

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

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

**ORDER NO. 6494**

**AND NOW**, this 19<sup>th</sup> day of October, 2004;

**WHEREAS**, the Commission has received and considered the Findings and Recommendations of the Hearing Examiner ("Report") issued in the above-captioned docket, which was submitted after a duly noticed public evidentiary hearing;

**AND WHEREAS**, the Hearing Examiner recommends that the Proposed Settlement Agreement, dated September 28, 2004, which is endorsed by all the parties, and which is attached hereto as "Attachment B", be approved;

**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 ORDERED:**

1. That, by and in accordance with the affirmative vote of a majority of the Commissioners, the Commission hereby adopts the October 13, 2004 Findings and Recommendations of the Hearing Examiner, appended hereto as "Attachment A".

2. That the Commission approves the Proposed Settlement Agreement and the proposed rates therein, which reflect a total test



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

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

FINDINGS AND RECOMMENDATIONS OF THE HEARING EXAMINER

DATED: OCTOBER 13, 2004

WILLIAM F. O'BRIEN  
SENIOR HEARING EXAMINER

TABLE OF CONTENTS

	<u>PAGE</u>
I. <u>APPEARANCES</u> .....	1
II. <u>BACKGROUND</u> .....	1
III. <u>SUMMARY OF PUBLIC COMMENT</u> .....	3
IV. <u>SUMMARY OF THE EVIDENCE</u> .....	5
V. <u>THE PROPOSED SETTLEMENT AGREEMENT</u> .....	8
VI. <u>DISCUSSION</u> .....	10
VII. <u>RECOMMENDATIONS</u> .....	11

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

**FINDINGS AND RECOMMENDATIONS OF THE HEARING EXAMINER**

William F. O'Brien, duly appointed Hearing Examiner in this Docket pursuant to 26 Del. C. § 502 and 29 Del. C. ch. 101, by Commission Order No. 6410, dated May 4, 2004, reports to the Commission as follows:

**I. APPEARANCES**

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

RICHARDS, LAYTON, & FINGER  
BY: GLENN C. KENTON, ESQUIRE.

On behalf of the Public Service Commission Staff:

ASHBY & GEDDES  
BY: JAMES McC. GEDDES, ESQUIRE.

On behalf of the Division of the Public Advocate:

G. ARTHUR PADMORE, PUBLIC ADVOCATE.

**II. BACKGROUND**

1. On April 26, 2004, Tidewater Utilities, Inc. ("Tidewater" or the "Company") filed an application with the Delaware Public Service Commission ("Commission") seeking approval for an increase in its water service revenue of \$2,527,887, which is a 24 percent increase over its present revenues. On May 4, 2004, the Commission entered PSC

Order No. 6410 suspending the rates proposed in the application and appointing a Hearing Examiner and Rate Counsel to process the docket. On May 21, 2004, Tidewater filed with the Commission revised tariff leaves designed to increase its water rates by 15 percent or approximately \$1,090,000 annually, which it is permitted to do under 26 *Del. C.* §306(c). On June 8, 2004, the Commission, by PSC Order No. 6425, approved the requested interim increase.

2. On the evenings of July 6, 7, and 8, 2004, duly noticed public comment hearings were conducted in Dover, Lewes, and Middletown, Delaware. Public comment, both oral and written, is summarized below.

3. After conducting discovery, and pursuant to the schedule set in the proceeding, Commission Staff and the Division of the Public Advocate ("DPA") filed written direct testimony on July 26, 2004. After the filing of Staff's and DPA's testimony, the Company initiated settlement discussions with the parties to explore the possibility of resolving some or all of the contested issues.

4. Pursuant to the procedural schedule, the parties met on August 26 and September 7, 2004, for the first and second day of the evidentiary hearings.<sup>1</sup> On both days, however, the parties indicated that they were nearing a settlement agreement and that the case would proceed most efficiently if the parties reconvened at a later date to allow them to complete negotiations. (Tr. at 93, \*.) Consequently,

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<sup>1</sup> The affidavits of publication of notice for the evidentiary hearings (as well as the public comment hearings) from the *Delaware State News*, *The News Journal*, and *Delaware Coast Press* are included in the record as Exhibit 1. Exhibits will be cited as "Ex. \_\_" and references to the hearing transcript will be cited as "Tr. at \_\_."

on September 7, the hearing was adjourned until September 28, 2004. On September 28, the parties signed and introduced a proposed settlement agreement (Ex. 3), presented their pre-filed testimonies, and called witnesses to testify in support of the settlement.

