

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF TIDEWATER UTILITIES, INC. FOR A)
GENERAL RATE INCREASE IN WATER) PSC DOCKET No. 13-466
BASE RATES AND TARIFF REVISIONS)
(FILED NOVEMBER 25, 2013))

ORDER NO. 8522

AND NOW, this 6th day of February, 2014, the Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on November 25, 2013, Tidewater Utilities, Inc. ("Tidewater" or the "Company") filed with the Commission an application (the "Application") seeking approval of: (a) a general increase in its water base rates; and (b) miscellaneous tariff revisions; and

WHEREAS, in its Application, Tidewater represents that it is seeking a general increase in annual operating revenues of \$3,903,338, or 14.42% over present rates; and

WHEREAS, on November 25, 2013, Tidewater also filed with the Commission an Application to Put Changes in Rates In Effect Under Bond (the "Interim Rate Application") seeking to place temporary rates under bond and revised tariff leafs with an effective date of January 25, 2014, establishing rates as permitted by 26 Del. C. §306(c) to enable Tidewater to collect under bond, and subject to refund, an annual intrastate operating revenue increase of approximately \$1,730,958, or a net increase of approximately 6.5%, which does not exceed 15% of Tidewater's

annual gross intrastate operating revenues or \$2,500,000, whichever is less; and

WHEREAS, the Company has submitted a bond in the amount of \$1,100,000, from Middlesex Water Company (the "Bond") as surety for Tidewater, with the State of Delaware as obligee. Such Bond represents the amount of additional revenues that will be collected over the next seven months and assures the availability of funds for any future refund. Also, the Company represents that it will abide by any Commission refund order; and

WHEREAS, the Company has requested that the Commission permit it to put into effect, under the Bond, interim rates effective for bills issued on and after February 6, 2014, as detailed in tariff sheets which are attached as Exhibit "A". Such interim rates are designed to produce approximately \$1,730,958 in additional annual revenues, as permitted by 26 Del. C. §306(c); and

WHEREAS, the Commission Staff has reviewed the Application and the Interim Rate Application and its attachments, including a proposed form of rate refunding bond and tariff sheets, and has recommended the approval of the Interim Rate Application;

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE

OF NOT FEWER THAN THREE COMMISSIONERS:

1. The rates and revised tariff sheets set forth in the Application filed by Tidewater on November 25, 2013, are hereby suspended pursuant to 26 Del. C. §306(a)(1) and, subject to the

implementation of interim rates as authorized herein, shall not be placed into force or effect except pursuant to law or further Order of the Commission, and then only to the extent such law or further Commission order may permit or allow.

2. The Commission finds, pursuant to 26 Del. C. §306(c), that Tidewater has the statutory right, on or after the expiration of sixty (60) days from the filing of its Application, to place into effect temporary rates, subject to refund, so long as such temporary rates do not exceed the lesser of fifteen percent (15%) of the Company's annual gross intrastate operating revenue or \$2,500,000, whichever is less, and subject to the Commission's determination that the amount of the bond and the surety thereon are reasonable as set forth below.

3. The proposed temporary rates set forth in the Interim Rate Application of Tidewater and in its revised tariff leafs are reasonably designed to produce, on an annual basis, the lesser of either (i) \$2,500,000 or (ii) 15% of the gross annual intrastate operating revenues of Tidewater, and may, therefore, be placed into effective on and after February 6, 2014, under 26 Del. C. § 306(c), subject to any refund as the Commission may hereafter Order.

4. That the Commission hereby approves as reasonable the form of the Bond attached to the Interim Rate Application in the principal amount of \$1,100,000 with Middlesex Water Company as surety for Tidewater and with the State of Delaware as obligee to

assure the availability of funds for any future refund. A duly-executed rate refunding bond shall be filed with the Commission prior to March 3, 2014.

