

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
OAK CREST FARMS, INC., FOR APPROVAL)
OF RATES TO GOVERN THE PROVISION OF) PSC DOCKET NO. 04-488WW
WASTEWATER SERVICES IN DELAWARE)
(FILED DECEMBER 22, 2004))

ORDER NO. 6749

This 25th day of October, 2005, the Commission determines and Orders the following:

1. Oak Crest Farms, Inc. ("Oak Crest Farms"), operates a wastewater system serving the Oak Crest Farms residential development near Lewes in Sussex County. As a "pre-existing" wastewater utility, Oak Crest Farms obtained a Certificate of Public Convenience and Necessity to continue to operate as a now-regulated public wastewater utility. See PSC Order No. 6520 (Nov. 23, 2004).¹ Oak Crest Farms thereafter filed, for Commission approval, a proposed tariff that included a schedule of its current rates.²

2. Earlier, the Commission sought comments about Oak Crest Farms' current rates, the quality of its services, and other terms and conditions surrounding its services. The Commission solicited such comments both by general newspaper notice and direct notice to Oak Crest Farms' then current subscribers.³ The notices indicated that in

¹See 26 Del. C. § 203D(a)(2) (2004 Supp.) (certification of wastewater utilities operating on June 7, 2004).

²See 26 Del. C. §§ 203D(a)(2), 301(c) (2004 Supp.).

³See PSC Order No. 6583 (Mar. 8, 2005).

the absence of comments, the Commission might follow Staff's preliminary recommendation and approve Oak Crest Farms' current rates as reasonable. No person or entity filed comments.

3. The Commission Staff has filed a memorandum recommending approval of Oak Crest Farms' scheduled rates and its proposed tariff.⁴ However, the Staff also recommends that Oak Crest Farms be directed to comply with certain conditions.

4. Based on Staff's investigation and its recommendations, and in the absence of any comments or objections, the Commission now approves the schedule of rates proffered by Oak Crest Farms as well as the other terms of its proposed tariff. In doing so, the Commission specifically directs Oak Crest Farms to comply with the conditions set forth in Staff's Rate Report dated October 4, 2005.

Now, therefore, **IT IS ORDERED:**

1. That, pursuant to the provisions of 26 Del. C. § 301(c) (2004 Supp.), the rates set forth in Oak Crest Farms, Inc.'s schedule of rates as set forth in its proposed tariff filed June 6, 2005, are hereby found to be just and reasonable and are hereby approved.

2. That, pursuant to the provisions of 26 Del. C. § 301(c) (2004 Supp.), the proposed tariff filed by Oak Crest Farms, Inc., on June 6,

⁴Staff reports that almost all the wastewater plant currently used by Oak Crest Farms was contributed by the subdivision's developer when the development and wastewater system was constructed. With the lack of any equity investment, it is difficult to apply rate regulation under the traditional rate base/cost of service formula to Oak Crest Farms' rates. Staff concludes that the rates charged by Oak Crest Farms are reasonable given that those charges generate revenues sufficient to meet the utility's costs of operation, maintenance, any possible debt service, and to fund a slight reserve account. The reserve funds are available for some infrastructure renewal or to pay unanticipated or abnormal expenditures.

2005, is approved as the tariff for such public wastewater utility. Within ten days of this Order, Oak Crest Farms, Inc., shall file a formal tariff including the rates approved in Ordering paragraph 1. Such tariff shall forthwith govern the terms, conditions, and rates for wastewater services provided by Oak Crest Farms, Inc. Such tariff and rates shall be changed or modified only in accordance with the provisions of 26 Del. C. ch. 1 and any implementing rules of the Commission.

3. That the approvals granted in Ordering paragraphs 1 and 2 are specifically conditioned on Oak Crest Farms, Inc., complying with the conditions expressed in Staff's Rate Report dated October 4, 2005. Oak Crest Farms, Inc., is hereby directed:

- (a) to maintain a restricted fund to be used exclusively for wastewater utility operations and specifically used for emergency expenditures, infrastructure equipment, or renewals;
- (b) to submit semi-annual statements of wastewater operations restricted fund balances to the Commission, with explanations for the sources of fund accumulations and expenditures;
- (c) to report any major changes in its operations to the Commission; and
- (d) to comply with the requirements set forth in the "Minimum Standards Governing Service Provided by Public Wastewater Companies," and other Orders

that the Commission may direct from time to time.

4. 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

Vice Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary