

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

IN THE MATTER OF THE APPLICATION)
OF TIDEWATER UTILITIES, INC., FOR)
A GENERAL INCREASE IN WATER RATES) PSC DOCKET NO. 04-152
(FILED APRIL 26, 2004))

ORDER NO. 6410

AND NOW, this 4th day of May, 2004, Tidewater Utilities, Inc. ("Tidewater"), having, on April 26, 2004, filed with the Commission an application seeking approval for a general increase in its water rates; and

WHEREAS, in its application, Tidewater posits that it is entitled to an increase in revenues of \$3,151,921, which constitutes a 29.92% increase above its present revenues; and

WHEREAS, in its application, Tidewater represents that it will only seek a 24% increase in its revenues and will, if approved, implement such increase in steps by increasing its rates by 13% (under bond) effective sixty (60) days after the filing date and the remainder in two equal phases, six (6) months and twelve (12) months, respectively; and

WHEREAS, the Commission having determined that pursuant to the authority granted to the Commission by 26 Del. C. § 306(a)(1), the filing by Tidewater shall be suspended pending full and complete evidentiary hearings into the justness and reasonableness of the proposed new rates and tariff sheets and a final decision of the Commission; now, therefore,

IT IS ORDERED:

1. That the rates and revised tariff sheets filed by Tidewater Utilities, Inc., on April 26, 2004, are hereby suspended pursuant to 26

Del. C. § 306(a)(1) and shall not be placed into force or effect except pursuant to law or further Order of the Commission, and then only to the extent such law or further Commission Order may permit or allow.

2. That, pursuant to the requirements of 26 Del. C. §§ 102A and 304, Tidewater Utilities, Inc., shall give public notice of the application for increased rates and revised tariff sheets by causing the publication of the notice attached hereto as Exhibit "A" in The News Journal and Delaware State News newspapers, in two column format, outlined in black, on the following dates:

Monday, May 10, 2004 (The News Journal)

Tuesday, May 11, 2004 (Delaware State News)

Tidewater Utilities, Inc., shall file proof of such publication with the Commission as soon thereafter as is reasonably practicable but prior to the date set for any evidentiary hearing in this docket.

3. That William F. O'Brien is designated as Hearing Examiner for this matter pursuant to the terms of 26 Del. C. § 502 and 29 Del. C. ch. 101 to schedule and conduct, upon due notice, such public comment sessions and evidentiary hearings, as may be necessary, to have a full and complete record concerning the justness and reasonableness of the proposed increased rates and tariff modifications. Dates and times for serving and responding to discovery shall be included in the procedural schedule. Thereafter, the Hearing Examiner shall file with the Commission his proposed findings and recommendations. Pursuant to Rule 21 of the Commissions Rules of Practice and Procedure, the Hearing Examiner is specifically delegated the authority to grant or deny petitions seeking leave to intervene. In addition, the Hearing Examiner is delegated the authority, under 26 Del. C. § 102(A), to determine the form and manner of any further public notice in this matter.

4. That James Mc. Geddes, Esquire, is designated Rate Counsel for this matter. The Applicant is hereby placed on notice that the costs of the proceeding will be charged to it under the provisions of 26 Del. C. § 114(b) (1).

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/ Joshua M. Twilley
Vice Chair

/s/ Joann T. Conaway
Commissioner

/s/ Donald J. Puglisi
Commissioner

/s/ Jaymes B. Lester
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary

E X H I B I T "A"

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IN THE MATTER OF THE APPLICATION)
OF TIDEWATER UTILITIES, INC., FOR) PSC DOCKET NO. 04-152
A GENERAL INCREASE IN WATER RATES)
(FILED APRIL 26, 2004))

**PUBLIC NOTICE OF APPLICATION OF TIDEWATER UTILITIES, INC., FOR
INCREASED UNIFORM RATES FOR WATER SERVICE**

TO: ALL CUSTOMERS OF TIDEWATER UTILITIES, INC.

On April 26, 2004, Tidewater Utilities, Inc. ("Tidewater" or "the Company"), filed an application with the Delaware Public Service Commission ("the Commission") seeking approval for an increase in its water services' rates.

