

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

IN THE MATTER OF THE APPLICATION )  
OF TIDEWATER UTILITIES, INC. ) PSC DOCKET NO. 09-29  
FOR AN INCREASE IN WATER RATES )  
(FILED JANUARY 26, 2009) )

**ORDER NO. 7639**

**AND NOW**, this 9th day of September, 2009:

**WHEREAS**, the Commission has received and considered the Findings and Recommendations of the Hearing Examiner, which is attached hereto as "Attachment A," issued in the above-captioned docket, which was submitted after duly noticed public evidentiary hearings; and

**WHEREAS**, the Hearing Examiner recommends that the Commission approve the Proposed Settlement Agreement (submitted into evidence as Hearing Exhibit No. 25 at the August 24, 2009 evidentiary hearing), which is endorsed by all the parties, and which is attached hereto as "Attachment B," and;

**WHEREAS**, the Commission finds that the proposed rates and tariff changes are just and reasonable and that adoption of the Proposed Settlement Agreement is in the public interest;

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

1. That, by and in accordance with the affirmative vote of a majority of the Commissioners, the Commission hereby adopts the September 2, 2009 Findings and Recommendations of the Hearing Examiner, attached hereto as "Attachment A."

2. That the Commission approves the Proposed Settlement Agreement, attached hereto as "Attachment B" and the proposed rates therein, which reflect an additional revenue requirement for Tidewater Utilities, Inc. ("Tidewater") of \$3,025,096 or approximately a fifteen per cent (15%) increase over pre-existing revenues over those rates placed under bond effective March 27, 2009. The revenue requirement amount is based upon a capital structure of 50.52% equity and 49.48% long-term debt with a rate of return on common equity of ten percent (10%).

3. That the Commission acknowledges that in Paragraphs 3 and 4 of the Proposed Settlement Agreement Tidewater and the Intervener, Old Towne Point, have made certain agreements exclusively between themselves. However, under no circumstances should any language of the Proposed Settlement Agreement be construed or interpreted to require or mandate the Commission to take any action whatsoever regarding the rates charged by Tidewater to Private Fire Service customers or Old Towne Point in any subsequent case, docket or proceeding brought before this Commission.

4. That the final rates will become effective with usage on or after the date of this Order.

5. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

Order No. 7639 (Con't)

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/ Katie Rochester  
Acting Secretary

A T T A C H M E N T "A"

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION )  
OFTIDEWATER UTILITIES INC. FOR ) PSC DOCKET NO. 09-29  
AN INCREASE IN WATER RATES )  
(FILED JANUARY 26, 2009) )

FINDINGS AND RECOMMENDATIONS OF THE HEARING EXAMINER

DATED: SEPTEMBER 2, 2009

RUTH ANN PRICE  
HEARING EXAMINER

A T T A C H M E N T "A"

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION )  
OF TIDEWATER UTILITIES INC. FOR AN ) PSC DOCKET NO. 09-29  
INCREASE IN WATER RATES )  
(FILED JANUARY 26, 2009) )

FINDINGS AND RECOMMENDATIONS OF THE HEARING EXAMINER

Ruth A. Price, duly appointed Hearing Examiner in this docket pursuant to 26 *Del. C.* § 502 and 29 *Del. C.* Ch. 101, by Commission Order No. 7533, dated February 19, 2009, reports to the Commission as follows:

**I. APPEARANCES**

On behalf of the Applicant, Tidewater Utilities, Inc.:

Richards, Layton & Finger, P.A.  
By: GLENN C. KENTON, ESQUIRE

On behalf of the Delaware Public Service Commission:

Ashby & Geddes  
BY: JAMES McC. GEDDES, ESQUIRE, Rate Counsel,  
and  
BROOKE E. LEACH, ESQUIRE, Rate Counsel

On behalf of the Division of The Public

Advocate:

G. Arthur Padmore, The Public Advocate  
Michael Sheehy, Deputy Public Advocate  
Kent Walker, Esquire, Deputy Attorney General,  
Delaware Department of Justice

On behalf of the Intervener, Old Towne Pointe, LLC

Sergovic & Carmean, P.A.

