

**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. 13-466  
GENERAL RATE INCREASE )  
(FILED NOVEMBER 25, 2013) )

**PROPOSED SETTLEMENT AGREEMENT**

This proposed Settlement Agreement (the "Settlement") is entered into by and among Tidewater Utilities, Inc. ("Tidewater" or "the Company"), the Staff of the Public Service Commission ("Staff"), and the Division of Public Advocate ("Public Advocate") (individually each a "Party" and collectively "the Parties").

**I. BACKGROUND**

1. On November 25, 2013, Tidewater filed an application with the Public Service Commission of the State of Delaware ("the Commission") pursuant to 26 *Del. C.* §§201, 209, 304, and 306, requesting approval of an increase in water service rates designed to produce an additional \$3,903,338 in annual revenues applied to a rate base of \$99,594,854 (a 14.42% increase over existing rates) and approval of proposed changes to its tariff language (the "Application").

2. On February 6, 2014, by Order No. 8522 and pursuant to 26 *Del. C.* §306(a)(1), the Commission suspended Tidewater's proposed rate increase pending the conduct of evidentiary hearings to determine whether the proposed rate increase results in just and reasonable rates; assigned the matter to Hearing Examiner R. Campbell Hay (the "Hearing Examiner") to conduct such evidentiary hearings; permitted Tidewater to place into effect pursuant to 26 *Del. C.* §306(c) interim rates intended to produce an annual increase in operating

revenue of \$1,730,958, effective February 6, 2014 (approximately 6.5% over existing rates); and approved the form of rate refunding bond attached to the interim rate application to secure the interim rates.

3. In April 2014, public comment sessions were held in Dover, Lewes and Townsend, Delaware. At each public comment session, representatives of the Company or the Hearing Examiner summarized the Application and members of the public were afforded an opportunity to comment on the Application. One member of the public commented on the Application at the Lewes session. No members of the public attended the Dover or Townsend sessions.

4. On May 20, 2014, Staff filed testimony recommending a \$1,055,788 increase in the revenue requirement rather than the \$3,903,338 in additional revenues the Company requested in its Application.

5. Pursuant to 29 *Del. C.* §8716, the Public Advocate intervened in this proceeding. On May 20, 2014, the Public Advocate filed testimony recommending a decrease of \$1,387,713 in Tidewater's annual revenue requirement. .

6. On June 26, 2014, and July 3, 2014, the Company updated its Test Period information and testimony with actual data, including actual operating results for 11 months of the Test Period. The revised Test Period updates reduced Tidewater's overall revenue request by \$1,393,115 to \$2,510,223 on a rate base of \$98,872,402.

7. The Parties have engaged in substantial written discovery. In a desire to avoid the additional cost of evidentiary hearings, they have conferred in an effort to resolve the issues in this proceeding. The Parties acknowledge that they differ as to the proper resolution of many of the underlying issues in this rate proceeding and that, except as specifically addressed in this

Settlement, they preserve their rights to raise those issues in future proceedings; but for purposes of this proceeding, they believe that settlement on the terms and conditions contained herein will serve the interests of the public and the Company, and meet the statutory requirement that the resulting rates will be both just and reasonable.

NOW THEREFORE, IT IS HEREBY STIPULATED AND AGREED by Tidewater, Staff, and the Public Advocate that the Parties will submit to the Commission for its approval the following terms and conditions for resolution of the pending proceeding:

## **II. SETTLEMENT PROVISIONS**

8. The total additional revenue requirement awarded to the Company will be \$800,000, or approximately an overall increase of 2.89% over current base rates. The Parties agree to this revenue requirement award as a compromise of their positions and believe that it is within the bounds of the statutory requirement of a fair rate of return for the utility. Tidewater shall file the appropriate modifications to its tariff so as to incorporate the stipulated revenue requirement increase.

9. The Settlement revenue requirement amount of \$800,000 is stipulated to by the Parties based on an overall cost of capital of 7.92%, and an authorized rate of return on common equity of 9.75%.

10. The Parties have resolved the rate design issues raised in this proceeding by implementing increases only to the Facilities Charges, Water Consumption Charges and Service Connection Charges tariff rates. There are no changes in Private Fire Service or Public Fire Hydrant Charges tariff rates. (See Schedule A attached hereto).