5. At the conclusion of the hearing, the record consisted of eight exhibits and a verbatim transcript. As there were no matters in dispute, briefs were deemed unnecessary. I have considered the entire record of this proceeding and, based thereon, I submit for the Commission's consideration these Findings and Recommendations. Much of the "Summary of Evidence" section is taken directly from the Proposed Settlement.

### **III. SUMMARY OF PUBLIC COMMENT**

6. On the evenings of July 6, 7, and 8, 2004, public comment hearings were conducted in Dover, Lewes, and Middletown, Delaware. Notice of the hearings consisted of publication in the legal classified sections of *The News Journal*, *Delaware State News*, and *Delaware Coast Press* (Ex. 1.), and a press release issued by Staff (which led to articles published in the above-cited newspapers as well as *Dover Post* and *Middletown Transcript*).

7. Two customers and one reporter (WBOC television station) attended the July 6 hearing in Dover. Only one of the customers offered any comment, which mainly reflected his concerns regarding low water pressure in his development - Planters' Woods. WBOC followed up with a news segment regarding Tidewater's application.

8. Approximately 25 customers and one reporter (*Cape Gazette*) attended the July 7 hearing in Lewes. Public comment included complaints or concerns regarding the frequency of rate increases (Tr.

at 36), low water pressure (Tr. at 37), current customers paying for expansion (Tr. at 37, 41, 44, 58), poor water quality (Tr. at 40), the size of the proposed increase (Tr. at 41, 43), the amount of profit realized by Tidewater (Tr. at 41, 51), inadequate developer contributions (Tr. at 48), the fact that Tidewater's President at one time worked for the State (Tr. at 56), the amount rates have increased since Tidewater took over a water system (Tr. at 57, 60, 63), the distribution system improvement charge ("DSIC") (Tr. at 60), the possibility of unethical accounting methods (Tr. at 62), and the Public Advocate's limited resources (Tr. at 64).

9. One reporter (*Middletown Transcript*) attended the July 8 public comment hearing in Middletown. No members of the public appeared.

10. Customers submitted written comments consisting of seven letters and three e-mails. One letter was signed by 27 residents of the Cedar Valley Community in Rehoboth Beach and another letter (with similar content) was signed by 63 residents of The Meadows at the Villages of Old Landing in Rehoboth Beach. In these two letters, the customers opposed the requested rate increase noting that their communities are relatively new, that they were already surprised at the high cost of water, that many of them live on fixed incomes, and that a rate increase may serve to deter new residents or business owners from locating in the area.

11. The other letters and e-mails included concerns similar to those voiced at the public comment hearings as well as complaints about the large customer charge (which is not offset by a customer's usage, as it is in some areas), about existing customers now paying for the imprudent purchase of older water systems, about paying a

separate fire charge for non-existent fire service, and about mineral deposits that corrode plumbing fixtures.<sup>2</sup> Overall, the most often repeated complaints regarded (a) the size and frequency of Tidewater's rate increases and (b) the belief that current customers should not pay more for water in order to fund the expansion of the system to new customers.

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

9. **Tidewater Utilities.** In its original pre-filed testimony, the Company provided documentation for a rate base of \$47,880,848 through the end of the test period, or September 30, 2004. The filing supported a rate-of-return on equity of 11.15 percent with an overall cost of capital of 8.27 percent, which would allow for an increase in annual revenues of \$3,151,921, or 29.92 percent over then-current Company rates (i.e., prior to the interim 15 percent rate increase). The Company, however, limited its request to \$2,527,887, or an increase of 24 percent.

10. In its response to certain data requests, the Company lowered its proposed rate base through the end of the test period from \$47,880,848 to \$43,568,125. The Company's adjusted rate increase request, therefore, using its proposed overall cost of capital of 8.27 percent, was for additional revenue of \$2,753,364, or an overall rate increase of 26 percent. If approved, such request would have resulted in an additional rate increase of 11 percent over the interim rate now in effect (under bond), which itself is an increase of 15 percent over approved rates.

