

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

IN THE MATTER OF THE APPLICATION OF)
ARTESIAN WASTEWATER MANAGEMENT, INC.)
FOR APPROVAL OF RATES TO GOVERN THE)
PROVISION OF WASTEWATER SERVICES TO) PSC DOCKET NO. 05-281WW
THE DEVELOPMENTS OF SPRING BREEZE,)
INDIGO RUN, HERON BAY, AND A PORTION)
OF RITTER FARM, SUSSEX COUNTY,)
DELAWARE) (FILED AUGUST 1, 2005))

ORDER NO. 7190

This 22nd day of May, 2007, the Commission determines and Orders the following:

1. In PSC Order No. 6825 (Jan. 24, 2006), this Commission finally approved an initial Tariff to govern the rates and terms and conditions for the provision of wastewater public utility services by Artesian Wastewater Management, Inc. ("AWMI"). The Tariff therein approved includes an annual customer charge and a specific connection fee applicable to connections made by AWMI in its "Stonewater Creek" service territory. By the terms of the Order, the approved Tariff was limited to service in that particular service territory.

2. During the deliberations in Order No. 6825, AWMI represented that it contemplated providing its wastewater services in other certificated service territories within a short period of time. AWMI represented that it intended to charge the tariffed annual customer fee in ten different developments.

3. Staff reports that the expansion of services into the Heron Bay development will not affect the reasonableness of the tariffed annual customer fee. The developer is paying a \$5,000 front-end

connection fee per a Wastewater Service Agreement. AWMI will be using a graduated, decreasing revenue scale and will initially treat, for both accounting and ratemaking purposes, the \$2,500 per lot connection fees as "operating revenue." The additional \$2,500 per lot will be booked and treated as "contribution in-aid-of construction" (CIAC) and will offset ratebase. Each year the front-end connection fee will be increased by a consumer price index factor and the portion allocated to "contribution in-aid-of construction" will be increased.

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

1. That, for the reasons set forth in the body of this Order, the Tariff previously approved in PSC Order No. 6825 (Jan. 24, 2006), including the rates described therein (except for the connection fee applicable to Stonewater Creek development) shall govern the wastewater public utility services provided by Artesian Wastewater Management, Inc. in the Heron Bay development portion of the service territory granted by PSC Order No. 6673 (July, 5, 2005). Such Tariff shall be effective for services in the Heron Bay development as of the date of this Order.

2. That, except as modified by this Order, all the other directives in PSC Order No. 6825 (Jan. 24, 2006) shall remain applicable.

3. 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