

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
CANTWELL WATER COMPANY FOR AN) PSC DOCKET NO. 10-138
INCREASE IN WATER RATES)
(FILED DECEMBER 4, 2008))

ORDER NO. 7847

This 21st day of September, 2010, the Commission determines and Orders the following:

1. On April 9, 2010, Cantwell Water Company ("Cantwell" or the "Company"), a regulated water company serving a total of approximately 39 unmetered customers in Odessa, Delaware, filed an application with the Commission (the "Application") to increase its water rates. The current rate is \$36 per quarter, which the Company has been charging since June 1, 1994. By the Application, Cantwell seeks to increase that rate to \$110.

2. In the Application, Cantwell claims that its requested rate increase is necessary "to bring Cantwell into full cost pricing and to build a reasonable reserve to cover emergencies and contingencies." It states that has never charged an amount sufficient to accumulate a reserve, that emergencies have been covered out-of-pocket, and that the operator who had been providing his services free of charge will be retiring and a new operator will need to be hired and paid a salary.¹

¹ The Application also notes that Cantwell has applied for a \$63,000 loan from the State Revolving Fund for the purpose of installing meters. Nothing in this order shall be deemed as approval of this expense. If Cantwell seeks to include any costs associated with installing meters in its water rates, it will need to file a subsequent rate application with the Commission.

3. On May 18, 2010, the Commission entered Order No. 7780, suspending the requested increase pursuant to 26 *Del. C.* § 306(a)(1) and requiring that Cantwell send a notice (attached to the Order) to each of its customers. The notice provided for a deadline to submit comments or objections to Cantwell's requested rate increase. Order No. 7780 also directed Staff to investigate the justness and reasonableness of the proposed rate.

4. Commission Staff has confirmed that the Company sent the notice to its customers and that the Commission has received two responses, one supporting and one opposing the requested increase.

5. Staff has also completed its review of the Application and recommends approval. Staff notes in a memorandum to the Commission that Cantwell has an aged system that occasionally undergoes significant repairs. Staff also confirmed that an increase was necessary in order to retain and pay a certified operator for the system, pay a modest wage for administrative and bookkeeping services, and make any further repairs or provide other maintenance to the system. Staff indicated that an annual surveillance audit of the Company and a review of its rates by January 1, 2013 are appropriate.

6. Finally, as noted by Staff, the Company seeks approval of the following rates for customers with swimming pools: a one-time fee of \$100 for filling a swimming pool, as well as a \$50 annual fee.

7. On September 21, 2010, the Commission considered the Application at its regularly scheduled meeting.

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

1. That the rates proposed by Cantwell Water Company in its application filed with the Commission on April 9, 2010, is hereby approved, effective October 1, 2010.

2. That Cantwell Water Company may assess a quarterly water fee of \$110

3. That Cantwell Water Company may also assess an annual fee of \$50 for customers with swimming pools, as well a one-time fee of \$100 to fill a swimming pool.

4. That, no later than March 31 of each year, Cantwell Water Company shall file annual financial reports with the Commission that detail its income and expenses for the preceding calendar year.

5. That, within 30 days of this Order, Cantwell Water Company shall file updated tariff leaves with the Commission reflecting the rates approved herein.

6. That 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

/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