BY: JOHN A. SERGOVIC, JR., ESQUIRE

## II. BACKGROUND

### A. Procedural History

1. On January 26, 2009, Tidewater Utilities, Inc. ("Tidewater" or the "Company") filed an application and supporting direct testimony with the Delaware Public Service Commission ("Commission") seeking a revision to its currently effective water rates and certain changes to its tariff Rules and Regulations. In its application, Tidewater requested approval of rates which would allow the Company an additional revenue requirement of \$6,423,370, or an increase of 32.54% (H. Ex. 2 at 2).<sup>1</sup>

2. After reviewing the application, the Commission initiated this docket pursuant to 26 Del. C. § 306(a) (1), and by PSC Order No. 7533, dated February 19, 2009, suspended the proposed rate increases pending full and complete evidentiary hearings into the justness and reasonableness of the proposed rates and tariffs, designated me as Hearing Examiner to conduct such hearings and, thereafter, to report to the Commission my proposed findings and recommendations concerning this matter.

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<sup>1</sup> References to Exhibits entered into the evidentiary record of this proceeding will be cited as "(H. Ex. \_\_\_\_)."

3. On March 17, 2009, the Commission entered PSC Order No. 7543 which, pursuant to 26 Del. C. §306 (c), allowed Tidewater to place into effect under bond on or before March 27, 2009 the amount of \$2,460,315 of the proposed increase.

4. Pursuant to Del. C. § 8716, the Division of the Public Advocate (the "Public Advocate") exercised its statutory right of intervention in this proceeding to represent the interests of Delaware ratepayers.

5. On March 23, 2009, pursuant to Rule 21 of the Commission's Rules of Practice and Procedure, Old Towne Pointe, LLC ("OTP") intervened in this proceeding.

6. Thereafter, the Public Service Commission Staff ("Staff"), the Public Advocate, and OTP conducted extensive written discovery of the Company, and Staff performed a rate case audit of Tidewater's books and records extending over a period of several weeks. On June 5, 2009, Staff, the Public Advocate and the Interveners filed written testimony in which they recommended certain adjustments to Tidewater's requested revenue increase. The Parties' pre-filed testimony addressed in detail various issues, including: Tidewater's pro forma rate base calculation, operating revenues, operations and maintenance expense, and rate of return.

7. On July 1, 2009, the Company submitted pre-filed rebuttal testimony.

**B. Public Comment Sessions**

8. A procedural schedule was developed for the conduct of this docket pursuant to which duly publicized<sup>2</sup> public comment sessions were held at the Commission's offices, 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904 on March 24, 2009; at the Delaware Technical & Community College (DTCC), Jack F. Owens Campus, "The Lecture Hall," Room 529, William Carter Partnership Center, Georgetown, Delaware 19947 on March 25, 2009; and at the Jean Birch MOT Senior Center, 300 S. Scott Street, Middletown, Delaware 19709 on March 26, 2009.

9. Three members of the public appeared at the public comment session in Dover. Eighteen members of the public appeared at the public comment session in Georgetown. No members of the public appeared at the public comment session in Middletown. In addition, I have received approximately eighty-five (85) letters from Tidewater customers all of whom objected to Tidewater's requested rate increase.

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<sup>2</sup> (See H. Ex. 1)

**C. Evidentiary Hearings**

10. Evidentiary hearings in this case were held on July 13, July 27 and August 24, 2009. The record in this matter consists of some three hundred and six pages (306) and twenty-five (25) exhibits.

11. On July 27, 2009, I conducted an evidentiary hearing at which time I heard evidence from the parties on a proposed settlement (H. Ex. 20) reached by Commission Staff, Tidewater and DPA. These three parties had reached an agreement on disposition of all the issues with the exception of the issue raised by OTP related to the rates charged for Private Fire Service. At the hearing, Commission Staff, Tidewater and DPA presented testimony concerning their respective reasons why the Commission should find the settlement agreement in the public interest. Further, Old Towne Point presented its case-in-chief regarding its reasons that Private Fire Service rates should not be increased, but should be reduced. Old Towne Point was permitted to cross-examine the other parties' witnesses concerning the proposed settlement agreement, H. Ex. 20.

