wastewater services from the utility and to collect such fee at the time such initial customer purchases a lot in the above-described service territory. Both the annual Service Charge and Impact Fee allowed to go into effect by this Order shall be subject to refund, in whole or in part, if the Commission shall later finally determine that such Service Charge or Impact Fee is unjust or unreasonable.

3. That the rates and fee allowed to go into effect on a temporary basis under Ordering paragraphs 1 and 2 shall be effective after Staff approves proposed Tariff pages setting forth the above rates and fee. Tidewater Environmental Services, Inc. shall file such proposed Tariff pages within ten days of the date of this Order. If such Tariff pages are approved by Staff, the rates and Impact Fee (and the Tariff rules and regulations previously reviewed by Staff and approved by the Commission by Order No. 6908 (May 9, 2006)) shall go into effect on a temporary basis to govern the terms and conditions and rates for the utility's wastewater services in the service territories granted by PSC Orders Nos. 6818 (Jan. 24, 2006) and 6935 (June 6, 2006).

4. That Tidewater Environmental Services, Inc. shall cause to be published in The News Journal newspaper, in two-column format outlined in black, the form of Notice set forth in Exhibit "A" to this Order. Such Notice shall be published on or before June 30, 2006. Tidewater Environmental Services, Inc., shall file proof of such

publication with the Commission prior to July 15, 2006. In addition, Tidewater Environmental Services, Inc., shall also cause a copy of the Notice attached hereto as Exhibit "A" to be sent, by first-class United States mail, to each customer presently connected to its wastewater systems in the service territories granted by PSC Orders Nos. 6818 (Jan. 24, 2006) and 6935 (June 6, 2006). Such Notice shall be mailed on or before June 30, 2006. Tidewater Environmental Services, Inc. shall file a certification of such mailing, listing the names and address of the persons so served, on or before July 15, 2006.

5. That the Secretary shall promptly serve a copy of this Order on the Division of the Public Advocate.

6. That, as outlined in the form of Notice and the body of this Order, interested persons or entities are afforded the opportunity to file objections to the annual Service Charges and Impact Fee now allowed to go into effect on a temporary basis. Such objections or comments shall be filed on or before August 1, 2006. If the Commission does not receive any objections or comments raising significant issues, the Commission may, by later Order, approve the proposed Tariff pages submitted by Tidewater Environmental Services, Inc., and the rates and fee now allowed to go into effect, without further notice or proceedings. If objections or significant comments are filed, the Commission will, by later Order, determine the course of any appropriate further proceedings.

7. That Tidewater Environmental Services, Inc., is hereby notified that it will, pursuant to 26 Del. C. § 114, be assessed the costs of this proceeding.

8. 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"

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SUBDIVISION, SUSSEX COUNTY, DELAWARE)
(FILED JANUARY 13, 2006))

**Notice of Filing of Initial Rates and Fee
by Tidewater Environmental Services, Inc.,
to Govern its Wastewater Services in the
"Harts Landing" and "Country Grove"
Service Territories in Sussex County, Delaware**

TO: ALL INTERESTED PERSONS

Tidewater Environmental Services, Inc. ("TESI"), is a public wastewater utility subject to the regulatory supervision of the Public Service Commission ("PSC"). TESI currently holds certificates to provide public wastewater services in service territories encompassing the "Harts Landing" and "Country Grove" subdivisions located in Sussex County. TESI has now asked the PSC to approve rates and charges for its wastewater services in the above two service territories. Such rates are:

Harts Landing

\$82.91 monthly service fee (\$994.92 per year)

Country Grove

\$85.41 monthly service fee (\$1,024.92 per year)

\$21,930.46 initial Impact Fee (initial lot purchaser)

The PSC's Staff has conducted a preliminary analysis of TESI's proposed rates and Impact Fee for each system and has tentatively concluded that such charges are supported by cost data submitted by TESI. In PSC Order No. 6955 (June 20, 2006), the PSC allowed the above annual fees and Impact Fee as proposed by TESI for these two systems to go into effect on a temporary basis and subject to refund. The PSC now solicits from any interested person or entity comments or objections to TESI's proposed annual fees and "Impact Fee," as well as objections or comments pertaining to any of the terms and conditions set forth in a Tariff that also applies to wastewater services by these systems. If you wish to file any such comments or objections, you must file such document (10 copies) with the PSC by August 1, 2006. Such comments or objections shall be filed with the PSC at the following address:

Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, Delaware 19904
Attn: PSC Dckts. Nos. 05-392WW & 06-24WW

Please specify whether your comments pertain to "Harts Landing," "Country Grove," or both systems.

You may also file a petition to intervene under Rule 21 of the Commission's Rules of Practice. Such petition must also be filed by

August 1, 2006. Only persons or entities filing comments, objections, or petitions will receive notice of further proceedings in this matter. If no comments or objections raising significant issues are submitted, the PSC may finally approve the rates proposed by TESI without further notice or further proceedings.

d except with Commission approval.

If you wish to participate in these matters, you should review PSC Order No. 6955. That Order is available at www.state.de.us/delpsc. You may review (and copy) the documents and supporting material submitted by TESI at the PSC's office at the above-listed address. If you want more information, you can contact the PSC at 1-800-282-8574 (Delaware only) or (302) 739-4247 (text telephone also). You can also send inquiries by Internet e-mail to robert.ambrose@state.de.us.