

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE INVESTIGATION)
INTO PRIVATE FIRE PROTECTION RATES) PSC DOCKET NO. 09-159
CHARGED BY LONG NECK WATER COMPANY,)
(OPENED APRIL 21, 2009))

ORDER NO. 7555

This 21st day of April, 2009, the Commission determines and orders the following:

1. Long Neck Water Company, LLC ("LNWC") provides water services to commercial and residential customers located in the Long Neck area in Sussex County, Delaware. LNWC's water service includes two types of private fire protection. First, LNWC charges a quarterly fee of \$6.30 to residential and commercial customers located within 500 feet of a fire hydrant. Second, LNWC charges a "Facility Charge" for its 4" and 6" service lines dedicated to sprinkler service. Although LNWC's tariff specifically provides for the quarterly fire hydrant charge, it does not specify a Facility Charge for sprinkler service. Instead, LNWC applies the 4" and 6" monthly Facility Charge applicable for general metered water service ("GMS") for lines dedicated for sprinkler service. That monthly fee is \$337.81 for 4" lines and \$676 for 6" lines. See PSC Docket No. 04-31 and Order No. 6484 (Oct. 5, 2004).

2. Beginning in July 2008, Commission Staff started receiving complaints regarding the amount charged for the sprinkler service from LNWC's customers located at the Fairfield at Long Neck ("Fairfield"). Fairfield is a residential community, which, since the 2004 rate case,

has grown considerably to approximately 164 town-home condominiums. Each home in Fairfield is equipped with sprinkler systems and the community receives private fire protection through a total of twenty-two 4" service lines.

3. Since receiving the complaints, Commission Staff commenced an informal investigation of the justness and reasonableness of charging the GMS rate for the 4" and 6" sprinkler lines. Staff has met with representatives of LNWC to discuss the charge and has retained a private consultant to review LNWC's justification for the rate charged for the sprinkler lines.

4. During the negotiations, LNWC voluntarily agreed to reduce the amount charged for private fire protection as follows:

	<u>Current Monthly Charge</u>	<u>Proposed Monthly Charge</u>
4" Line:	\$337.81	\$220
6" Line:	\$676.00	\$450

5. Staff solicited the input of Fairfield regarding this proposal, and on March 31, 2009, Fairfield informed Staff that it accepted this offer. Following this acceptance, Staff was able to further negotiate a refund of amounts charged in 2009 that are in excess of the amount negotiated above. Thus, the settlement would also include a credit to customers for the difference in the rates proposed in the settlement and those charged so far in 2009.

6. Staff currently recommends that: (a) the Commission require LNWC to send the notice attached hereto as "Exhibit A" by no later than April 28, 2009, notifying all LNWC's of the salient terms of the proposed settlement and that they may file comments or objections

thereto on or before May 15, 2009; and (b) the Commission consider the settlement and any comments or objections that may be filed at the Commission's regularly scheduled meeting on May 19, 2009.

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

1. That, for the reasons set forth in the body of this Order, Long Neck Water Company, LLC shall serve a copy of the notice attached hereto as "Exhibit A" to each of its commercial and residential customers by no later than April 28, 2009.

2. That the Commission shall hold a hearing on the settlement proposed by Commission Staff and Long Neck Water Company, LLC, and as agreed to by the Fairfield of Long Neck, at its regularly scheduled Commission meeting on May 19, 2009.

3. That, pursuant to 26 Del. C. § 102A, the above procedure for considering this settlement is reasonable under the circumstances. Specifically, because, among other reasons, Long Neck Water Company, LLC, is proposing to *reduce* one of its rates and provide a refund, the Commission waives the 60-day notice requirement that otherwise may be applicable under 26 Del. C. § 304(a).

3. That the Secretary shall promptly serve a copy of this Order on the Division of the Public Advocate.

4. That Long Neck Water Company, LLC is hereby notified that it will, pursuant to 26 Del. C. § 114, be assessed the costs of this proceeding.

5. 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

E X H I B I T "A"

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE INVESTIGATION)
INTO PRIVATE FIRE PROTECTION RATES) PSC DOCKET NO. 09-159
CHARGED BY LONG NECK WATER COMPANY,)
(OPENED APRIL 21, 2009))

**Notice of Proposed Settlement of Private Fire Protection Rates
(for Lines Dedicated to Sprinkler Systems)
for Long Neck Water Company, LLC**

**To: All Residential and Commercial Customers of Long Neck Water
Company, LLC**

By Order No. 7555, the Delaware Public Service Commission (the "Commission") has opened a proceeding in which it has been requested to approve a settlement between staff of the Commission ("Staff") and Long Neck Water Company, LLC ("LNWC") regarding the reasonableness and justness of the Facility Charge assessed by LNWC for 4" and 6" service lines dedicated to sprinkler system, private fire protection service. The proposed settlement provides for the following reduction in rates for this service:

	<u>Current Monthly Charge</u>	<u>Proposed Monthly Charge</u>
4" Line:	\$337.81	\$220
6" Line:	\$676.00	\$450

If this settlement is approved, LNWC would be authorized to charge \$220 per month per 4" service line dedicated to private fire

protection and \$450 per month per 6" line dedicated to private fire protection.

The proposed settlement also includes a refund, through credits to customer accounts, of the difference between the proposed reduced rates and those rates charged by LNWC thus far in 2009.

If you object to this settlement or would like to submit any comments regarding the settlement, you must file your objection or comments (with 10 copies) with the Commission by no later than May 15, 2009. Such comments or objections shall be filed with the Commission at the following address:

Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, Delaware 19904
Attn: PSC DOCKET NO. 09-159

Only persons or entities filing comments or objections will receive notice of further proceedings in this matter. If no comments or objections raising significant issues are submitted, the Commission may finally approve the proposed settlement without further notice or further proceedings.

The Commission will hold a public hearing on the proposed settlement at 1:00 p.m. on May 19, 2009, at the address above.

You may review (and copy) any public documents and supporting material relevant to this matter at the Commission's office at the above-listed address. If you want more information, you can contact the PSC at 1-800-282-8574 (Delaware only) or (302) 736-7500 (text telephone also). You can also send inquiries by Internet e-mail to heidi.wagner@state.de.us.