12. All of the pre-filed testimony of the Parties and additional exhibits were introduced into the record.

13. At the conclusion of the hearing, I directed the Parties to follow a briefing schedule. However, after the hearing was concluded, I was advised that all of the Parties had resolved the one remaining issue that had not been resolved prior to the July 27<sup>th</sup> evidentiary hearing; the issue relating to Private Fire Service.

14. On August 24, 2009, I conducted another evidentiary hearing during which the parties submitted into the record a revised Settlement Agreement (H. Ex. 25; attached hereto as Attachment "B")) that resolved all of the issues in this case, including the one regarding Private Fire Service.

15. I have considered the entire record of this proceeding. Based upon my review of that record, I submit for the Commission's consideration these Findings and Recommendations:

### **III. THE PARTIES POSITIONS**

16. **Tidewater**. The evidentiary record includes the following pre-filed testimony sponsored by the Company: Direct testimony from: 1) Gerard L. Esposito, the Company's President (H. Ex. 3); 2) Bruce E. Patrick, the Company's Vice President of Engineering (H. Ex. 4); 3) John R. Palko, a Principal with AUS Consultants (H. Ex. 8); 4) A. Bruce O'Connor, the Company's Treasurer (H. Ex. 5); 5)

Edward A. Rapciewicz, Jr., the Company's Vice President of Operations (H. Ex. 6); and 6) Pauline M. Ahern, CRRA, a Principal with AUS Consultants (H. Ex. 7). Rebuttal testimony from Mr. Esposito (H. Ex. 9), Mr. Patrick (H. Ex. 10), Mr. O'Connor (H. Ex. 11) and Ms. Ahern (H. Ex. 12). Mr. O'Connor testified at the evidentiary hearing.

17. The Company's final litigated position supported in its rebuttal testimony proposed an increase in annual revenues of \$5,100,703, which was based upon a claimed rate base of \$86,184,770, operating income of \$4,868,968, a return on common equity ("ROE") of 11.80% and an overall proposed rate of return of 9.19% (H. Ex. 12 at 53, Sch. 11) as of May 31, 2009.

18. **Commission Staff**. Staff sponsored the testimony of the following witnesses: 1) David C. Parcell, Executive Vice President and Senior Economist of Technical Associates, Inc. (H. Ex. 14); 2) Ralph C. Smith, senior utility regulatory consultant with Larkin & Associates (H. Ex. 15 and 15-A); and 3) Brian Kalcic, a Principal with Excel Consulting (H. Ex. 16). On June 5, 2009, Staff filed testimony supporting an additional revenue requirement of \$2,510,959 applied to a rate based calculated at \$82,181,836.

19. **Public Advocate.** The Public Advocate sponsored the testimony of Andrea C. Crane, President of The Columbia Group, Inc. (H. Ex. 19). DPA's prefiled testimony advocated an additional revenue requirement of \$1,602,345 for Tidewater on a rate base of \$80,978,471.

20. **Intervener, Old Towne Pointe:** OTP sponsored the testimony of Robert Ambrose, a consultant with Herbert, Rowland & Grubic, Inc. (H. Ex. 17) and R. Craig Hudson, Principal of Hudson/RDM, LLC, Downtown Area Condominiums at the Village of Five Points and Old Towne Pointe, LLC (H. Ex. 18). OTP's testimony concerned the rates of private fire service customers. OTP contended that rates for private fire service customers were substantially in excess of costs for the service, thereby requiring this service to impermissibly subsidize services for other customers.

#### **IV. SUMMARY AND DISCUSSION OF THE EVIDENCE**

##### **A. THE PROPOSED SETTLEMENT**

21. All of the Parties entered into a proposed Settlement Agreement on August 24, 2009. See H. Ex. 25, attached hereto as Attachment "B." The Settlement Agreement provides that the rates of the Company will be increased by \$3,025,096. The settlement rates are reflected on the schedules (see Exhibits "A" and "B")

attached to the Settlement Agreement; attached hereto as Attachment "B."

22. In addition, the Parties stipulated that during the rate effective period, the Company is allowed a return on equity of 10%.