11. The rates agreed to under this Settlement are lower than the interim rates placed into effect in February 2014. Accordingly, Tidewater's ratepayers are entitled to a refund of the

difference between the amount collected on an interim basis and the amount agreed to in this Settlement, plus interest on the overcollected amount. Rather than having ratepayers incurring the costs necessary to provide the refund, the Company has proposed, and the Parties have agreed to, a one-time bill credit to its customers totaling \$424,169.33. The credit will be reflected on the first bill received by a customer after the effective date of the Order approving this Settlement.

12. The Company's proposed method of returning these funds to its ratepayers will reduce the overall costs associated with the implementation of this Settlement. Under Commission rules, ratepayers are entitled to interest on any overcollection. Staff has reviewed the Company's estimate of the interest due to ratepayers on the over-collection. Although Staff disagrees with the Company's calculation of the actual interest that is owed to ratepayers, it believes the savings associated with the bill credit, as compared to the normal refund process, exceeds any potential difference on the amount of interest owed to Tidewater ratepayers on the overcollection.

13. The Parties have agreed to the following modifications to Tidewater's tariff, as proposed in the Application:

- a. Section 3.6 - Cross Connection Control; and
- b. Section 6.2 - Public Fire Service, Maintenance of Fire Hydrants.

Upon approval of this Settlement by the Commission, Tidewater shall file its amended tariff with the Commission reflecting these modifications.

### **III. ADDITIONAL PROVISIONS**

14. This Settlement is the product of extensive negotiation and reflects a mutual balancing of various issues and positions. It is therefore a condition of the Settlement that the Commission approve it in its entirety without modification or condition. If this Settlement is not approved in its entirety, this Settlement shall become null and void.

15. This Settlement shall not set a precedent and no Party shall be prohibited from arguing a different policy or position before the Commission in any future proceeding. The purpose of this Settlement is to provide just and reasonable rates for the customers of Tidewater, and the Parties believe that this Settlement accomplishes this goal. In addition, the Parties believe that the Settlement is in the public interest because, among other things, it avoids the additional cost of litigation.

16. The terms of this Settlement will remain in effect until changed by an order of the Commission. The Commission retains jurisdiction over this Settlement and all statutory procedures and remedies otherwise available to the Parties to ensure that rates are just and reasonable, while providing a fair rate of return.

17. This Settlement may be executed in counterparts by any of the signatories hereto and transmission of an original signature by facsimile or email shall constitute valid execution of this Settlement, provided that the original signature of each Party is delivered to the Commission's offices before its consideration of this Settlement. Copies of this Settlement executed in counterpart shall constitute one agreement. Each signatory executing this Settlement warrants and represents that he or she has been duly authorized and empowered to execute this Settlement on behalf of the respective Party.

DELAWARE PUBLIC SERVICE  
COMMISSION STAFF

Date: 7/31/14

By: Connell S. McDowell

TIDEWATER UTILITIES, INC.

Date: July 31, 2014

By: G. Bruce O'Connor

THE DELAWARE DIVISION OF THE  
PUBLIC ADVOCATE

Date: 7/31/14

By: David L Bonar by ABM

Delaware Public Service Commission  
 Company: Tidewater Utilities, Inc.  
 Docket No. 13-466

TIDEWATER UTILITIES, INC.  
 OPERATING REVENUES  
 For 2012 ACTUAL, TEST YEAR and TEST PERIOD at PRESENT and PROPOSED RATES  
**RATE DESIGN - Zero% for Private & Public Fire & Other Revenues; Across the Board For All Other Categories**

Line No.	Description	Ref	Actual 2012 (1)	Test Year (2)	Test Period (3)	Proposed Final Rates (5)	Test Year Percent Increase (6)
1	General Metered Service	Page 2	\$ 22,439,370	\$ 20,917,040	\$ 21,338,376	\$ 22,038,660	3.28%
2	Public Fire Protection	Page 3	(A)	1,810,559	1,885,465	1,885,465	0.00%
3	DAFB - Public Fire Hydrant	Page 3	-	-	-	-	
4	Private Fire Protection	Page 3	\$ 1,086,533	968,697	1,004,229	1,004,229	0.00%
5	Contract Sales	Page 2	\$ 1,316,840	1,222,386	1,241,953	1,282,659	3.28%
6	Connection Fees	Page 3	\$ 1,267,729	1,319,624	1,800,297	1,859,308	3.28%
7	Other Operating Revenues		\$ 347,744	391,822	410,002	410,002	0.00%
8	Rounding		-	-	-	(1)	0.00%
9	Total Revenues		<u>\$ 26,458,216</u>	<u>\$26,630,127</u>	<u>\$ 27,680,323</u>	<u>\$ 28,480,323</u>	<u>2.89%</u>
	(A) Public Fire Protection included with General Metered Service					\$ 800,000	
	<u>Other Revenues</u>		<u>Actual 2012</u>	<u>Test Year</u>	<u>Test Period</u>	<u>Proposed Final Rates</u>	
10	Other Operating Revenues						
11	Turn on/Turn off		\$ 259,353	\$ 312,122	\$ 334,454	\$ 334,454	
12	Penalty		81,987	76,779	68,467	68,467	
13	Return Check		6,060	2,650	6,157	6,157	
14	Frozen Broken Meter		-	-	155	155	
15	Service Fees		163	150	529	529	
	Meter Testing		180	120	240	240	
16	Total		<u>\$ 347,744</u>	<u>\$ 391,822</u>	<u>\$ 410,002</u>	<u>\$ 410,002</u>	

