

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

IN THE MATTER OF THE APPLICATION OF)
ARTESIAN UTILITY DEVELOPMENT, INC.,)
ON BEHALF OF BASS PROPERTIES, INC.,)
FOR APPROVAL OF AN INCREASE IN RATES) PSC DOCKET NO. 07-73WW
TO GOVERN THE PROVISION OF WASTEWATER)
SERVICES TO LEA EARA FARMS, NEW)
CASTLE COUNTY, DELAWARE)
(FILED MARCH 12, 2007))

ORDER NO. 7161

This 24th day of April, 2007, the Commission determines and Orders the following:

1. By PSC Order No. 6608 (Apr. 26, 2005), Bass Properties, Inc. ("Bass Properties") became a regulated public wastewater utility authorized to serve the Lea Eara Farms development service territory in New Castle County. See 26 Del. C. § 203D(a)(2) (2006 Supp.). In PSC Order No. 7075 (Nov. 21, 2006), the Commission approved Bass Properties' carried-forward July, 2004 rates. See 26 Del. C. § 301(c) (2006 Supp.).¹

2. Now, Bass Properties (by an application filed by Artesian Utility Development, Inc. (its operating agent), seeks an increase in its wastewater rates. Under Bass Properties' request, the governing

¹The Commission did so even though Bass Properties, on several instances, had failed to comply with earlier Commission directives. The Commission also granted its approval without any notice to Bass Properties' customers. The Commission took that extraordinary step based on Staff's report that the revenues being collected under the 2004 rates were not adequate to meet Bass Properties' costs and that Bass Properties would soon be filing for a rate increase. The Commission did not want to create customer confusion by having customers notified of two rate proceedings over a short period of time.

rate factor used in the rate formula in its Tariff would move from \$3.24517 per thousand gallons to \$4.64787 per thousand gallons. Bass Properties represents that, even with this rate increase, its revenue will not be sufficient to cover its operating costs to serve its 243 customers.²

3. Staff has filed a memorandum reporting that based on its preliminary initial review, Bass Properties' rate increase appears to be reasonable. Staff recommends that the Commission allow the rate change to go into effect, after the expiration of the period prescribed by 26 Del. C. § 304(a), on a temporary basis (subject to refund), and that the Commission conduct a hearing on the application at a subsequent public meeting. Staff recommends this process in light of the small size of the utility.

4. Based on Staff's recommendations, the Commission will allow the proposed rate increase to go into effect on a temporary basis, subject to refund, as of June 1, 2007, and will conduct a hearing on the rate application during its July 3, 2007 public meeting.

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

1. That, pursuant to 26 Del. C. § 102A, on or before May 11, 2007, Bass Properties, Inc. shall send, by first-class United States mail, a copy of the form of notice attached hereto as Exhibit "A" to each of its current customers. Bass Properties, Inc. shall file with

²As alluded to in Order No. 7075, Bass Properties is subject to a 1990 "Trust Declaration" that "caps" Bass Properties' rate at the level that New Castle County ("County") might then be charging its public sewer customers. Bass Properties represents that its new rate level is equal to the rate factor now being utilized by the County in its public sewer operations.

the Commission an affidavit attesting to such mailings on or before June 8, 2007.

2. That Bass Properties, Inc. shall publish in The News Journal newspaper on May 8, 2007, in two-column format outlined in black, the notice attached as Exhibit "A."

3. That, pursuant to 26 Del. C. § 306(a)(1), the rate increase proposed by Bass Properties, Inc. in its application filed on March 12, 2007, shall be allowed to go into effect on a temporary basis and subject to refund, on June 1, 2007. Such rate is allowed on a temporary basis pending a final Order on the justness and reasonableness of such rate change. If the Commission concludes that such rate factor is unjust or unreasonable, Bass Properties, Inc. shall be obligated to make refunds of any unreasonable amount.

4. That customers of Bass Properties, Inc. and other interested parties may file comments concerning Bass Properties, Inc.'s proposed rate change and the quality of the utility's services. The Commission will also entertain petitions to intervene in this matter. Senior Hearing Examiner William F. O'Brien is delegated the authority to grant or deny any petitions to intervene in this matter.

5. That the Commission will conduct a public hearing on the rate increase proposed in Bass Properties, Inc.'s March 12, 2007 letter application (and now allowed to go into effect on a temporary basis) at its public meeting on Tuesday, July 3, 2007.

6. That the Commission allows the letter application filed by Bass Properties, Inc. on March 12, 2007 to be filed and considered without full compliance with the requirements set forth in Part B

(Small Utilities) of the "Commission's Minimum Filing Requirements." Bass Properties, Inc. shall submit to the Commission Staff such schedules, information, and documents that Staff might request to allow for a full review of the justness and reasonableness of the proposed rate increase.

7. 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/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary

E X H I B I T "A"

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(FILED MARCH 12, 2007))

NOTICE OF PROPOSED INCREASE IN WASTEWATER UTILITY
RATES FOR BASS PROPERTIES, INC.'S
SERVICE IN THE LEA EARA FARMS DEVELOPMENT

**TO: WASTEWATER CUSTOMERS OF BASS PROPERTIES, INC.
AND OTHER INTERESTED PERSONS**

Bass Properties, Inc. ("Bass Properties") is a public wastewater utility subject to the regulatory jurisdiction of the Public Service Commission ("the Commission"). Bass Properties' service territory encompasses the development of Lea Eara Farms in southern New Castle County. On March 12, 2007, Bass Properties filed an application with the Commission seeking approval to change the rate factor used in its formula for calculating the sewer rates for its customers. Under Bass Properties' application, the rate charge would rise from the current \$3.24517 per thousand gallons to \$4.64787 per thousand gallons.

In PSC Order No. 7161 (Apr. 24, 2007), the Commission allowed the proposed rate increase to go into effect on a temporary basis beginning June 1, 2007, pending a final determination by the

Commission as to the reasonableness of the rate change. Such rate increase is subject to refund if the Commission would determine that all, or part, of the rate increase is unjust or unreasonable.

The Commission will hold a public evidentiary hearing on the proposed rate increase during its public meeting on Tuesday, July 3, 2007. That hearing will be held at the Commission's office at the address listed below beginning at 1:00 P.M. If you wish to participate as a party in this rate proceeding, you should file a petition for intervention under Rule 21 of the Commission's "Rules of Practice and Procedure." You must file such petition with the Commission at the address below on or before May 30, 2007.

Public Service Commission
861 Silver Lake Blvd.
Cannon Bldg., Suite 100
Dover, DE 19904
Attn: PSC Dckt. No. 07-73WW

The Commission also solicits written comments from Bass Properties' customers about the proposed rate change and the quality of services currently provided by Bass Properties. You should send such comments to the Commission at the above address on or before June 15, 2007.

If you have questions about this matter contact the Commission at 1-800-282-8574 or (302) 739-4247 (including text telephone). You can also address questions by Internet e-mail to heidi.wagner@state.de.us.