23. Further, the Parties have agreed that in the next case Tidewater will file rate tariffs that support an inclining block rate structure for the general water service class. Tidewater will also advocate the reduction of Private Fire Service rates by approximately one-third of the difference between the revenues expected to be collected and the indicated cost to serve the Private Fire Service customer class consistent with a cost of service study.

24. Tidewater further agreed that if the Commission approves any reduction in the difference between the expected revenues to be collected and the indicated cost to serve the Private Fire Service class consistent with the cost of service study, Tidewater would request in any subsequent base rate filing a tariff design proposal that would continue to support the move towards actual cost of service study results for the Private Fire Service class of customers.

25. By its terms, the Settlement Agreement is the product of extensive negotiation among the parties, and reflects a mutual balancing of various issue and positions. The Settlement Agreement is not intended or designed to set a precedent. It will not have issue or claim preclusion effect in any future proceeding, and no party shall be prohibited from arguing a different policy or position before the Commission in any future proceeding.

26. The Settlement Agreement reflects the Parties understanding that based upon its terms and conditions that the settlement of this matter will serve the interest of the public and Tidewater, while meeting the statutory requirement that rates be both just and reasonable.

27. The Parties differed as to the proper resolution of many of the remaining underlying issues in the rate proceeding and have, therefore, preserved their rights to raise those issues in future proceedings.

B. **DISCUSSION**

28. The Commission has jurisdiction over this matter. 26 Del. C. § 201(a). The Parties have demonstrated that the proposed Settlement Agreement results in just and reasonable rates. For the reasons discussed below, I concur and recommend to the Commission its approval and adoption.

29. All Parties to this proceeding have either entered into the proposed Settlement Agreement, or for reasons not related to the substance of the settlement, have stated that they have no objection to the Settlement Agreement. Therefore, the amount of the settlement's increase is far below the amount that the Company originally proposed, and moderates the impact on customers.

30. Based on my review of the entire record, I find that the approval of the Proposed Settlement is in the public interest because it balances the interests of ratepayers and the Company. It is clear from the record that the agreement was a product of extensive negotiations between the parties, conducted after the completion of thorough investigations by Staff, the Public Advocate and the Intervener, including a three days of evidentiary hearings. The Settlement Agreement reflects a mutual balancing of the various issues and positions. In addition, it is significant that the parties, all of whom maintain that the Proposed Settlement is in the public interest, represent a wide variety of interests. Finally, I note that settlements are encouraged under Delaware law, particularly when supported by all parties. 26 *Del. C.* § 512.

**V. RECOMMENDATIONS**

31. In summary, and for the reasons stated above, I find that the proposed settlement, admitted into the evidentiary hearing record of this case as H. Ex. 25 and attached hereto as Attachment "B," is just and reasonable, and in the public interests. The evidence of record in this matter clearly and convincingly demonstrates that the Proposed Settlement Agreement is overall a fair and balanced resolution of the issues in this matter. Accordingly, I recommend that the Commission adopt this Report and approve the Proposed Settlement Agreement, confirming that the settlement rates can be placed into effect as of September 9, 2009 and shall remain effective until further changed by Commission Order.

32. A form of Order implementing the foregoing recommendations is attached for the Commission's consideration.

Respectfully submitted,

/s/ Ruth A. Price  
Ruth A. Price  
Senior Hearing Examiner

Dated: September 2, 2009

**A T T A C H M E N T “B”**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF )  
TIDEWATER UTILITIES, INC. FOR AN ) PSC DOCKET NO. 09-29  
INCREASE IN WATER RATES )  
(FILED JANUARY 26, 2009) )

**SETTLEMENT AGREEMENT**

This Settlement Agreement (the “Settlement”), is entered into by and among Tidewater Utilities, Inc. (“Tidewater” or “the Company”), the Staff of the Public Service Commission (“Staff”), the Public Advocate (“Public Advocate”), and Olde Towne Pointe, L.L.C. (“OTP”) (collectively, “the Parties”).

