

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

JOINT APPLICATION OF YMG CORPORATION)
AND TIDEWATER ENVIRONMENTAL SERVICES,)
INC. FOR APPROVAL OF THE SALE OF)
ASSETS AND TRANSFER OF CPCN FROM) PSC DOCKET NO. 12-497
YMG CORPORATION TO TIDEWATER)
ENVIRONMENTAL SERVICES, INC.)
(FILED NOVEMBER 7, 2012))

ORDER NO. 8249

AND NOW, this 29th day of November, 2012:

WHEREAS, on November 7, 2012, YMG Corporation, a Delaware corporation ("YMG"), a Delaware regulated public utility, and Tidewater Environmental Services, Inc., a Delaware Corporation ("TESI"), filed with the Delaware Public Service Commission (the "Commission") an application (the "Application") to approve the transfer and assignment by YMG to TESI of substantially all of its assets and regulatory authorizations, including its Certificate of Public Convenience and Necessity (the "CPCN") authorizing YMG to provide wastewater treatment services to the residents of the development known as the "Plantations" located in Rehoboth Beach, Delaware (the "Development") which has 612 customers; and

WHEREAS, TESI, an affiliate of Tidewater Utilities, Inc., a regulated Delaware utility, is authorized to provide wastewater treatment services to numerous residents of Delaware pursuant to authority granted to TESI by the Commission; and

WHEREAS, the purchase of the assets is contingent upon resolution to TESI's satisfaction of an administrative penalty assessed by the

Department of Natural Resources and Environmental Control ("DNREC") in 2011 for failure to operate the wastewater system in compliance with certain environmental rules and regulations, which penalty will be eliminated by DNREC if, and only if, the assets are transferred to TESI; and

WHEREAS, TESI's obligation to purchase the assets is also contingent upon approval by the Commission of an increase in the tariff rates currently charged by YMG to its customers, which have been in effect since October 2005; and

WHEREAS, under the provisions of 26 Del. C. §215, the Commission has determined that the above application should be the subject of further investigation, public comment sessions, and public hearings before a final decision by the Commission;

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

1. That pursuant to 26 Del. C. §215, a Commission determination of the proposed approvals sought in the joint application filed by YMG Corporation ("YMG") and Tidewater Environmental Services, Inc. ("TESI") (the "Application") is hereby deferred pending the completion of the further proceedings as directed hereinafter.

2. That TESI shall give public notice of the filing of this application by causing the attached notice to be published in the Delaware State News newspaper, in two-column format, outlined in black, on **Tuesday, December 11, 2012**. TESI shall also send by first class-mail a copy of its Application to all residents of the Plantation Residential Community and file proof of such notice and

publication with the Commission as soon thereafter as reasonably practicable, and prior to the date set for any evidentiary hearing in this docket.

3. That Mark Lawrence is designated as Hearing Examiner for this matter pursuant to the terms of 26 Del. C. §502 and 29 Del. C. ch. 101 to schedule and conduct, upon due notice, such public comment sessions and evidentiary hearings, as may be necessary, to have a full and complete record concerning the justness and reasonableness of the proposed increased rates and tariff modifications. Thereafter, Mr. Lawrence shall file with the Commission his proposed findings and recommendations. Pursuant to 26 Del. Admin. C. §1001-2.9.3, Mr. Lawrence is specifically delegated the authority to grant or deny petitions seeking leave to intervene. In addition, Mr. Lawrence is delegated the authority, under 26 Del. C. §102(A), to determine the form and manner of any further public notice in this matter.

4. That James McC. Geddes is designated as rate counsel in this matter.

5. That the deadline for petitions to intervene in this docket, pursuant to 26 Del. Admin. C. §1001-2.9, shall be **December 27, 2012**.

6. TESI is hereby placed on notice that the costs of the proceeding will be charged to it under the provisions of 26 Del. C. §114(b)(1).

7. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jeffrey J. Clark
Commissioner

/s/ Jaymes B. Lester
Commissioner

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary

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**PUBLIC NOTICE OF THE APPLICATION OF
YMG CORPORATION AND
TIDEWATER ENVIRONMENTAL SERVICES, INC.
FOR TRANSFER OF CONTROL**

**TO: THE CUSTOMERS OF PLANTATIONS RESIDENTIAL COMMUNITY WASTEWATER
SYSTEM (PLANTATIONS):**

YMG Corporation, a regulated Delaware public utility ("YMG"), is the holder of a Certificate of Public Convenience and Necessity (the "CPCN") issued by the Delaware Public Service Commission ("Commission") authorizing YMG to provide wastewater treatment services to the residents of the development known as the "Plantations" located in Rehoboth Beach, Delaware (the "Development") which has 612 customers.

Tidewater Environmental Services Inc., ("TESI"), an affiliate of Tidewater Utilities, Inc., a regulated Delaware public utility, is authorized to provide wastewater treatment services to numerous residents of Delaware pursuant to authority granted to TESI by the Commission.

On November 7, 2012, YMG and TESI filed with the Commission an application (the "Application") to approve the transfer and assignment by YMG to TESI of substantially all of its assets and regulatory

authorizations, including its CPCN. Under the proposed transaction, YMG will assign to TESI any and all applicable service agreements previously entered into with the developer of the Plantations development. In addition, the purchase of the assets is contingent upon resolution to TESI's satisfaction of an administrative penalty assessed against YMG by the Delaware Department of Natural Resources and Environmental Control ("DNREC") to YMG in 2011 for failure to operate the wastewater system in compliance with certain environmental rules and regulations. DNREC will eliminate the penalty if, and only if, the assets are transferred to TESI.

TESI's obligation to purchase the assets is also contingent upon approval by the Commission of an increase in the tariff rate currently charged by YMG to its customers, which rates have been in effect since October 2005.

Under the provisions of 26 Del. C. § 215, the Commission may approve a merger of, or transfer of control over, a public utility if the Commission finds the transaction to be in accordance with law, for a proper purpose, and consistent with the public interest.

The Commission has decided to conduct public comment sessions and public hearings on the Application prior to rendering its final decision. Members of the public may provide their views at the public comment session. Parties to the proceeding may present formal evidence at the public evidentiary hearings. In addition, an evidentiary hearing may involve consideration of any settlement proposed by some or all of the parties. The Commission's final

determination on the application will be based on the record developed at these proceedings.

YMG's customers (Residents of Plantations Residential Community) are invited to review the Application and supporting documents to determine how their interests may be affected. You may review the documents during normal business hours in the Commission's Dover office at the address listed below or on the Commission's website at <http://depsc.delaware.gov/wastewater.shtml>. You may also review copies of the filing at the office of the Division of the Public Advocate located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801. Please call (302) 577-5077 to arrange for a time to review the documents at that location.

If you wish to participate as a party in this docket, with the right to present evidence and be heard by counsel, you must file a petition to intervene under 26 Del. Admin. C. §1001-2.9 of the Commission's Rules of Practice and Procedure. You must file that petition **on or before December 27, 2012**, at the Commission's office located at:

Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building
Suite 100
Dover, Delaware 19904
ATTN: PSC Docket No. 12-498

Petitions filed thereafter will not be considered except for good cause shown.

If you have a disability and wish to participate in, or to review the materials in, these proceedings, please contact the Commission to

discuss any auxiliary aids or services you might need to help you. You may contact the Commission in person, in writing, by telephone (including text telephone), or by Internet e-mail. If you have questions about this matter, please call the Commission at 1-800-282-8574 (toll-free in Delaware) or (302) 736-7500 (voice and text telephone). You may also send questions by Internet e-mail addressed to psc@state.de.us.