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<sup>2</sup> Commission Staff responded directly to many of the letters.

11. **Commission Staff.** In its direct testimony, Staff made adjustments to the Company's test period revenue, claimed expenses, rate base and rate of return, which resulted in reducing the Company's overall revenue increase proposal to \$701,225. Staff's testimony included revenue adjustments for weather normalization, expense adjustments to reduce management charges from Middlesex Water Company (Tidewater's parent company), reduction in claimed payroll expense and payroll overhead expenses for employees not hired at the time of preparing testimony, reduction to claimed office rental, and elimination of certain miscellaneous expenses not directly benefiting existing customers.

12. Staff's proposed adjustments to rate base related primarily to the delay in construction projects that initially were anticipated to be placed in service during the test period. These projects, however, were delayed and, consequently, were removed from the Company's claimed rate base for rate purposes. Staff's recommended rate base, based on information available at the time of preparing testimony, was \$38,637,360. Staff's consultant, Charles King, calculated a cost of equity of 10.33 percent and an overall rate of return of 7.894 percent.

13. Staff also raised the issue of the generational inequity in having existing customers pay for capital costs associated with improving the infrastructure to serve new and future customers. As noted by Staff, general service rates are charged to existing customers for a specific level of service provided. In a system that is incurring growth, Staff believes that it is more equitable to recover capacity costs from new customers as they connect to the system in the form of a front-end capacity fee, which is commonly

referred to as a "system development charge" ("SDC"). Staff proposes to address this issue in PSC Regulation Docket No. 15, which is currently open and which concerns contributions in-aid-of construction for water utilities.

14. **Division of the Public Advocate.** DPA filed the testimony of James D. Cotton, who addressed issues relating to Accounting and Revenue Requirements, and Andrea C. Crane, who addressed the Rate of Return issues. DPA's revenue requirements position, as corrected, was \$1,061,963, which resulted from a Test Period Rate Base of \$41,829,272, a Rate of Return recommendation of 7.09 percent, and a Pro Forma Income recommendation of \$2,327,057. DPA's adjustments to the Company's position consisted of a recommended disallowance of \$5.2 million for over-estimated plant additions, \$800,000 for a recommended disallowance of cash working capital, and a small adjustment to materials and supplies inventories. DPA's adjustments to Pro Forma Income consisted of a recommended disallowance for salaries, wages, and benefits of approximately \$160,000 (associated with positions not filled at the time that testimony was filed), a recommended disallowance of approximately \$17,000 for Chemical, Waste Removal and Treatment Expense over-estimates, a recommended disallowance for approximately \$125,000 in depreciation expense, and adjustments of approximately \$35,000 (relating to normalization and annualization) to increase the revenue projection.

15. In addition, DPA reported on its review of Tidewater's affiliated interest contract with its parent, Middlesex Water Company. Several concerns were cited, including DPA's belief that the contract had not been negotiated at arm's length and that the overhead charges

for Middlesex are disproportionately high. DPA's witness urged that the contract be renegotiated and redrawn.

#### **V. THE PROPOSED SETTLEMENT AGREEMENT**

16. At the September 28, 2004 hearing, the parties presented a proposed settlement agreement ("Proposed Settlement"), which was signed by the parties on the morning of the hearing, and which will be attached to the proposed Order in this case as "Attachment B." Under the Proposed Settlement, the parties agree that the operating revenue for the test period ending September 30, 2004, shall be \$10,678,403, including DSIC revenue of \$424,736. The parties further agree that the current operating revenue shall be increased on a permanent basis by the amount of revenues currently under bond, or \$1,500,000. Thus, the total agreed upon operating revenue will be \$11,753,667 (\$12,178,403 minus \$424,736, which is currently in rates as a result of the Company's most recent DSIC application).

17. The parties agree to a pro forma rate base of \$47,880,848. The parties acknowledge that, as of September 30, 2004, the rate base was approximately \$43,568,125 and that the Company anticipates adding \$4,312,723 to rate base over the following seven to nine months. The parties agree that the Company shall be entitled to additional revenues in the amount of \$533,598 following completion of these capital projects. The Company's application for this increase must be made no earlier than March 2005 nor later than May 2005. Upon such application, and verification of the completion of the projects by Staff and DPA, the new rates will become effective 30 days after the filing date.