WHEREAS, on January 26, 2009, Tidewater filed an application with the Public Service Commission of the State of Delaware (“the Commission”), pursuant to 26 *Del. C.* § § 201, 209, 304, and 306, for a revision to its currently effective water service rates designed to produce an additional \$6,423,370 in annual revenues by increasing its water service rates by approximately 32.54% (the “Application”); and

WHEREAS, the Company having filed on March 4, 2009 an Application seeking to place rates under bond on a temporary basis, subject to refund and, effective on March 27, 2009, rates as permitted by 26 *Del. C.* § 306(c) enabled the Company to collect an annual revenue of approximately \$2,460,315 or approximately 12.77%, which did not exceed 15% of the public utility’s annual gross interstate operating revenues; and

WHEREAS, on March 17, 2009 the Commission entered PSC Order No. 7543, which allowed Tidewater to collect said rates under bond, subject to refund as permitted 26 *Del. C.* § 306(c); and

WHEREAS, on June 5, 2009, Staff filed testimony in which it took the position that Tidewater should be allowed an additional revenue requirement of \$2,510,959, applied to a rate base of \$82,181,836; and

WHEREAS, pursuant to 29 *Del. C.* § 8716, the Public Advocate intervened in this proceeding and on June 5, 2009, filed testimony in which it took the position that Tidewater should be allowed an additional revenue requirement of \$1,602,345, applied to a rate base of \$80,978,471; and

WHEREAS, OTP, another intervener, filed testimony on June 5, 2009 addressing the issue of private fire service rates for certain customers alleging that the rates proposed were far in excess of the actual cost of providing the service; and

WHEREAS, substantial written discovery and public comment sessions were conducted on March 24, 25, 26, 2009 in Dover, Georgetown, and Middletown, Delaware, respectively, among the parties; and

WHEREAS, Tidewater desires to avoid the substantial cost which would be involved if the case were to proceed to evidentiary hearing; and

WHEREAS, the Parties have conferred in an effort to resolve the issues in this proceeding; and

WHEREAS, it is acknowledged that the Parties differ as to the proper resolution of many of the underlying issues in the rate proceeding and are preserving their rights to raise those issues in future proceedings, but believe that settlement of the pending rate

proceeding on the terms and conditions contained herein, will serve the interests of the public and the Company, while meeting the statutory requirement that rates be both just and reasonable;

IT IS HEREBY STIPULATED AND AGREED by Tidewater, Staff, the Public Advocate and OTP that the Parties will submit to the Commission for its approval the following terms and conditions for resolution of the pending proceeding:

1. The additional revenue requirement awarded to the Company will be \$3,025,096 or approximately a 15% increase over pre-existing revenues (\$564,781 in additional revenue over the rates placed under bond effective March 27, 2009). The Parties acknowledge that these figures have been agreed to as a compromise of the Parties' positions, and the Parties believe that these proposed awards are within the bounds of the statutory requirement of a fair rate of return, based on circumstances specifically unique to Tidewater. Changes will be made to the Company's tariff in order to meet the stipulated revenue requirement increase.

2. The Settlement revenue requirement amount of \$3,035,833 is based on the capital structure of 50.52% equity and 49.48% long-term debt with a rate of return on common equity of 10%.

3. This Settlement also addresses the concerns raised by OTP regarding rates related to Private Fire Service. OTP alleged that the revenue collected from this class of customers far exceeds the cost of service incurred in providing the service. The parties discussed this issue, and after a hearing in which testimony was presented by Staff, the Company and OTP, the parties agreed to resolve the issue in a manner that would eliminate, as part of this settlement, any rate increase for this class.

4. In addition, the Company agreed to request and advocate in its next base rate filing a tariff design proposal that would reduce the amount of the revenues expected to be recovered from the Private Fire Service class by approximately one-third (1/3) of the difference between the expected revenues to be collected and the indicated cost to serve the Private Fire Service class consistent with a cost of service study and, if the Commission approves any reduction in the difference between the expected revenues to be collected and the indicated cost to serve the Private Fire Service class consistent with the cost of service study, to request in a subsequent base rate filing a tariff design proposal that would continue to support the move towards actual cost of service study results for the Private Fire Service class of customers.

5. As part of that new rate filing, the Company also agreed to include in its cost of service study a proposed tariff that has inclining block rates for higher water consumption in an effort to promote conservation.

6. This Settlement is the product of extensive negotiation, and reflects a mutual balancing of various issues and positions. It is therefore a condition of the Settlement that it be approved by the Commission in its entirety without modification or condition. If this Settlement is not approved in its entirety, this Agreement shall become null and void.

7. This Settlement shall not set a precedent, shall not have issue or claim preclusion effect in any future proceeding, and no party shall be prohibited from arguing a different policy or position before the Commission in any future proceeding. The purpose of this Settlement is to provide just and reasonable rates for the customers of

Tidewater. In addition, the Parties believe that the Settlement is in the public interest because, among other things, it avoids the additional cost of litigation.

8. The terms of this Settlement will remain in effect until changed by an order of the Commission. The Commission retains jurisdiction over this Agreement and all statutory procedures and remedies otherwise available to the Parties to ensure that rates are just and reasonable, while providing a fair rate of return, including without limitation 26 *Del. C.* § 304 and 309-311.

9. The Settlement Agreement may be executed in counterparts by any of the signatories hereto and transmission of an original signature by facsimile or email shall constitute valid execution of this Agreement. Copies of this Settlement Agreement executed in counterpart shall constitute one agreement. Each signatory executing this Settlement Agreement warrants and represents that he or she has been duly authorized and empowered to execute this Settlement Agreement on behalf of the respective party.

DELAWARE PUBLIC SERVICE  
COMMISSION STAFF

Date: 08/19/09

By: /s/ Bruce H. Burcat

TIDEWATER UTILITIES, INC.

Date: 08/24/09

By: /s/Gerard L. Esposito

PUBLIC ADVOCATE

Date: 08/24/09 By: G. Arthur Padmore

OLDE TOWNE POINT, L.L.C.

Date: 08/24/09 By: R. C. Hudson

Schedule A

TIDEWATER UTILITIES, INC.

**Total Operating Revenues  
at Final Settlement Rates  
(Test Period EncUna June 30 2009)**

Line No.	Provision	Updated Company Pro Forma Revenue (1)	Settlement Adjustment\$ (2)	Settlement Base Rate Revenue (3)	Settlement Increase (4)	Total Base Rate Revenue (5)
1	General Water Service	\$ 16,106,610	\$ -	\$ 16,106,810	\$ 2,494,947	\$ 18,801,5
2	Public Fire Protection	835,002	0	835,002	168,488	1,023,4
3	Private Fire Protection	932,209	0	932,209	0	932,2
4	Contract Safes	1,356,650	0	1,356,650	204,493	1,561.1
6	Connection Fees	727,851	0	727,851	109,704	837,5
6	Other Operating Revenues	280,566	0	280,568	27,545	308,1
7	Rounding		-		(811 ( I )	
8	<b>Total Revenues</b>	<b>\$ 20,238,888</b>	<b>8 -</b>	<b>\$ 20,238,888</b>	<b>\$ 3,025,096</b>	<b>\$ 23,263,9</b>

Source: Tidewater Bch. 8B, pg. 1, 7/01/09 Update (1) + (2) (5) • (3) Soh

TIDEWATER UTILITIES, INC.

Final Settlement Rates and Proof of Revenue General Water Service and Contract Sales  
(Test Period ending June 30, 2009)

GWp Facility Charge						
Una	Test Meter Site	Period Customers	Test Period p_N	Present Settlement		Revenue
				Rate	Rate	
				\$		
1	6/8	27,603	110,412			\$ 5,267,819
	3/4	426	1,704	44.27		81,144
2	1	1,816	7,264	\$		576,544
3	1 1/2	87	348		7.62	49,719
4	2	284	1,136	44.27		252,465
5	3	35	140	\$		60,005
6	4	4	16		7.62	10,668
7	6	2	8	73.79		10,414
8	8	1	4	3		8,128
0		30,258	121,032	1		\$ 36,306,905
10				32.83		1
GWS Consumption Chan:* (1,000 acous)						
11	Test Period	1,814,200		\$ 5.6462	10 243,3M	\$ 8.7769 12,294,652
12	Total GWS				616 108 610 amen6ornams	\$1 8 801 557
Contract Sales						
13	Test Period (1,000 gallons)					
14	DAPS	119,222		\$ 8.8462	\$1,064,662	\$ 10.1796 \$ 1,213,532
15	Southern Shores	67378		\$ 4.0487	\$ 272,793	\$ 4.6590 313,914
16	Oceanview	8426		\$ 3.4649	\$ 29,195	\$ 3.0872 33,596
17	Total Contract Sales				\$1,356,650	\$1,561,143

