

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

IN THE MATTER OF THE APPLICATION OF)
PICKERING BEACH WATER COMPANY FOR AN) PSC DOCKET NO. 08-413
INCREASE IN WATER RATES)
(FILED DECEMBER 4, 2008))

ORDER NO. 7554

AND NOW, on this 5th day of May, 2009;

WHEREAS, Pickering Beach Water Company ("PBWC") is a non-profit corporation that provides water services to residents of Pickering Beach in Kent County, Delaware; and

WHEREAS, PBWC is wholly-owned and controlled by Pickering Beach Company ("PBC"); and

WHEREAS, residents of Pickering Beach who receive water service from PBWC are required to become "members" of PBC (each a "Member", and, collectively, "Members"); and

WHEREAS, on February 21, 1989, the Commission entered Order No. 3042 in PSC Docket No. 88-6, which, among other things, approved an annual water rate for each Member of \$100; and

WHEREAS, since that time, PBWC has not sought an increase in the Members' water rates; and

WHEREAS, in July 2007, PBWC's water well failed and had to be repaired; and

WHEREAS, on December 4, 2008, PBWC filed an application with the Commission to increase the annual water rate from \$100 to \$300 (the "Application") and to make that new rate effective January 1, 2009; and

WHEREAS, the increase is sought to raise additional reserves to cover, among other anticipated expenses, expenses associated with the installation of a back-up well and needed repairs and maintenance to its existing water system; and

WHEREAS, in December 2008, at or around the time of the filing of the Application, PBWC surveyed the Members, currently totaling 38, regarding the proposed increase, and, of the 32 members who responded, 25 members agreed with the increase; and

WHEREAS, on December 16, 2008, the Commission entered Order No. 7498, which, among other things, suspended the proposed increase, pursuant to 26 *Del. C.* § 306(a)(1), pending further Order and required that PBWC, upon notice to its Members, coordinate and convene a meeting of the Members, attended by Staff, to give the Members an opportunity to comment on the proposed increase and that Staff report back to the Commission regarding its recommendation; and

WHEREAS, on January 29, 2009, pursuant to written notice, the meeting required by Order No. 7498 was held at the Commission's conference room (the "Meeting"); and

WHEREAS, although all but two of the 18 Members in attendance at the Meeting agreed with the increase, all Members in attendance agreed to defer the decision to their duly-elected Board of Directors; and

WHEREAS, on February 12, 2009, the Board of Directors convened a board meeting and voted unanimously for the proposed rate increase; and

WHEREAS, PBWC notified its Members that the Commission would consider the Application at the Commission's regularly scheduled meeting on May 5, 2009; and

WHEREAS, Commission Staff has reviewed the justness and reasonableness of the proposed rate increase in light of the anticipated expenses and has recommended approval of the Application, subject to the following conditions and requirements:

1. PBWC shall install a second, backup well and associated mechanicals by no later than December 31, 2011;
2. PBWC shall file with the Commission annual financial reports, detailing income and expenses;
3. PBWC shall maintain all reserves in a separate, interest-bearing account;
4. Commission Staff may conduct annual surveillance audits of PBWC; and
5. Commission Staff shall reevaluate PBWC's water rates by no later than January 1, 2013.

and

WHEREAS, upon PBWC's notice to all of its members, the Commission held a hearing on the Application on May 5, 2009, wherein it heard evidence regarding the Application;

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:

1. That, based upon the representations of the parties and the evidence presented, and upon Staff's recommendation, the rate proposed by Pickering Beach Water Company in its application filed with the Commission on December 4, 2008, is hereby approved, pursuant to 26

Del. C. § 306(a)(1), subject to the above conditions, and shall be effective as of January 1, 2009.

2. That Pickering Beach Water Company shall file revised tariff leaves reflecting the changes in its water rates approved by this Order.

3. That 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