



April 2, 2018

Via Dela File Submission

Ms. Donna Nickerson  
Secretary  
Public Service Commission of Delaware  
861 Silver Lake Boulevard  
Cannon Building, Suite 100  
Dover, DE 19904

Re: In the Matter of the Request of Tidewater Utilities, Inc. for Authority to Revise its Water Service Tariff to Allow for an Income Tax Liability Gross-Up Payment Associated with Contributions in Aid of Construction

Dear Ms. Nickerson:

In lieu of a formal application, Tidewater Utilities, Inc. (Tidewater) respectfully submits this Request for authority to amend its Water Service Tariff to include an income tax liability gross-up payment associated with Contributions in Aid of Construction (CIAC) fees. In support thereof, Tidewater states the following:

1. This request is necessitated by a provision in the Tax Cuts and Job Acts of 2017, enacted December 22, 2107, which removed the tax exemption on CIAC received by regulated water and wastewater utilities.
2. This requested Tariff change is in accordance with 26 Del. Admin C. § 2001-3.8.6, which permits all regulated water utility companies to include a tax liability gross-up payment in the calculation of CIAC.
3. This requested Tariff change is revenue neutral to Tidewater's existing customer base.
4. This requested Tariff change ensures that existing customers do not subsidize new customers.
5. The attachments to this Request include a marked version of the existing Tariff page for the changes and a clean version of the proposed Tariff page.

If you have any questions regarding the changes to this application, please contact me at (732) 638-7502.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Bruce O'Connor".

A. Bruce O'Connor  
Treasurer

Enclosures

cc: Andrew Slater, Delaware Public Advocate (Electronic Delivery)  
Robert Howatt (Electronic Delivery)  
Connie McDowell (Electronic Delivery)

TIDEWATER UTILITIES, INC.

P.S.C. DEL. NO. 6

~~FOURTEENTH-FIFTEENTH~~ REVISED TARIFF COVER PAGE

CANCELING

~~FOURTEENTH-THIRTEENTH~~ REVISED TARIFF COVER PAGE

~~APRIL 2, 2018-NOVEMBER 20, 2017~~

EFFECTIVE DATE: ~~[MONTH, DAY, YEAR] JANUARY 1, 2018~~

TIDEWATER UTILITIES, INC.

Schedule made and filed by Tidewater Utilities, Inc., pursuant to the requirements of the Public Service Commission of the State of Delaware, showing the rates, charges, rules and regulations applicable to its water service in the State of Delaware.

Tariff for

Water Service

Applicable To Service Areas in

New Castle, Kent and Sussex Counties, Delaware

By: Gerard L. Esposito, President  
1100 South Little Creek Road  
Dover Delaware 19901  
1-800- 523-7224 or 302-734-7500

9. CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)

~~a) All CIAC including, but not limited to, Category 1A, Category 1B and, as defined in subsection 9.b below, Category 2, received by the Company in the form of cash or in-kind utility property, is subject to an income tax liability gross-up payment by the contributor based on the value of the CIAC, in addition to the CIAC cost payment. The income tax liability gross-up payment shall be based on the maximum Federal and Delaware income tax in effect at the time the CIAC is received by the Company. The CIAC income tax liability gross-up factor in effect on the date of this Second Revised Tariff Page No. 26 is 38.644%.~~

~~a) PSC REGULATION DOCKET 15—CATEGORY 2 COSTS~~

b)

Pursuant to PSC Order No. 6873 (PSC Regulation Docket 15), 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 rate section applies to new customer service connections associated with water service agreements entered into after April 11, 2006.

Category 2 CIAC Charges by Service Size, including the income tax liability gross-up amount ~~are will be~~ as follows:

Service Size	
5/8" – 3/4"	<del>\$1,500.00</del> <u>2,079.66</u>
1"	<del>\$1,560.00</del> <u>2,162.85</u>
1-1/2"	<del>\$1,620.00</del> <u>2,246.04</u>
2"	<del>\$1,785.00</del> <u>2,474.80</u>
3"	<del>\$3,000.00</del> <u>4,159.33</u>
4"	<del>\$3,450.00</del> <u>4,783.23</u>
6"	<del>\$4,500.00</del> <u>6,238.99</u>
8"	<del>\$5,700.00</del> <u>7,902.72</u>

TIDEWATER UTILITIES, INC.

P.S.C. DEL. NO. 6

ORIGINAL PAGE NO. 27

APRIL 2, 2018

EFFECTIVE DATE: [MONTH, DAY, YEAR]

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.

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CANCELING  
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