**TIDEWATER UTILITIES, INC.**  
Final Settlement Rates and Proof of Revenue  
Public and Private Fire Protection, Connection Fees & Other Revenues  
(Test Period Ending June 30, 2009)

**Public Fire Protection**

Line No.	Public	Test Period	Customers	Bills	Rate	Total
1	Public	3-244	23,521	3-244	\$ 8.86	\$ 836,002
						\$ 10.86
						\$ 1,023,490

**Private Fire Protection - Facility Charge**

Meter	1"	2"	4"	6"	8"
Total Private					

**Connection Fees - Size & No. of Cdn**

Size	No. of Cdn	Rate	Total
1/2"	1	\$712.70	\$ 712.70
3/4"	5	\$1,006.68	\$ 5,033.40
1"	1	\$1,772.84	\$ 1,772.84
1 1/2"	1	\$2,004.46	\$ 2,004.46
2"	1	\$7,545.69	\$ 7,545.69
3"	6	\$10,966.25	\$ 65,798
4"	1	\$16,642.85	\$ 16,643
<b>Total Connection Fees</b>			<b>\$ 727,851</b>

**Other Revenues**

16	Turn on/Turn off	\$ 182,748
17	Penalty	93,143
18	Return Check	4,675
19	Miscellaneous	
20	Total Other Revenues	\$ 280,566
21	Total Revenues	\$ 2,003,946

Delaware Public Service Commission  
Company: Tidewater Utilities, Inc.  
Docket No. 09-29

TIDEWATER UTILITIES, INC.

Tariff for

Water Service

Applicable to Service Areas in

New Castle, Kent and Sussex Counties, Delaware

Revised Pages: 21, 22, 23, 24, 25

Effective: September 9, 2009

TARIFF SCHEDULE OF RATES

1. GENERAL WATER SERVICE CHARGES:

General Water Service customers are charged a Facilities Charge plus a Water Usage Charge and a Public Fire Hydrant Charge, where applicable:

(a) FACILITIES CHARGES:

A Facilities Charge payable in advance, is based on the customer's meter size, as follows:

<u>Size of Meter</u>	<u>Monthly Facilities Charge</u>	<u>Quarterly Facilities Charge</u>
5/8" - 3/4"	\$ 15.87	\$ 47.62
1"	26.46	79.37
1-1/2"	47.62	142.87
2"	74.08	222.24
3"	142.87	428.61
4"	222.24	666.73
6"	433.90	1,301.70
8"	677.31	2,031.93

(b) WATER USAGE CHARGE:

All water used is charged for in arrears at \$6.7769 per 1,000 gallons.

(c) PUBLIC FIRE HYDRANT CHARGES:

Where fire hydrants are installed, such districts will be termed Fire Hydrant Districts. A service charge of \$10.86 per quarter, or \$3.62 per month, will be added to the regular Facilities Charge on all services in these districts. Apartment houses, hotels, motels and other multiple unit buildings will be charged one such hydrant service charge of \$10.86 per quarter, or \$3.62 per month, for every four units.

2. PRIVATE FIRE SERVICE CHARGES:

a) Customers with one service line providing both General Water Service and Private Fire Service (not used for General Water Service purposes) are charged a Private Fire Facilities Charge equal to the charge for a meter the same size as the service line, plus a charge for General Water Service based on the size of the meter, plus a Water Usage Charge, plus a Public Fire Hydrant Charge, if applicable. The Private Fire Facilities Charge is as follows:

<u>Size of Meter</u>	Monthly Facilities Charge	Quarterly Facilities Charge
1"	\$ 9.56	\$ 28.67
2"	33.45	100.35
4"	141.76	425.28
6"	316.97	950.90
8"	563.85	1,691.55

b) Customers with a dedicated Private Fire Service line are charged a Private Fire Facilities Charge based on the meter size or, if there is no meter, based on the charge for a meter the same size as the service line, plus a Water Usage Charge, plus a Public Fire Hydrant Charge, if applicable. The Private Fire Facilities Charge is as follows:

