

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

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

ORDER NO. 6966

AND NOW, to-wit, this 11TH day of July, 2006;

WHEREAS, United Water Delaware Inc. ("UWD"), having, on May 26, 2006, filed with the Commission an application for rate increases designed to produce approximately \$5,866,240 in additional annual base rate revenues by increasing base rate water service rates by approximately 32%; and

WHEREAS, the Commission, in PSC Order No. 6947 (June 20, 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, UWD having, on June 23, 2006, filed with the Commission a request to place temporary rates under bond accompanied with tariff leaves, carrying an effective date of July 25, 2006, that establish rates as permitted by 26 Del. C. § 306(c) to enable UWD 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;

WHEREAS, the Commission having reviewed the petition of UWD 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; and

WHEREAS, the Company has also requested that pursuant to Rule 6(d) of the Commission's Rules of Practice, that it may be permitted to make future filings in this docket by electronic medium in lieu of the requirements of Rule 6(c) of the Commission's Rules of Practice;

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

1. That the Commission finds, pursuant to 26 Del. C. § 306(c), that United Water Delaware 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 United Water Delaware Inc., as Exhibit D to its application submitted June 23, 2006, in the principal amount of Two Million Five Hundred Thousand Dollars (\$2,500,000), 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 25, 2006.

3. That the proposed temporary rates set forth above in the tariff leaves filed by United Water Delaware Inc., with its application submitted June 23, 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 United Water Delaware Inc., and may, therefore, be placed into effect on July 25, 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 United Water Delaware Inc., shall be reset to zero effective July 25, 2006.

5. That William F. O'Brien is substituted as the designated Hearing Examiner for this docket to replace Ruth Ann Price.

6. That the Commission defers the request to permit United Water Delaware Inc. to make future filings in this docket by electronic medium and grants Hearing Examiner O'Brien the authority to make the decision on what documents may be permitted to be filed by electronic medium.

7. 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/ Jaymes B. Lester
Commissioner

PSC Docket No. 06-174, Order No. 6966 Cont'd.

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary