

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

IN THE MATTER OF THE APPLICATION OF)
SUSSEX SHORES WATER COMPANY FOR AN) PSC DOCKET NO. 07-278
INCREASE IN WATER RATES)
(FILED OCTOBER 15, 2007))

ORDER NO. 7334

AND NOW, to-wit, this 18th day of December, 2007;

WHEREAS, Sussex Shores Water Company ("the Company"), having filed with the Public Service Commission ("the Commission") on October 15, 2007, an application with proposed revised tariffs designed to produce an annual increase of approximately 22.7% in the Company's revenues or approximately \$305,873 in additional revenues; and

WHEREAS, the Commission, in PSC Order No. 7311 (Nov. 6, 2007), 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

WHEREAS, the Company having filed, with its application, a request to place temporary rates into effect, subject to refund, as permitted by 26 Del. C. § 306(c) and having submitted revised tariff leaves, which would increase each rate in the tariff by 12%, with a corresponding increase in annual revenues of \$154,651; and

WHEREAS, the Commission having reviewed the Company's petition to put temporary rates into effect, including the terms of the letter of credit it will obtain as assurance of any future payment of refunds that may be ordered by this Commission, as well as the supporting information

demonstrating that the size of the proposed increases are within the limitations established by 26 Del. C. § 306(c) and otherwise comply therewith for the collection of temporary rates;

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

1. That the Commission finds, pursuant to 26 Del. C. § 306(c), that Sussex Shores Water Company 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 so long as the Commission approves as satisfactory the financial assurance provided by Sussex Shores Water Company regarding any future payment of refunds that may be ordered by this Commission.

2. That, based on the size of Sussex Shores Water Company (*i.e.*, with annual gross intra-state revenues exceeding \$1 million), and based on the terms of the letter of credit provided, the Commission hereby approves as satisfactory for the protection of its customers the form of the letter of credit submitted by Sussex Shores Water Company, in the amount of One Hundred Fifty-Five Thousand Dollars (\$155,000), to be issued by CoBank, which is a member of the AAA-rated U.S. Farm Credit System, and hereby waives the requirement for a surety bond to guarantee the repayment of the interim rates collected pursuant to 26 Del. C. § 306(c).

3. That the proposed temporary rates set forth above in the revised tariff leaves filed by Sussex Shores Water Company on October 15, 2007, 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 Sussex Shores Water Company and may, therefore, be placed into effect on December 18, 2007, or upon the filing of the executed letter of credit, whichever is later, 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 Sussex Shores Water Company shall be reset to zero effective on the date that the interim rates approved herein become effective.

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