5. Tidewater shall give public notice of the filing of the Application and the Interim Rate Application with the proposed rate changes and the actions taken by the Commission by publishing notice in the form attached hereto as **Exhibit "B"** in two-column format, outlined in black, in the legal classified section of *The New Journal (February 17 and 18, 2014)*, *The Delaware State News (February 17 and 18, 2014)*, *The Cape Gazette (February 18 and 21, 2014)*, and *The Wave (February 18, 2014)* newspapers on the dates identified. Tidewater shall submit proof of such publications as soon as possible, but no later than the commencement of the evidentiary hearings concerning this matter.

6. Pursuant to the terms of 26 *Del. C.* §502 and 29 *Del. C. ch.* 101, the Commission designates R. Campbell Hay as the 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 revisions. Thereafter, pursuant to 26 *Del. C.* §10126(a), Hearing Examiner Hay shall file with the Commission his proposed order for the consideration of the Commission. Such proposed order must include (i) a brief summary of the evidence

and recommended findings of fact based upon the evidence; (ii) recommended conclusions of law; and (iii) recommended decision. Pursuant to 26 *Del. Admin. C.* §§1001-2.1.1 and 2.9.3, the Commission also specifically delegates to Hearing Examiner Hay the authority to grant or deny petitions seeking leave to intervene and motions for admission of counsel *pro hac vice*. In addition, the Commission delegates to Hearing Examiner Hay the authority, under 26 *Del. C.* §102(A), to determine the form and manner of any future public notice in this matter. James McC. Geddes is designated as rate counsel for this matter.

7. That the deadline for filing petitions to intervene pursuant to 26 *Del. Admin. C.* §1001-2.9.2 shall be **Thursday, March 6, 2014**. Late-filed petitions to intervene will not be granted unless good cause is shown.

8. Tidewater is hereby placed on notice that the costs of the proceedings will be charged to it under the provisions of 26 *Del. C.* §114(b)(1).

9. 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

PSC Docket No. 13-466, Order No. 8522 Cont'd

/s/ Jaymes B. Lester
Commissioner

/s/ Jeffrey J. Clark
Commissioner

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary

E X H I B I T "A"

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(FILED NOVEMBER 25, 2013))

**INTERIM RATES FOR
TIDEWATER UTILITIES, INC.
EFFECTIVE FEBRUARY 6, 2014**

The following is a comparison of Tidewater's present rates and interim rates for metered water on a quarterly basis:

Metered Consumption	Rate per Thousand Gallons- Present	Rate per Thousand Gallons- Interim
0 - 5,000 gallons	\$7.9469	\$8.4916
5,001 - 20,000 gallons	\$8.0493	\$8.6010
Over 20,000 gallons	\$8.1517	\$8.7104

The following is a comparison of Tidewater's present rates and interim rates for facilities charges per quarter:

Meter Size	Present Rates	Interim Rates
5/8" - 3/4"	\$ 52.86	\$ 56.49
1"	\$ 88.11	\$ 94.14
1-1/2"	\$ 158.64	\$ 169.50
2"	\$ 246.75	\$ 263.67
3"	\$ 475.89	\$ 508.50
4"	\$ 740.28	\$ 791.01
6"	\$1,445.28	\$1,544.34
8"	\$2,256.06	\$2,410.68

The following is a comparison of Tidewater's present rates and interim rates for public fire hydrant charges per quarter:

Fire Hydrant District Charge	<u>Present Rates</u>	<u>Interim Rates</u>
	\$ 15.09	\$ 16.11

A customer with public fire protection using a 5/8" water meter with usage of 15,000 gallons of water per quarter would see their bill increase from \$188.18 to \$201.07 for the interim rates.