18. With regard to new capital projects, which will be used to supplement the rate base, the parties agree that the Company shall be

entitled to substitute projects identified in "Exhibit A" to the Proposed Settlement, as long as the aggregate value of such projects does not exceed \$300,000.

19. In addition, the Company agrees that it waives its right to file a DSIC application in January 2005, July 2005 and January 2006. Finally, the Company agrees not to make an application for a general rate increase for at least twelve (12) months after the filing of the application referred to in Paragraph No. 17 above, or April 1, 2006, whichever is later in time.

20. The net effect of the Proposed Settlement is that the current rates in effect (under bond) will be approved and will not change until the Company completes the identified rate base additions, which are scheduled to be completed between March and May of 2005. At that time, the Company may apply for additional revenues of up to \$533,598, subject to verification by Staff and DPA.

21. At the September 28, 2004 hearing, each party presented a witness who testified that adoption of the Proposed Settlement would be in the public interest because it sets just and reasonable rates, accomplishes a balancing of the interests involved, avoids the cost of further litigation, eliminates the necessity of filing three future DSIC requests relating to ongoing capital projects, and prevents the Company from filing for a general rate increase for one year after making the scheduled rate base filing next spring.

## **VI. DISCUSSION**

22. The Commission has jurisdiction over this matter pursuant to 26 Del. C. § 201(a).

23. All parties to this proceeding entered into the proposed Settlement Agreement (Ex. 3), which is dated September 28, 2004, and

which is attached to the proposed Order as "Attachment B." Under the Proposed Settlement, the parties stipulate to a total test period operating revenue requirement of \$11,753,667, based on a test period rate base of approximately \$43,568,125. The resulting rate increase equals the 15 percent interim rate increase (under bond) now in effect. The parties also agree, however, that the Company will be entitled to additional revenues in the amount \$533,598 following completion next spring of \$4,312,723 in capital projects.

24. The contested issues underlying the agreed-upon rate base and revenue requirement (including cost of capital issues) are not specifically resolved in the terms of the Proposed Settlement. To this extent, therefore, the agreement constitutes a "black box" settlement. In addition, the issue relating to subsidization of expansion by existing customers will be addressed in the ongoing Regulation Docket No. 15, relating to contributions in-aid-of construction.

25. Based upon my review of the entire record, including consideration of the testimony adduced at the evidentiary hearing and the oral and written public comment offered by Tidewater customers, I find that the approval of the Proposed Settlement is in the public interest because it balances the interest of both ratepayers and the Company and obviates the need to fully litigate the complex issues raised in the Company's Application. It is clear from the record that the agreement was a product of extensive negotiation between the parties and that it reflects a mutual balancing of various issues and positions.

26. While the Company is able to "keep" the interim 15 percent increase now in effect (as compared to the 24 percent it originally

requested) to cover its additional expenses and capital costs, and may raise rates again next spring by another 4.5 percent (relative to rates then in effect), ratepayers are assured that Tidewater will not seek DSIC rates over the next three six-month cycles nor will it seek another rate increase for at least a year after filing the limited rate base application next spring. In addition, I note that settlements are encouraged under Delaware law, particularly when supported by all parties. 26 Del. C. § 512.

**VII. RECOMMENDATION**

26. In summary, and for the reasons discussed above, I propose and recommend that the Commission adopt as reasonable and in the public interest the September 28, 2004 Proposed Settlement Agreement ("Attachment B" to the proposed Order). A proposed Order, which will implement the foregoing recommendations, is attached hereto.

Respectfully submitted,

/s/ William F. O'Brien  
William F. O'Brien  
Senior Hearing Examiner

Dated: October 13, 2004

**ATTACHMENT "B"**

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE

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

**PROPOSED SETTLEMENT AGREEMENT**

On this 28th day of September, 2004, Tidewater Utilities, Inc. ("Tidewater" or the "Company"), the Delaware Public Service Commission Staff ("Staff") and the Division of Public Advocate ("DPA"), all of whom together are the "Parties" or "Settling Parties," hereby propose a complete settlement of all of the issues that were raised in this proceeding and of all the issues that could be raised through any Distribution System Improvement Charge ("DSIC") proceeding through 2005 to establish final rates as follows.