In its application, Tidewater asserts that it is entitled to increased revenues of \$3,151,192, or a 29.92% increase over its present revenues. However, Tidewater represents that it will seek only a 24% increase in its revenues and, if such amount is approved, implement such increase in three rate increases: a 13% increase (under bond) effective 60 days after the filing date; an additional 5.5% increase in 6 months; and a final additional 5.5% increase in 12 months.

The following is a comparison of Tidewater's present rates and proposed new rates, which may be different than those approved by the Commission, however the rates will not exceed these:

FACILITIES CHARGES PER QUARTER:

<u>Meter Size</u>	<u>Present Rates</u>	<u>Proposed Rates To be Effective June 25, 2004</u>	<u>Proposed Rates at the Full Rate Increase Level</u>
5/8" - 3/4"	\$ 32.46	\$ 38.48	\$42.39
1"	54.10	64.13	70.64
1-1/2"	97.38	115.42	127.14
2"	151.48	179.55	197.79
3"	292.14	346.27	381.44
4"	454.44	538.63	593.35
6"	887.24	1,051.61	1,158.45
8"	1,384.96	1,641.53	1,808.30

FIRE HYDRANT DISTRICT CHARGE AND WATER USAGE CHARGE:

Fire Hydrant District Charge (per quarter)	5.25	6.23	8.00
Water Usage Charge per 1,000 Gallons	3.4342	4.0704	4.4085

SEASONAL TURN-OFF CHARGES:

<u>Meter Size</u>	<u>Present Rates</u>	<u>Proposed Rates To be Effective June 25, 2004</u>	<u>Proposed Rates at the Full Rate Increase Level</u>
5/8" - 3/4"	\$ 100.00	113.00	124.00
1"	150.00	169.50	186.00
1 1/2"	300.00	339.00	372.00
2"	500.00	565.00	620.00
3"	900.00	1,017.00	1,116.00
4"	1,500.00	1,695.00	1,860.00
6"	3,000.00	3,390.00	3,720.00
8"	4,800.00	5,424.00	5,952.00

On May 4, 2004, the Commission, acting pursuant to 26 Del. C. § 306(a)(1), suspended the effectiveness of the proposed new rates and tariff revisions pending further investigation, public comment sessions and public evidentiary hearings, which will be held later after further

public notice. However, the Company is expected to exercise its rights under 26 Del. C. § 306(c) to place a portion of its proposed increases into effect under bond and subject to refund sixty (60) days after the initial April 26, 2004 filing date.

The Commission will make its decision on this matter on the basis of the evidence of record taken at the public evidentiary hearings. The Commission may approve or reject, in whole or in part, the proposed increase and revisions and may approve a different method for allocating any increase should one be found to be appropriate.

If you are a customer of Tidewater you are invited to review the application and supporting documents to determine how your interest may be affected. You may review the documents during normal business hours in the Commission's Dover office at the address listed below. You may also review copies of the filing at the office of the Division of the Public Advocate located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801. Please call (302) 577-5077 to arrange for a time to review the documents at that location.

If you wish to participate as a party in this docket, with the right to present evidence and be heard by counsel, you must file a petition to intervene under Rule 21 of the Commission's Rules of Practice and Procedure. You must file that petition on or before Tuesday, **June 1, 2004** at the Commission's office located at:

Delaware Public Service Commission
ATTN: PSC Docket No. 04-152
861 Silver Lake Boulevard
Cannon Building
Suite 100
Dover, Delaware 19904

A petition filed thereafter will not be considered except for good cause shown.

If you have a disability and wish to participate in, or to review the materials in these proceedings, please contact the Commission to

discuss any auxiliary aids or services which you might need to help you. You may contact the Commission in person, by writing, by telephone (including text telephone), by Internet e-mail, or other means. If you have questions about this matter, you can call the Commission at 1-800-282-8574 (toll-free in Delaware) or you may call (302) 739-4247 (voice) or (302) 739-4333 (text telephone). You may also send questions or request information by Internet e-mail addressed to knickerson@state.de.us.