Delaware Public Service Commission  
 Company Tidewater Utilities, Inc.  
 Docket No. 13-466

TIDEWATER UTILITIES, INC.  
 REVENUES  
 GENERAL METERED SERVICE AND CONTRACT SALES  
 TEST YEAR AND TEST PERIOD

**RATE DESIGN - Zero% for Private & Public Fire & Other Revenues; Across the Board For All Other Categories**

Facility Charge

Line No.	Meter Size	Number of Customers		Number of Bills		Tariff Rate	Present Rates		Proposed Final Rates	
		Test Year	Test Period	Test Year	Test Period		Test Year	Test Period	Tariff Rate	Test Period
1	5/8	31,443	32,305	125,772	129,220	\$ 52.86	\$ 6,648,308	\$ 6,830,569	\$ 54.60	7,055,412
2	3/4	90	85	360	340	52.86	19,030	17,972	54.60	18,564
3	1	2,664	2,879	10,656	11,516	88.11	938,900	1,014,675	90.99	1,047,841
4	1 1/2	93	96	372	384	158.64	59,014	60,918	163.83	62,911
5	2	309	315	1,236	1,260	246.75	304,983	310,905	254.85	321,111
6	3	32	37	128	148	475.89	60,914	70,432	491.49	72,741
7	4	4	5	16	20	740.28	11,844	14,806	764.55	15,291
8	6	4	4	16	16	1,445.28	23,124	23,124	1,492.65	23,882
9	8	2	2	8	8	2,256.06	18,048	18,048	2,330.01	18,640
10	10	-	-	-	-	3,000.00	-	-	3,098.31	-
11		34,641	35,726				\$ 8,084,166	\$ 8,361,449		\$ 8,636,393

Consumption Charges (1,000 gallons)

Line No.	Description	Test Year		Units	Rate	Present Rates		Proposed Final Rates	
		Volume	Value			Volume	Value	Rate	Value
12	Apartments & Commercial	164,917		gallons	\$ 8.1519	\$ 1,344,384			
13	GMS 0-5,000	524,009		gallons	\$ 7.9469	4,164,245			
14	GMS 5,001-20,000	637,689		gallons	\$ 8.0493	5,132,952			
15	GMS Over 20,000	268,814		gallons	\$ 8.1517	2,191,292			
		<b>Total General Metered Service</b>				\$ 20,917,040	\$ 21,338,376		\$ 22,038,660
20	Test Year	86,331		gallons	\$ 11.8718	1,024,904			
21	Test Period	84,513		gallons	\$ 11.8718		1,003,321	\$ 12.2609	1,036,205
		<b>Contract Sales -DAFB</b>				\$ 1,024,904	\$ 1,003,321		\$ 1,036,205
22	Test Year	17,818		gallons	\$ 5.4335	96,814			
23	Test Period	24,159		gallons	\$ 5.4335		131,268	\$ 5.6116	135,571
		<b>Contract Sales- Southern Shores</b>				\$ 96,814	\$ 131,268		\$ 135,571
24	Test Year	21,649		gallons	\$ 4.6500	100,668			
25	Test Period	23,089		gallons	\$ 4.6500		107,364	\$ 4.8024	110,883
		<b>Contract Sales- Oceanview</b>				\$ 100,668	\$ 107,364		\$ 110,883
26						\$ 1,222,386	\$ 1,241,953		\$ 1,282,659

Delaware Public Service Commission  
 Company :Tidewater Utilities, Inc.  
 Docket No. 13-466

TIDEWATER UTILITIES, INC.  
 REVENUES  
 PUBLIC AND PRIVATE FIRE PROTECTION AND CONNECTION FEES  
 TEST YEAR AND TEST PERIOD

**RATE DESIGN - Zero% for Private & Public Fire & Other Revenues; Across the Board For All Other Categories**

Public Fire Service

Line No.	Number of Customers		Number of Bills		Tariff Rate	Present Rates		Proposed Final Rates	
	Test Year	Test Period	Test Year	Test Period		Test Year	Test Period	Tariff Rate	Test Period
1	29,996	31,237	119,984	124,948	\$ 15.09	\$ 1,810,559	\$ 1,885,465	\$ 15.09	\$ 1,885,465

DAFB Contract - Public Fire Hydrant Charge

Line No.	Number of Customers		Number of Bills		Tariff Rate	Present Rates		Proposed Final Rates	
	Test Year	Test Period	Test Year	Test Period		Test Year	Test Period	Tariff Rate	Test Period
2	-	-	-	-	\$ 30.00	\$ -	\$ -	\$ 30.00	\$ -

Private Fire Protection - Facility Charge

	Meter Size	Number of Customers		Number of Bills		Tariff Rate	Present Rates		Proposed Final Rates	
		Test Year	Test Period	Test Year	Test Period		Test Year	Test Period	Tariff Rate	Test Period
3	1"	1	1	4	4	\$ 28.67	\$ 115	\$ 115	\$ 28.67	\$ 115
4	2"	54	54	216	216	100.35	21,676	21,676	100.35	21,676
5	4"	132	135	528	540	425.28	224,548	229,651	425.28	229,651
6	6"	149	157	596	628	950.90	566,736	597,165	950.90	597,165
7	8"	23	23	92	92	1,691.55	155,623	155,623	1,691.55	155,623
8	Total	359	370	1,436	1,480		\$ 968,697	\$ 1,004,229		\$ 1,004,229

Connection Fees

	Meter Size	New Connections		Rate per Connection	Present Rates		Proposed Final Rates	
		Test Year	Test Period		Test Year	Test Period	Tariff Rate	Test Period
9	5/8 & 3/4	981	1,257	\$ 956.45	\$ 938,277	\$ 1,202,258	\$ 987.80	\$ 1,241,665
10	1"	251	339	1,350.98	339,096	457,982	1,395.27	472,997
11	1-1/2"	-	2	2,379.19	-	4,758	2,457.18	4,914
12	2"	1	12	2,690.03	2,690	32,280	2,778.18	33,338
13	3"	-	-	8,608.10	-	-	8,890.23	-
14	4"	1	-	10,126.47	10,126	-	10,458.36	-
15	6"	2	7	14,716.93	29,434	103,019	15,199.26	106,395
16	8"	-	-	22,335.03	-	-	23,067.03	-
17	Total	1,236	1,617		\$ 1,319,624	\$ 1,800,297		\$ 1,859,308

EFFECTIVE DATE: \_\_\_\_\_

3.5 PROPERTY SUPPLIED BY SINGLE SERVICE LINE:

A customer service line from the meter to a property shall not supply more than one property, except under special circumstances approved in writing by the Company. Any such property upon written request of the owner may be supplied by two or more meters, each of which shall be considered for billing purposes as being one customer account, and provided that each supply to each such meter has an individual control at or near the curb. Installation or continuance of any such multiple meter applications shall be in the discretion of the Company, and the Company shall have the right to reduce, modify or discontinue any service as it sees fit.

3.6 CROSS CONNECTION CONTROL

- a) A cross connection is any pipe, valve or other physical connection or other arrangement or device connecting the pipelines of the Company, or facilities directly or indirectly connected therewith, to and with pipes or fixtures by which any contamination might be admitted or drawn from lines other than the Company's into the distribution system of the Company, or into lines connected therewith.
- b) No direct connection of pumping equipment for any purpose or cross-connection with any other piping system will be allowed unless approved in writing by the Company.
- c) The Company reserves the right to require any customer, owner or tenant to install, at their expense, and as part of a service connection such equipment or material which it deems necessary and as may be acceptable or required from time to time by any regulatory agency or good engineering practices, to prevent backflow into the water supply and minimize or eliminate contamination of its water supply system.
- d) Backflow preventors shall be required in all domestic, commercial, industrial, public and municipal services where water is used in any process which, in the opinion of the Company, could constitute a cross-connection and/or health hazard. Customer shall install backflow preventers on their service lines when they connect any irrigation system or equipment on their property. All back flow prevention equipment must be approved by the Company prior to installation.

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3.6 CROSS CONNECTION CONTROL – Continued

- e) Upon issuance of a non-potable water well permit and installation of such non-potable well on customer's property, and in accordance with Title 7 Chapter 60 §6075 (d), the Company may inspect the well at any reasonable time to insure that there are not interconnections with any portion of any building's plumbing and/or the Company's water service connection. Additionally, the Company may conduct an inspection for interconnections with a non-potable well upon valid reasons including suspicious water usage

4. DISCONTINUANCE OF SERVICE

4.1 AT THE REQUEST OF THE CUSTOMER:

All agreements regarding water service shall continue in full force and effect until and unless reasonable oral or written notice is given of a desire to terminate the contract by reason of a customer moving off the Company's system in the event of a change in ownership or occupancy. Water may be turned off from the premises temporarily upon the oral or written request of the customer and upon payment to the Company of the approved Turn-off Charge without in any way affecting the existing agreement for service or the customer's duty to pay the approved Facilities Charges. In the event a Seasonal Turn Off is requested, the customer shall pay the approved seasonal Turn-off Charge at the time of the turn off. In each case service will be restored upon payment of any required Turn-on Charge and other amounts due before service is restored.

6. PUBLIC FIRE SERVICE

6.1 ALLOWABLE USE:

No person except an authorized agent of the Company or other person authorized by the Company shall take water from any public fire hydrant or hose plug, except for fire purposes or the use of the fire department in case of fire, and no public fire hydrant shall be used for sprinkling streets, flushing sewers or gutters, or for any other purposes except with the approval and consent of the Company.

6.2 MAINTENANCE:

All Company-owned fire hydrants shall be maintained by the Company. The Company assumes no maintenance, repair or ownership responsibility for any fire hydrant installed by a developer, builder or customer unless and until such fire hydrant has been accepted by the Company as part of its public fire service system.

6.3 CHANGE OF LOCATION:

Upon written request for a change in the location of any fire hydrant, the Company, if an approved location can be found, will make such change at the expense of the person making the request. Charges shall be based on time and material to make such changes.

6.4 INSPECTION:

Upon request of the Fire Marshall or duly authorized officials of any municipality or governing body, the Company will make inspections at convenient times and at reasonable intervals to determine the condition of the fire hydrants, such inspections to be made by a representative of the Company and a duly authorized representative of the Fire Marshall or municipality.

TARIFF SCHEDULE OF RATES

1. GENERAL WATER SERVICE CHARGES:

General Water Service customers are charged a Facilities Charge plus a Water Consumption Charge and a Public Fire Hydrant Charge, where applicable:

(a) FACILITIES CHARGES:

A Facilities Charge payable in advance is based on the customer's meter size, as follows:

Meter Size	Monthly Facilities Charge	Quarterly Facilities Charge
5/8" - 3/4"	\$ 18.20	\$ 54.60
1"	\$ 30.33	\$ 90.99
1-1/2"	\$ 54.61	\$ 168.83
2"	\$ 84.95	\$ 254.85
3"	\$ 163.83	\$ 491.49
4"	\$ 254.85	\$ 764.55
6"	\$ 497.55	\$ 1,492.65
8"	\$ 776.67	\$ 2,330.01
10"	\$ 1,032.77	\$ 3,098.31

(b) WATER CONSUMPTION CHARGES:

Quarterly Residential Customers	Rate per Thousand Gallons
0 - 5,000 gallons	\$8.2074
5,001 - 20,000 gallons	\$8.3131
Over 20,000 gallons	\$8.4189

All other general water service customers are charged for consumption at \$8.4191 per thousand gallons registered on the meter.

(c) PUBLIC FIRE HYDRANT CHARGES:

Where fire hydrants are installed, such districts will be termed Fire Hydrant Districts. A service charge of \$15.09 per quarter, or \$5.03 per month, will be added to the regular Facilities Charge on all services in these districts. Apartment houses, hotels, motels and other multiple unit buildings will be charged one such hydrant service charge of \$15.09 per quarter, or \$5.03 per month, for every four units.

3. TURN-OFF AND TURN-ON CHARGES:

When temporary shut-off is made at the request of a customer, or for the failure of the customer to pay past-due bills or for another reason set forth in this tariff, a service charge of \$38.63 will be made. An additional charge of \$38.63 will be made for turning the service back on.