**I. Introduction and Procedural Background.**

1. 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 service revenue of \$2,527,887, a 24% increase over its present revenues. The Company claims that the proposed increase falls short of the \$3,151,192 increase that could be justified. On May 4, 2004, the Commission entered Order No. 6410 suspending the rates proposed on April 26, 2004 and appointing a Hearing Examiner and Rate Counsel to process the docket. On May 21, 2004, Tidewater filed with the Commission revised tariff leaves designed to increase its water rates by 15% or approximately \$1,090,000 annually, which it is

permitted to do under 26 *Del. C.* §306(c). On June 8, 2004, the Commission by Order No. 6425 entered an Order approving the requested interim increase.

2. Pursuant to the schedule set in the proceeding, Staff filed its testimony along with the Division of the Public Advocate on July 26, 2004. After the filing of Staff's and DPA's testimony, the Company initiated settlement discussions with the parties to see if the issues could be narrowed and/or resolved.

## **II. Summary of Pre-Filed Testimony.**

Tidewater Testimony. In its original pre-filed testimony, the Company provided documentation for a rate base of \$ 47,880,848 through the end of the test period on September 30, 2004. The filing supported a rate-of-return on its equity of 11.15% with an overall cost of capital of 8.27%, which would allow an increase in annual revenues of \$3,151,921 or a 29.92% over current Company rates, although, the Company filing limited the request to \$2,527,887, or 24%. In discovery responses, the Company adjusted downward its requested rate base through the end of the test period on September 30, 2004 from \$ 47,880,848 to \$ 43,568,125. Using the overall cost of capital of 8.27%, the Company's adjusted rate increase request would be a revenue increase of \$2,753,364 or an overall rate increase of 26% which would have, if approved, resulted in an additional rate increase of 11% over the currently in-effect rate under bond increase of 15%.

B. Staff Testimony. Staff filed direct testimony concerning the Company's test period revenue, claimed expenses, rate base and rate of return resulting in a reduced revenue increase of \$701,225. Such testimony included proposed adjustments for revenue adjustments for weather normalization, expense adjustments to reduce management charges from Middlesex

Water Company, reduction in claimed payroll expense and payroll overhead expenses for employees not hired at the time of preparing testimony, reduction to claimed office rental and elimination of certain miscellaneous expenses not directly benefiting existing customers.

In addition, Staff proposed adjustments to reduce the rate base claimed by the Company. The reduced level of increase results primarily from the delay in construction projects that were anticipated to be in service during the test period, however, these projects were delayed and consequently were removed from the Company's claimed rate base for rate purposes. Staff's recommended rate base, based on information available at the time of preparing testimony was \$38,637,360. Staff consultant, Charles King calculated a cost of equity of 10.33% and overall rate of return of 7.894%.

Staff raised the issue of the generational inequity in having existing customers pay for capital costs associated with improving the infrastructure to serve future customers. As pointed out, general service rates are charged to existing customers for a specific level of service provided. In a system that is incurring growth, Staff believes it is more equitable to recover capacity costs from new customers as they connect to the system in the form of a front-end capacity fee frequently referred to a "system development charge" ("SDC"). Staff proposes to address this issue in Regulation Docket No. 15, which is currently open and discussing the issue of developer capital contributions for new capacity to avoid burdening existing customers with costs associated with water system extensions to provide service to new and/or future customers.

C. DPA Testimony. The DPA filed the testimony of James D. Cotton, on issues related to Accounting and Revenue Requirements, and Andrea C. Crane, on issues related to the Rate of Return. The DPA's corrected revenue requirements position is \$1,061,963. This resulted from a Test Period Rate Base of \$41,829,272, a Rate of Return recommendation of 7.09%, and a

Pro Forma Income recommendation of \$2,327,057. DPA's adjustments to the Company's position consisted of a recommended disallowance of \$5.2 million for over-estimated plant additions, \$800,000 for a recommended disallowance of cash working capital using the "1/8<sup>th</sup>" method, and a small adjustment to materials and supplies inventories. DPA's adjustments to Pro Forma Income consisted of a recommended disallowance for salaries, wages and benefits of approximately \$160,000 associated with positions not filled at the time that testimony was filed, a recommended disallowance of approximately \$17,000 for Chemical, Waste Removal and Treatment Expense over-estimates, a recommended disallowance for approximately \$125,000 in depreciation expense, and adjustments of approximately \$35,000 to increase revenues for normalization and annualization.

