

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF )  
TIDEWATER UTILITIES, INC. CONCERNING )  
THE ESTABLISHMENT OF A DISTRIBUTION SYSTEM ) PSC DOCKET NO. 07-325  
IMPROVEMENT CHARGE UNDER THE PROVISIONS )  
OF 26 DEL. C. §314 TO BE EFFECTIVE )  
January 1, 2008 (FILED NOVEMBER 28, 2007) )

(NOT CONSOLIDATED)

IN THE MATTER OF THE APPLICATION OF )  
TIDEWATER UTILITIES, INC. CONCERNING )  
THE ESTABLISHMENT OF A DISTRIBUTION SYSTEM ) PSC DOCKET NO. 08-126  
IMPROVEMENT CHARGE UNDER THE PROVISIONS )  
OF 26 DEL. C. §314 TO BE EFFECTIVE )  
JULY 1, 2008 (FILED MAY 23, 2008) )

(NOT CONSOLIDATED)

IN THE MATTER OF THE APPLICATION OF )  
TIDEWATER UTILITIES, INC. CONCERNING )  
THE ESTABLISHMENT OF A DISTRIBUTION SYSTEM ) PSC DOCKET NO. 08-404  
IMPROVEMENT CHARGE UNDER THE PROVISIONS )  
OF 26 DEL. C. §314 TO BE EFFECTIVE )  
JULY 1, 2008 (FILED NOV. 26, 2008) )

ORDER NO. 7749

This 30<sup>th</sup> day of March, 2010, the Commission determines and Orders the following:

**WHEREAS**, 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);<sup>1</sup> and

**WHEREAS**, on November 28, 2007, Tidewater Utilities, Inc. ("Tidewater") filed an application to reset its DSIC Rate from .17% to 1.62%; and

**WHEREAS**, on December 18, 2007, the Commission entered Order No. 7331, opening PSC Docket No. 07-325 and resetting Tidewater's DSIC Rate to 1.62% on a temporary basis and subject to refund, pending a review, audit and annual reconciliation to be performed by Staff; and

**WHEREAS**, on May 23, 2008, Tidewater filed an subsequent application pursuant to 26 Del. C. §314 to reset its DSIC Rate from 1.62% to 2.94%; and

**WHEREAS**, on June 17, 2008, the Commission entered Order No. 7399, opening PSC Docket No. 08-126 and resetting Tidewater's DSIC Rate to 2.94%, again, on a temporary basis and subject to refund, pending a review, audit and annual reconciliation to be performed by Staff; and

**WHEREAS**, on November 26, 2008, Tidewater filed another application under §314 to reset its DSIC Rate from 2.94% to 5.25%; and

**WHEREAS**, on December 16, 2008, the Commission entered Order No. 7496, opening PSC Docket No. 08-404 and resetting Tidewater's DSIC Rate to 5.25%, again, on a temporary basis and subject to refund, pending a review, audit and annual reconciliation to be performed by Staff; and

**WHEREAS**, on January 26, 2009, prior to the completion of the above review, audit and reconciliation of the DSIC Rate, Tidewater

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

filed a base rate case with the Commission. As part of that base rate case, which was ultimately settled, Tidewater's DSIC Rate was reset to zero. See PSC Docket No. 09-29; Order No. 7639 (Sep., 9, 2009); see also 26 Del. C. §314(b)(9)(providing that DSIC Rates be "reset to zero as of the effective date of new base rates that provide for the prospective recovery of the annual costs theretofore recovered under the DSIC rate."); and

**WHEREAS**, following the resetting of the DSIC rate to zero as part of Tidewater's last base rate case, on November 30, 2009, Tidewater again exercised its statutory right to reset the DSIC rate by filing an application to reset it from zero to 1.171% effective January 1, 2010; and

**WHEREAS**, on December 22, 2009, the Commission entered Order No. 7713, opening PSC Docket No. 09-503 and resetting Tidewater's DSIC Rate to 1.11%,<sup>2</sup> again, on a temporary basis and subject to refund, pending a review, audit and annual reconciliation to be performed by Staff; and

**WHEREAS**, Staff has reported that it has reviewed the DSIC applications that preceded Docket 09-503, conducted certain discovery and found no discrepancies with the filings. Staff has further reported that it has shared its recommendation with the DPA and Tidewater and that there are no objections to the closings of these dockets. Accordingly, Staff has recommended that the Commission formally close these dockets. Staff will continue to review and audit

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<sup>2</sup> Tidewater amended its originally requested rate of 1.171% after Staff pointed out an error in its calculation.

the recent DSIC filing, Docket 09-503, and report back to the Commission once that review and audit is complete.

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

1. That, based upon Staff's recommendation and for the reasons discussed above, the following dockets may be closed without any further action of the Commission: PSC Docket 07-325; PSC Docket 08-404; and 08-126.

2. Staff will continue its review and audit of Tidewater Utilities, Inc's most recent DSIC application in PSC Docket 09-503 and report to the Commission once that review and audit is complete.

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