

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

IN THE MATTER OF THE DELAWARE PUBLIC)
SERVICE COMMISSION'S INVESTIGATION) PSC Docket No. 356-08
OF CERTAIN BILLING PRACTICES OF ARTESIAN)
WATER COMPANY, INC.)
(OPENED OCTOBER 23, 2008))

ORDER NO. 7638

This 9th day of September, 2009, the Commission determines and Orders the following:

1. In PSC Docket No. 00-649, Artesian Water Company, Inc. ("Artesian" or "the Company") proposed an amendment to Paragraph 4, "Billing and Changes in Ownership," of its Second Revised Tariff Sheet No. 8 ("Paragraph 4"). The revised Paragraph 4 provided:

The owner will be responsible for the payment of the tenant's past due account unless the Company has entered into a separate written agreement with the tenant making the tenant solely responsible for payment.

The new language along with the definition of a "customer" under the Company's tariff, effectively would require record title owners of property to pay any past due accounts of the tenant receiving water service, assuming that Artesian directly arranged for water service for the tenant through the landlord/owner and disclosed to the owner the requirements of Paragraph 4. Prior to the evidentiary hearing in this docket, the parties executed a settlement agreement that allowed all of Artesian's proposed tariff changes, including the amendment to the Company's billing practices described in Paragraph 4. By Order No. 5379 (June 19, 2001), the Commission approved the settlement agreement and the proposed tariff changes.

2. Despite the disposition of PSC Docket No. 00-649, Artesian did not attempt to utilize the provisions of Paragraph 4 for several years. In August 2008, Artesian circulated correspondence to record title owners of property providing notice of implementation of the billing practice outlined in Paragraph 4.

3. On October 23, 2008, the Commission initiated this proceeding to consider whether Artesian's billing practices outlined in Paragraph 4 were in the public interest. Following this Order, Staff, Artesian, the Public Advocate, and an attorney purporting to represent a conglomeration of landlords with tenants in Artesian's service territory attempted to negotiate a consensual resolution. Through that process, Artesian stated that it planned on a going-forward basis to require landlords to become the account holder and would not provide water service to customer tenants where landlords refuse to do so.

4. On, May 29, 2009, Staff filed a motion for a cease-and-desist order related to Artesian's billing practices outlined in Paragraph 4, pending further investigation by Staff through a public workshop. In its motion, Staff expressed concern relating to implications of Artesian's billing practice that would shift responsibility for accounts from tenants to property owners - with whom Artesian has no customer relationship.

5. After discussions with representatives of the landlords, Public Advocate and Staff, the Company (in connection with its base rate proceeding in PSC Docket No. 08-96), revised its tariff relating to the definition of a customer and security deposits. In the

Company's Fourth Revised Sheet No. 8, the revised Paragraph 4 provides:

Unless otherwise agreed to by the company, bills will be sent to the customer receiving water service.

The tariff was further revised to require any new customer who "is the tenant of a property for which he or she is responsible for payment of water bills" to pay a security deposit in the amount of \$300.00 before water service is turned on. See Fifth Revised Sheet No. 9.

6. The tariff revisions executed in connection with the Company's base rate proceedings alleviate Staff's concerns regarding the shift in responsibility for accounts to parties with whom Artesian has no customer relationship. Accordingly, Staff voluntarily dismisses its Motion.

7. The Commission determines that Artesian's tariff revisions adequately address Staff's concerns articulated in the Motion.

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

1. That, for the reasons stated above, Delaware Public Service Commission Staff's Motion For the Commission to Order Artesian Water Company, Inc. to Cease-and-Desist Certain Practices Pending Further Investigation by Public Service Commission Staff is dismissed.

2. That, for the reasons stated above, the Docket is closed.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae _____
Chair

/s/ Joann T. Conaway _____
Commissioner

PSC Order No. 7638 (Con't)

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Katie Rochester
Acting Secretary