

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

IN THE MATTER OF THE APPLICATION OF )  
ARTESIAN WATER COMPANY, INC. FOR AN ) PSC DOCKET NO. 08-96  
INCREASE IN WATER RATES )  
(FILED APRIL 22, 2008) )

**ORDER NO. 7396**

**AND NOW**, to-wit, this 20<sup>th</sup> day of May, 2008;

**WHEREAS**, Artesian Water Company, Inc. ("the Company"), having, on April 22, 2008, filed with the Commission an application for rate increases designed to produce approximately \$14,232,000 in additional annual revenues by increasing water service rates by approximately 28.8%; and

**WHEREAS**, the Commission, in PSC Order No. 7384 (May 6, 2008), pursuant to 26 Del. C. § 306(a)(1), having suspended such proposed rate changes pending full and complete evidentiary hearings into the justness and reasonableness of the proposed new rates and tariff alterations; and

**WHEREAS**, pursuant to 26 Del. C. § 306(c), the 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 provided that the Commission approves as reasonable the amount of the bond and the surety thereon; and

**WHEREAS**, the Company, having filed with the Commission on April 30, 2008, a request to place into effect temporary rates under bond pursuant to 26 Del. C. § 306(c) and, with its request, the Company having

submitted revised tariff leaves, carrying an effective date of June 21, 2008, that would increase rates by 5.0%, with a corresponding increase in annual revenues of approximately \$2,500,000; and

**WHEREAS**, the Commission having reviewed the April 22, 2008 petition of Artesian Water Company, Inc. 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;

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

1. That the Commission finds that the proposed temporary rates set forth in the revised tariff leaves filed by Artesian Water Company, Inc., on April 30, 2008, are reasonably designed to produce on an annual basis additional revenues no greater than Two and a Half Million Dollars (\$2,500,000) and no greater than fifteen percent (15%) of its gross annual intrastate operating revenues and that such rates, therefore, pursuant to 26 Del. C. § 306(c), may be placed into effect on June 21, 2008, subject to any refund as the Commission may hereafter Order.

2. That the Commission hereby approves as reasonable the form of rate refunding bond submitted by Artesian Water Company, Inc., on May 7, 2008, in the principal amount of Two Million Dollars (\$2,000,000) 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 June 13, 2008.

3. That, under 26 Del. C. § 314(b)(9), the Distribution System Improvement Charge imposed by Artesian Water Company, Inc., shall be reset to zero effective June 21, 2008.

4. 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

/s/ Dallas Winslow  
Commissioner

/s/ Jeffrey J. Clark  
Commissioner

ATTEST:

/s/ Karen J. Nickerson  
Secretary