The following is a comparison of Tidewater's present rates and interim rates for private fire protection charges per quarter:

PRIVATE FIRE PROTECTION

<u>Meter Size</u>	<u>Present Rates</u>	<u>Interim Rates</u>
1"	\$ 28.67	\$ 28.67
2"	\$ 100.35	\$ 100.35
4"	\$ 425.28	\$ 425.28
6"	\$ 950.90	\$ 950.90
8"	\$1,691.55	\$1,691.55

E X H I B I T "B"

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**PUBLIC NOTICE OF APPLICATION OF
TIDEWATER UTILITIES, INC.
FOR A GENERAL RATE INCREASE**

TO: ALL CUSTOMERS OF TIDEWATER UTILITIES, INC.:

On November 25, 2013, Tidewater Utilities, Inc. ("Tidewater") filed an application with the Delaware Public Service Commission (the "Commission") to increase its rates for water service. In its application, Tidewater seeks an overall increase in annual operating revenues of approximately \$3,903,338 or approximately 14.42% over current water revenues. The following is a comparison of Tidewater's present rates and proposed new rates for metered water on a quarterly basis:

Metered Consumption	Rate per Thousand Gallons- Present	Rate per Thousand Gallons- Proposed
0 - 5,000 gallons	\$7.9469	\$9.1389
5,001 - 20,000 gallons	\$8.0493	\$9.3790
Over 20,000 gallons	\$8.1517	\$9,6254

The following is a comparison of Tidewater's present rates and proposed new rates for facilities charges per quarter:

Meter Size	Present Rates	Proposed Rates
5/8" - 3/4"	\$ 52.86	\$ 61.17
1"	\$ 88.11	\$ 101.94
1-1/2"	\$ 158.64	\$ 183.54
2"	\$ 246.75	\$ 285.48
3"	\$ 475.89	\$ 550.59
4"	\$ 740.28	\$ 856.50
6"	\$1,445.28	\$1,672.17
8"	\$2,256.06	\$2,610.21

The following is a comparison of Tidewater's present rates and proposed new rates for public fire hydrant charges per quarter:

Fire Hydrant District Charge	<u>Present Rates</u>	<u>Proposed Rates</u>
	\$ 15.09	\$ 17.84

A customer with public fire protection using a 5/8" water meter with usage of 15,000 gallons of water per quarter would see their bill increase from \$188.18 to \$218.49 if the full increase is authorized.

The following is a comparison of Tidewater's present rates and proposed new rates for private fire protection charges per quarter:

PRIVATE FIRE PROTECTION

<u>Meter Size</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
1"	\$ 28.67	\$ 22.19
2"	\$ 100.35	\$ 77.67
4"	\$ 425.28	\$ 329.22
6"	\$ 950.90	\$ 736.08
8"	\$1,691.55	\$1,309.44

On February 6, 2014, pursuant to 26 Del. C. §306(a)(1), the Commission suspended the effectiveness of the proposed new rates and tariff revisions pending further investigation, public comment sessions, and public evidentiary hearings, which will be held later after further public notice. However, Tidewater has requested authority to place a portion of its proposed increases into effect under bond and subject to refund sixty (60) days after the initial November 25, 2013 filing date, pursuant to 26 Del. C. §306(c).

The Commission will make its decision on this matter on the basis of the evidence of record taken at public evidentiary hearings. The Commission may approve or reject, in whole or in part, the proposed rate increase and tariff revisions, and may approve a different method for allocating any increase should one be found to be appropriate.

Tidewater's customers 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 www.state.de.us/delpsclwater.shtml. If you would like to review documents at the Commission's offices, please contact Monica Hall at monica.hall@state.de.us to arrange a time for your review. 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 request copies of documents in this matter, please submit a Freedom of Information Act Request Form. This form may be found at <http://smu.portal.delaware.gov/cgi-bin/mail.php?foia-request&subj=DOS>. There is also a link to the Freedom of Information Act Request Form on the Commission's website at <http://depsc.delaware.gov/default.shtml>. The Commission will respond to your request in accordance with the Delaware Freedom of Information Act, 29 Del. C. ch. 100.

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 Rule 1001-2.9 of the Commission's Rules of Practice and procedure (26 Del. Admin. Code §1001-2.9).

You must file that petition **on or before March 6, 2014**, 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. 13-466

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 or request information by Internet e-mail addressed to psc@state.de.us.