<u>Size of Meter</u>	Monthly Facilities Charge	Quarterly Facilities Charge
1"	\$ 9.56	\$ 28.67
2"	33.45	100.35
4"	141.76	425.28
6"	316.97	950.90
8"	563.85	1,691.55

c) Customers applying for one service line based on meter size and who also have Private Fire Service after the meter are charged a General Water Service Charge and a Public Fire Hydrant Charge, if applicable.

In each case, any water available for fire protection, but used for purposes other than fire protection, is to be metered and to be subject to a Water Usage Charge.

3. TURN-OFF AND TURN-ON CHARGES:

When temporary shut-off is made at the request of a customer, or for the failure of the customer to pay past-due bills or for another reason set forth in this tariff, a service charge of \$38.63 will be made. An additional charge of \$38.63 will be made for turning the service back on.

There shall be no discount on these charges. These charges will apply during regular working hours, and should it be necessary to perform such work after normal hours, the charge will be \$57.94.

4. SEASONAL TURN-OFF CHARGES:

Customers may request a Seasonal Turn Off by giving notice to the Company and paying the Seasonal Turn Off Charge. During the period of the Seasonal Turn Off, the customer will not be required to make payment of the Facilities Charge. The amount of the Seasonal Turn-off Charge will depend upon meter size as follows:

5/8" – 3/4"	\$ 175.58
1"	263.37
1-1/2"	526.73
2"	877.91
3"	1,580.24
4"	2,633.73
6"	5,267.43
8"	8,427.89

5. SERVICE CONNECTION CHARGES:

a) Service Connection Charges will be as follows:

5/8" - 3/4" service	\$ 820.12
1" service	1,158.41
1-1/2" service	2,040.06
2" service	2,306.59
3" service	7,381.10
4" service	8,683.04
6" service	12,619.17
8" service	19,151.39

- b) The charge for installing ¾" metered service to existing customers having formerly paid a Service Connection Charge shall be the difference between the Service Connection Charge in effect at the time metering commences and the Service Connection Charge previously paid. No charge will be assessed to customers having paid a tapping fee which included metered service.
- c) In addition to the Service Connection Charge above, customers within the franchise territory yet outside a particular service area will be charged an extension fee of \$820.12 per service.
- d) In addition to the Service Connection Charge above, customers within the Development of Indian River Acres will be charged a subdivision specific tariff of \$2,807.71 for each service.

6. OTHER MISCELLANEOUS CHARGES:

Service call to read a meter due to change of ownership or occupancy of a dwelling unit:  
Transfer charge will be \$43.90.

Service call for frozen service lines or leaks that are the customer's responsibility:  
The service charge will be \$38.63.  
After hours charge will be \$57.94.

Unauthorized entry of meter pit:  
The charge will be \$87.79 plus cost of repair or damage for each occurrence.

Unauthorized water withdrawal from fire hydrants:  
The charge will be \$263.36 for each occurrence.

The Company shall charge each customer \$20.00 for any returned check it receives as payment for any service, charge or deposit.

7. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE:

In addition to the net charges provided for in items 1. and 2. of this Tariff Schedule of Rates, a charge of 0% will apply to all charges for bills rendered on or after March 27, 2009.

The above charge will be recomputed semi-annually, using the elements prescribed by Section 314 of Title 26 of the Delaware Code.

8. BULK WATER CONTRACT SALES

- a) Ocean View – Under contract, the Town of Ocean View is charged \$3.9872 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Town of Ocean View water distribution system.
- b) Dover Air Force Base – Off Base Housing – Under contract, Dover Air Force Base Housing – Eagle Meadows/Heights is charged \$10.1796 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Eagles Heights and Eagle Meadows Housing subdivision water distribution systems.
- c) Southern Shores – Under contract, Southern Shores Water Company is charged \$4.6590 per thousand gallons of consumption registered through the meter(s) at the interconnection with Southern Shores water distribution systems.