In addition, the DPA reported on its review of Tidewater's affiliated interest contract with its Parent Middlesex Water Company. Several concerns were voiced, including the fact that the contract had not been negotiated at arm's length and the fact that DPA's witness believes that the overhead charges for Middlesex were becoming disproportionately high. The DPA's witness urged that the contract be renegotiated and redrawn.

### **III. Settlement Provisions.**

1. The parties agree that the operating revenue for the test period ending September 30, 2004 shall be \$10,678,403 including DSIC revenue of \$424,736. The parties further agree that the current operating revenue shall be increased on a permanent basis by the amount of revenues currently under bond or \$1,500,000. Thus, the total agreed upon operating revenue will be \$11,753,667 (\$12,178,403 minus \$424,736, which is currently in rates as a result of the Company's most recent DSIC application).

2. The parties agree to a rate base of \$47,880,848 as the Company's pro forma rate base in this proceeding. The parties acknowledge that currently as of September 30, 2004, the rate base is approximately \$43,568,125 and that the Company anticipates adding \$4,312,723 to rate base over the next seven (7) to nine (9) months. The parties agree that the Company shall be entitled to additional revenues in the amount \$533,598 following completion of these capital projects. The Company's application should be made no earlier than March 2005 or later than May 2005. Upon such application, and verification of the completion of the projects by Staff and the DPA, the rates would become effective thirty (30) days after the filing date.

3. With regard to new capital projects, which will be used to supplement the rate base, it is agreed that the Company shall be entitled to substitute projects identified on the list attached hereto as long as the aggregate value of such projects does not exceed \$300,000 (See Exhibit A attached hereto).

4. The Company agrees that it waives its right to file a DSIC application in January 2005, July 2005 and January 2006. In addition, the Company agrees not to make an application for a general rate increase for at least twelve (12) months after the filing of the application referred to in item 2. above or April 1, 2006, which ever is later in time.

5. The net effect of this settlement is that the current rates in effect will not change until the Company completes its additional rate base additions, which are scheduled to be completed between March and May of 2005. At that time, the Company may apply for and, if established, seek additional revenues up to \$533,598.

### **III. Additional Provisions.**

1. The provisions of this settlement are not severable.

2. This Settlement represents a compromise for the purposes of settlement and shall not be regarded as a precedent with respect to any ratemaking or any other principle in any future case. No Party to this settlement necessarily agrees or disagrees with the treatment of any particular item, any procedure followed, or the resolution of any particular issue in agreeing to this settlement other than as specified herein, except that the Parties agree that the resolution of the issues herein taken as a whole results in just and reasonable rates.

3. To the extent opinions or views were expressed or issues were raised in the pre-filed testimony that are not specifically addressed in the Settlement, no findings, recommendations, or positions with respect to such opinions, views or issues should be implied or inferred.

IN WITNESS WHEREOF, intending to bind themselves and their successors and assigns, the undersigned parties have caused this Proposed Settlement to be signed by their duly-authorized representatives.

/s/ Gerard L. Esposito  
Tidewater Utilities, Inc.

/s/ Bruce H. Burcat  
Delaware Public Service  
Commission Staff

/s/ G. Arthur Padmore  
Division of the Public Advocate



**TIDEWATER UTILITIES, INC.  
Settlement Agreement**

**Uncompleted Projects as of September 30, 2004**

Voshells Cove – New Well & Pump House	350,500
Kentwood – New Pump House and Piping	210,716
Heritage Trace – New Main to Garrison District	337,534
Jonathan’s Landing to St. Jones Landing	273,651
Boggs New Main	233,740
Rehoboth Tank	1,457,130
Bridgeville Mall – New Well and Pump House	285,196
Rt. 1 Extension North Section	380,260
Mallard Point – New Main Interconnection to Rehoboth Dist.	400,805
Angola Distr. Herring Creek – Interconnection	287,960
Miscellaneous	<u>95,231</u>
 Total Projects in Service	 4,312,723

**Note:**

The above projects are the projects that may be included in the additional rate base additions provided for in the order. Tidewater may substitute projects provided that the aggregate value of such project does not exceed \$300,000.00.