

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

IN THE MATTER OF THE APPLICATION OF)
TIDEWATER UTILITIES, INC. FOR THE)
APPROVAL OF THE SEMI-ANNUAL ADJUSTMENT) PSC DOCKET NO. 10-188
TO THE DISTRIBUTION IMPROVEMENT CHARGE)
("DSIC") EFFECTIVE JULY 1, 2010)
PURSUANT TO 26 DEL. C. §314(b)(5))
(FILED MAY 26, 2010))

ORDER NO. 7791

This 15TH day of June, 2010, the Commission determines and Orders the following:

I. BACKGROUND

1. Under the provisions of 26 *Del. C.* §314, a water utility may calculate and collect a "Distribution System Improvement Charge" ("DSIC Rate"). This charge allows the utility to promptly begin to recover depreciation expenses and a return on capital invested in "eligible distribution system improvements" recently put into service. Under the statutory scheme, a particular utility's DSIC Rate, once initiated, may thereafter be adjusted, on a semi-annual basis, to reflect eligible improvements put into service within a preceding six-month window. See 26 *Del. C.* §314(b)(3),(5).¹

II. DSIC RATE ADJUSTMENTS BY TIDEWATER UTILITIES, INC.

3. On May 26, 2010, Tidewater Utilities, Inc. ("Tidewater") filed an application to re-set its DSIC Rate from 1.11% to 1.07%,

¹The Commission has explained the DSIC Rate mechanism in detail in PSC Order No. 5850 (Dec. 11, 2001).

effective July 1, 2010.² According to Tidewater, this decrease in its DSIC charge reflects an additional net plant of \$171,959 placed in service between November 1, 2009 and April 30, 2010.

4. Consistent with previous determinations the Commission will allow the adjusted DSIC Rate to go into effect on July 1, 2010. As with Tidewater's earlier DSIC Rates, the Commission does not specifically approve this new adjusted Rate. Rather, this adjustment will be subject to audit and review for compliance with section 314 during the annual reconciliation proceeding. If the Commission finds that this DSIC Rate does not comply with the statutory prerequisites or was not calculated according to the statutory formula, the Commission may revise the DSIC Rate and provide an appropriate remedy for any DSIC charges improperly collected.

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

1. That, under the provisions of 26 Del. C. §314, the adjusted DSIC Rate of 1.07% as proposed by Tidewater Utilities, Inc., in its application filed on May 26, 2010, is allowed to go into effect on July 1, 2010. Such DSIC Rate shall be subject to later review, audit, or revision as described in the body of this Order. Further, Tidewater Utilities, Inc., is put on notice that it may be obligated to make refunds or reimbursements to its subscribers if this adjusted DSIC Rate is later found, in all or in part, to be inconsistent with the provisions of 26 Del. C. §314.

² Tidewater's DSIC Rate was set to 1.11%, effective January 1, 2010, pursuant to PSC Order No. 7713 (Dec. 22, 2009).

2. That Tidewater Utilities, Inc., shall provide information to its subscribers concerning this adjusted DSIC Rate as required by 26 Del. C. §314(b)(1).

3. That the Commission explicitly reserves jurisdiction and authority over the DSIC Rate to conduct the review and audit as described in this Order, and to conduct the annual reconciliation described in 26 Del. C. §314(b)(8).

4. That Tidewater Utilities, Inc. is hereby notified that it will be assessed the costs of this proceeding pursuant to 26 Del. C. §114(b).

5. 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/ Alisa Carrow Bentley
Secretary