There shall be no discount on these charges. These charges will apply during regular working hours, and should it be necessary to perform such work after normal hours, the charge will be \$57.94.

4. SEASONAL TURN-OFF CHARGES:

Customers may request a Seasonal Turn Off by giving notice to the Company and paying the Seasonal Turn Off Charge. During the period of the Seasonal Turn Off, the customer will not be required to make payment of the Facilities Charge. The amount of the Seasonal Turn-off Charge will depend upon meter size as follows:

5/8" - 3/4"	\$ 175.58
1"	263.37
1-1/2"	526.73
2"	877.91
3"	1,580.24
4"	2,633.73
6"	5,267.43
8"	8,427.89

5. SERVICE CONNECTION CHARGES:

a) Service Connection Charges will be as follows:

5/8" - 3/4" service	\$ 987.80
1" service	\$ 1,395.27
1-1/2" service	\$ 2,457.18
2" service	\$ 2,778.18
3" service	\$ 8,890.23
4" service	\$10,458.36
6" service	\$15,199.26
8" service	\$23,067.03

TIDEWATER UTILITIES, INC.  
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ELEVENTH REVISED PAGE NO. 24  
CANCELING  
TENTH REVISED PAGE NO. 24  
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- b) The charge for installing 3/4" metered service to existing customers having formerly paid a Service Connection Charge shall be the difference between the Service Connection Charge in effect at the time metering commences and the Service Connection Charge previously paid. No charge will be assessed to customers having paid a tapping fee which included metered service.
- c) In addition to the Service Connection Charge above, customers within the franchise territory yet outside a particular service area will be charged an extension fee of \$987.80 per service.
- d) In addition to the Service Connection Charge above, customers within the Development of Indian River Acres will be charged a subdivision specific tariff of \$2,807.71 for each service.

6. OTHER MISCELLANEOUS CHARGES:

Service call to read a meter due to change of ownership or occupancy of a dwelling unit:

Transfer charge will be \$43.90.

Service call for frozen service lines or leaks that are the customer's responsibility:

The service charge will be \$38.63.

After hours charge will be \$57.94.

Unauthorized entry of meter pit:

The charge will be \$87.79 plus cost of repair or damage for each occurrence.

Unauthorized water withdrawal from fire hydrants:

The charge will be \$263.36 for each occurrence.

The Company shall charge each customer \$20.00 for any returned check it receives as payment for any service, charge or deposit.

7. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE:

In addition to the net charges provided for in items 1. and 2. of this Tariff Schedule of Rates, a charge of 0.0% will apply to all charges for bills rendered on or after January 25, 2014.

The above charge will be recomputed semi-annually, using the elements prescribed by Section 314 of Title 26 of the Delaware Code.

8. BULK WATER CONTRACT SALES

- a) Ocean View – Under contract, the Town of Ocean View is charged \$4.8024 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Town of Ocean View water distribution system.
- b) Dover Air Force Base – Off Base Housing – Under contract, Dover Air Force Base Housing – Eagle Meadows/Heights is charged \$12.2609 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Eagles Heights and Eagle Meadows Housing subdivision water distribution systems.
- c) Southern Shores – Under contract, Southern Shores Water Company is charged \$5.6116 per thousand gallons of consumption registered through the meter(s) at the interconnection with Southern Shores water distribution systems.

9. PSC REGULATION DOCKET 15 – CATEGORY 2 COSTS

Pursuant to PSC Order No. 6873, Category 2 Costs refer to transmission, supply, treatment and/or other utility plant costs that are not directly assignable to a specific project or where the Category 1 (1A and 1B) costs have not included sufficient direct costs for transmission, supply, treatment, and/or other utility plant costs to supply water to the project. These costs will be contributed by the contractor, builder, developer, municipality, homeowner, or other project sponsor, as CIAC with no refunds. This tariff section applies to new customer service connections associated with water service agreements entered into after April 11, 2006.

Category 2 Charges will be as follows:

Service Size	
5/8" – 3/4"	\$1,500.00
1"	\$1,560.00
1-1/2"	\$1,620.00
2"	\$1,785.00
3"	\$3,000.00
4"	\$3,450.00
6"	\$4,500.00
8"	\$5,700.00

10. DOVER AIR FORCE BASE (FEDERAL ENCLAVE)

PUBLIC FIRE HYDRANT CHARGES:

Each fire hydrant within the perimeter of the Dover Air Force Base (Federal Enclave) is subject to a service charge of \$30.00 per quarter, or \$10.00 per month.