

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
WASTEWATER UTILITIES, INC. (SANDY)
RIDGE), FOR APPROVAL OF RATES TO) PSC DOCKET NO. 04-474WW
GOVERN THE PROVISION OF WASTEWATER)
SERVICES IN DELAWARE)
(FILED DECEMBER 17, 2005))

ORDER NO. 6754

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

1. Wastewater Utilities, Inc. ("WUI") operates a wastewater system serving the Sandy Ridge residential development in Sussex County. As a "pre-existing" wastewater utility, WUI obtained a Certificate of Public Convenience and Necessity to continue to operate as a now-regulated public wastewater utility. See PSC Order No. 6524 (Nov. 23, 2004).¹ WUI thereafter filed, for Commission approval, a schedule of its current rates.²

2. By earlier Order and notices, the Commission sought comments about WUI's 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

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.). WUI's current wastewater rate is \$75 per quarter (flat rate). It also charges a "front-end" fee of \$3,500 at the time of the purchase of a lot in the Sandy Ridge development.

notice to WUI's then current subscribers.³ The notices indicated that, in the absence of comments, the Commission might follow Staff's preliminary recommendation and approve WUI's current rates as reasonable. No person or entity filed comments.

3. The Commission Staff has filed a memorandum recommending approval of WUI's scheduled rates and its proposed tariff.⁴ However, the Staff also recommends that WUI 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 WUI as well as its proposed tariff. In doing so, the Commission specifically directs WUI to comply with the conditions set forth in Staff's memorandum dated October 18, 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 Wastewater Utilities, Inc.'s schedule of rates are hereby found to be just and reasonable and are hereby approved.

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

⁴Using a cash flow analysis, Staff found that if WUI continues to charge its current rates, it will likely remain viable. Staff noted, however, that at the projected time of full build-out in 2008, expenses might outrun revenues available under current rate levels. Staff believes that WUI should prepare financial plans each year to assess whether a rate increase might be warranted. Of course, if WUI proposes to increase its rates in the future, it would have to make the appropriate filing with the Commission and secure Commission approval for any such increase.

2. That, pursuant to the provisions of 26 Del. C. § 301(c) (2004 Supp.), the proposed draft tariff filed by Wastewater Utilities, Inc., is approved as the tariff for such public wastewater utility. Within ten days of this Order, Wastewater Utilities, Inc., shall file a formal tariff incorporating the rates approved in Ordering paragraph 1. Such tariff shall forthwith govern the terms, conditions, and rates for wastewater services provided by Wastewater Utilities, 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 Wastewater Utilities, Inc., complying with the conditions expressed in Staff's memorandum dated October 18, 2005. Wastewater Utilities, 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 within 30 days of such changes;
- 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