

UNITED WATER DELAWARE, INC.

Tariff  
for  
Water Service

Applicable in  
The Service Area in Brandywine Hundred,  
New Castle County, Delaware  
and in the Service Area of the former  
New Castle County Water Company and the former Delaware  
Water Corporation

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RULES AND REGULATIONS

DEFINITIONS

1. "Company" - United Water Delaware, Inc.
2. "Customer" - The party contracting for a supply of water through a connection to a property as hereinafter classified, i.e.:
  - (a) A building under one roof and occupied as one residence or business; or
  - (b) A combination of buildings in one enclosure and occupied by one family or business; or
  - (c) One side of a double house having a solid vertical partition wall; or
  - (d) A building owned by one party having more than one apartment, business or office, and using in common one hall and or one or more means of entrance; or
  - (e) Each apartment, business or office of a multi-family apartment house where service to the individual units is requested; or
  - (f) Each building of a combination of buildings in one enclosure and occupied as an individual and separate business or office; or
  - (g) Any private or public fire service.

APPLICATION FOR SERVICE

1. Service connection will be made, and water will be furnished, upon written application by the prospective customer (or his properly authorized agent) on a form provided by the Company for this purpose, and after approval of such application by the Company. The application for service shall clearly outline the class, scope, and type of use to be made of the service, as well as the purpose for which it will be used.
2. The application and these rules and regulations constitute the contract between the customer and the Company and each customer, by accepting water service, agrees to be bound thereby.
3. A new application for service must be approved by the Company for any change in the contracting customer, or in the service as described in the application. The Company may, upon five days notice, discontinue the water service until such new application for service has been approved.

4. Each application for service shall be made on the basis of rates applicable to customers under the tariff provisions.

### SERVICE CONNECTION

1. Each customer will be supplied through a separate service line.
2. The Company will make all taps and connections to its mains, and will furnish, install, own and maintain the service line, curb box and curb stop. The service line will be installed by the Company from the main to the curb stop and both will be located within the boundaries of the utility right-of way or within the boundaries of a private easement. The portion of the service line installed by the Company shall be the property of the Company and shall be accessible to, and under its control. Where it is necessary for the Company's portion of a service to be installed under railroad tracks or in some other extraordinary manner, the additional cost of such construction shall be borne by the Customer.
3. All service lines from the curb stop or right-of-way line to the customer's building or place of consumption shall be installed and maintained in good condition by and at the expense of the customer and shall be of materials approved by the Company. The service line shall be placed at least three (3) feet below the surface of the ground and the installation shall be subject to the approval of the Company.
4. No service pipes shall be laid in the same trench with a gas pipe, sewer pipe, or any other facility of a public service company, or within three feet of any open excavation or vault.
5. All leaks in service lines from the curb stop or private right-of-way to and inside the premises supplied shall be promptly repaired by the customer. If repairs are not completed within a reasonable time the Company may turn off the water and service will not be restored until all proper and necessary expenses incurred in termination and restoration of service are paid in full.
6. The Company shall not be responsible for maintenance of, or for damage caused by water leaking from the service pipe or any other pipe or fixture on the outlet side of the curb stop. The customer shall at all times, comply with state and municipal regulations, and shall make all changes to the service pipe required because of change of grade, relocation of mains or other causes.
7. The use of water service by a customer shall, in general, be in accordance with the class, scope, and type of use, and for the purpose stated in his application and service contract. A customer shall not use the water obtained through his service facilities for purposes other than mentioned in his service application (See Application For Service, Rule 1). A new application and contract will make service for other purposes or uses available.

### CROSS CONNECTIONS

1. 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.
2. 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.
3. 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.
4. 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.

### METERS

1. All domestic, commercial, industrial, and municipal water service, except fire protection, will be rendered through meters only, except as provided for under schedule of rates.
2. Each customer's service shall have a separate meter to measure the amount of water consumed.
3. All meters will be furnished by, and shall remain the property of the Company. The Company reserves the right to establish the size and location of meter required by each customer.
4. Meters will be maintained by the Company. The customer shall be responsible to the Company for damage and/or loss of any meter caused by the customer's negligence or carelessness, or by the negligence of his servants, employees, members of his household, or any person upon his premises by his consent or sufferance as set forth on Schedule E – Miscellaneous Fees and Charges. The customer shall not permit anyone other than an agent of the Company to remove, inspect or repair the Company's meter or other property of the Company on his premises.
5. The customer shall advise the Company of any damage or any operational failure of the meter as soon as it comes to his attention.

### METER SETTING

1. All meters shall be set at locations as approved by the Company, accessible to the Company and subject to its control.

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2. A stop and waste valve, easily accessible to the occupants, shall be placed by the customer, in the service line within the premises supplied with water. Such valve shall be so located that it will be possible to drain the meter and all pipes in the building.
3. In all cases where steam or hot water under pressure is used, an approved back flow prevention device and a pressure relief valve must be placed, at the expense of the customer, directly ahead of the meter and before any outlets are taken off from the service pipe, to prevent heat damage to the meter.

### METER TESTING

1. The quantity of water recorded by the meter shall be conclusive on both the customer and the Company, except when the meter has been found to be registering inaccurately or has ceased to register. In either case the meter will be promptly repaired or replaced by the Company and the quantity of water consumed shall be estimated by the average registration of the meter on previous corresponding periods.
2. In the case of a disputed account involving the accuracy of a meter, such meter will be tested at the request of the Customer in conformity with the provisions of the Rules and Regulations pertaining to water service of the Delaware Public Service Commission. In the event that the meter so tested is found to have an error in registration in excess of 2% slow or fast, the bill will be adjusted accordingly as provided by the aforesaid rules.
3. When meters are removed after installation, at the written request of customer for testing, the rules of the Public Service Commission will apply.
4. The fee for a customer requested meter test shall be in accordance with Customer Requested Meter Test Fees as stated on Schedule E – Miscellaneous Fees and Charges.

### BILLS

1. Each customer is subject to a service charge, the amount of which is determined by the size of the meter as set forth in the Schedule of Rates.

2. Bills for water service will be rendered monthly or quarterly, at the option of the Company, and are due and payable when rendered. If a bill is not paid within thirty (30) days from date of bill, the water may be shut off upon ten (10) days written shut-off notice, and service will not be restored until all arrears for water service and the Reconnection Charge as stated on Schedule E – Miscellaneous Fees and Charges have been paid.
3. The presentation or non-presentation of a bill shall not be held to be a waiver of any of the rules or regulations.
4. Each metered period of consumption shall stand by itself and there shall be no arranging of accounts per annum or otherwise.
5. In the case of bills rendered to the State of Delaware or any department or institution thereof, the period for payment of bills shall be thirty (30) days.

#### DISCONTINUANCE OF SERVICE

1. Whenever the customer desires to have his service contract terminated or his water service discontinued, he shall notify the Company to that effect in writing. The customer will be responsible for the payment of all service rendered by the Company until such written notice is received; and for a reasonable time thereafter, so that the Company may take the final reading of the meter or meters, and water service may be discontinued by the Company.
2. When premises will be temporarily unoccupied, the customer shall notify the Company in writing and the water will be turned off and all charges will cease from that date. When the property is again occupied the customer shall again notify the Company in writing and the water will be turned on. No refund will be allowed for property unoccupied for a period of time less than one month.
3. In cases of vacancy of a customer's property, the customer must notify the Company in writing of such vacancy and upon his failure so to do the customer will become responsible for all damage to Company property caused by freezing, water damage, third parties, or other causes.
4. Service to any customer may be discontinued for violation of any of these rules and regulations. However, before service may be discontinued for such violation, the Company will give written notice to the customer, stating the rule violated, the manner of violation, and a reasonable date after which service will be discontinued if the violation continues. After service is thus discontinued for violation of rules and regulations, service will not be resumed until reasonable assurance is given that the customer will comply with the rules and regulations and a Reconnection Charge, as stated on Schedule E – Miscellaneous Fees and Charges, is paid to the Company.

## CUSTOMERS' DEPOSITS

1. Customer deposits will only be required in the following instances:
  - (a) For any existing customer who (1) has had service discontinued for non-payment of bills, (2) has rendered two bad checks in the preceding 12 months, (3) has been delinquent in payment of bills twice in the preceding 12 months, (4) has tampered with a meter or other equipment of the Company, or (5) has filed for bankruptcy, in which event the post petition account will be billed a security deposit unless otherwise instructed by the bankruptcy court.
  - (b) For any new customer who (1) is the tenant of a property for which he or she is responsible for payment of water bills, (2) has been delinquent during the preceding 12 months in paying water bills at a former address, (3) is found to be using false identification when use of a correct name would reveal poor records of payment, or (4) is seasonal or temporary.
2. When the customer is the owner of the property receiving water service, security deposits will not exceed the maximum estimated bill for two consecutive bill periods of \$100, whichever is less, unless it is due from an existing customer who (1) has had service disconnected two times within the preceding 12 months, (2) has been found to be tampering with the Company's meter or equipment, (3) has used water for unauthorized purposes, or (4) is other than a residential customer and has been delinquent in paying their water bills, in which event the entire estimated charge for two billing periods or the average billed amount outstanding over the previous, whichever is greater, will be collected. For a property occupied by a tenant who is responsible for paying the water bills, the security deposit will be \$300 and must be paid in full before water service is turned on.
3. Payment of a requested security deposit is a requirement for continued service, and failure to pay in full may result in discontinuation of service. If payment of a security deposit creates an undue hardship, the Company may allow payment of the deposit to be made over a reasonable period of time.

### Interest on Customer Deposit:

4. Simple interest will accrue at the rate of the average of the percent yields of the 1-year Treasury constant maturities for September, October and November of the preceding year on security deposits held six months or longer. Accrued interest shall be credited annually to the customer's deposit account. When the customer is the owner of the property receiving water service, deposits will be refunded with accrued interest when the customer has paid the water bills as due and has had no delinquencies within the preceding 12 months. Security deposits, plus interest in accordance with the procedure as outlined in this paragraph, shall be refunded to the customer originally making the deposit.

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5. For properties occupied by tenants who are responsible for paying the water bills, deposits will be refunded upon termination of the tenancy.
6. A security deposit shall not be considered as payment on account during the time the customer is receiving water service. Customer shall pay bills for water service as rendered in accordance with Rules and Rates of the Company.

#### MISCELLANEOUS

1. Water shall not be turned on for any customer by a person who is not an agent of the Company. With Company approval, a plumber may temporarily turn on the water to test his work. It shall be turned off again immediately after the test is completed.
2. Customers who request the temporary shut-off or turn-on of service for performing routine maintenance, repairs or replacement of the customer's portion of the service line may be charged in accordance with Customer Requested Turn on/off Charge as stated on Schedule E – Miscellaneous Fees and Charges.
3. The authorized agents of the Company shall have the right of access, at all reasonable hours, to the premises supplied with water for the purpose of reading meters, examining pipes and fixtures, observing manner of using water, and for any other purposes which is proper and necessary in the conduct of the Company business. Such agent will carry with them proper credentials noting their employment by the Company.
4. The Company will not be liable for any claim or damage arising from a shortage of water, breaking of machinery or other facilities, or any other cause beyond its control.

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5. As necessity may arise because of a main break, or any other unavoidable cause, the Company shall have the right to temporarily cut off the water supply to make necessary repairs, connections, etc. The Company will use all reasonable and practicable measures to notify the customer in advance of such discontinuance of service. The Company shall not be liable for any damage or inconvenience suffered by the customer because of an interruption in service, inadequate supply, inadequate pressure, poor water quality, or for any other cause beyond its control. The Company may restrict or regulate the quantity of water used by customers in case of scarcity, or whenever the public welfare may require it.
6. No customer shall open or close any of the Company's curb stops or valves in any public or private line.
7. No agent or employee of the Company shall have the right or authority to bind the Company by any promise, agreement, or representation contrary to the letter or intent of these rules and regulations.
8. Underground lawn sprinklers and irrigation systems may be installed only under special approval by the Company. Customers must furnish schematic drawings of the proposed pipe layout, together with valves, sprinkler heads, approved backflow prevention device and appurtenances, including sizes and specifications.
9. The Company reserves the right to alter or amend these rules and regulations in the manner provided by law.

#### FIRE PROTECTION

1. Fire hydrants are provided for the sole purpose of aiding in fighting fires and are to be opened and used only by the Company and Fire Department personnel, or by such other persons as may be specially authorized by the Company by written permit.
2. The Company shall not be considered an insurer of property or persons or to have undertaken to extinguish fire or to protect persons or property against loss by fire or otherwise. The Company does not guarantee any special service, pressure, capacity or facility other than what is provided by its ordinary and changing operating conditions as they exist from day to day. It is agreed by the parties receiving service that the Company shall be free and exempt from any and all claims for injury to persons or property by reason of fire, water, failure to supply water pressure or capacity.

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**PURSUANT TO PSC ORDER No. 7092**

**WATER MAIN EXTENSIONS**

**DEFINITIONS**

1. "Individual(s)" as used herein shall mean a person, or group of persons acting as a unit, requesting a Facilities Extension and/or New Service to make water service available to an existing or proposed building occupied by or to be occupied by the requesting party(ies).
2. "Developer" as used herein shall mean a person, firm or corporation requesting a Facilities Extension and/or New Service to make water service available to one or more lots, parcels or tracts of land for the purpose of constructing thereon any type of building; who constructs any type of building on land for sale, lease, or rent by or to a party(ies) other than the developer.
3. "Water Main" "(Main)" as used herein shall mean the pipe of the Company excluding service connections, located in a public right-of-way or Company easement which is used in transporting water.
4. "Company Service Line" as used herein shall mean a pipe with appurtenances used to conduct water from the Company's Water Main up to and including the Curb Stop located near the right-of-way or edge of Company easement.
5. "Customer Service Line" as used herein shall mean a pipe with appurtenances used to conduct water from the Company Service Line to the point of consumption.
6. "New Company Service Line" "(New Service)" as used herein shall mean a Company Service Line that did not previously exist for which a customer has submitted an application.
7. "Curb Stop" as used herein shall mean a valve or device owned, installed, maintained and controlled exclusively by the Company that can be turned to an open or closed position for the purpose of controlling the supply of water to the service property.
8. "Facilities Extension" as used herein shall mean the extension of the water utility's mains and appurtenances ("Facilities") for the provision of water service. As used in this definition, "appurtenances" include valves, hydrants, pumps, storage facilities, sampling equipment and other miscellaneous items appurtenant to a main extension.
9. "Construction Costs" as used herein shall mean the cost of a project including direct costs, administrative costs, company overhead, and other applicable fees, costs and taxes associated with a facilities extension or new service(s).

10. "Contribution-In-Aid-Of-Construction" ("CIAC") as used herein shall mean cash, services, funds, property or other value received by the Company from State, municipal, or other governmental agencies, individuals, contractors, or others for the purpose of constructing or aiding in the construction of utility plant and which represents a permanent infusion of capital from sources other than the utility bondholders or stockholders.
11. "Advances For Construction Of Services" ("Advances") as used herein shall mean cash, services, funds, property or other value received by the Company which would be CIAC but for an agreement by the Company to refund in whole or in part the amount received so that the Advances initially represent a temporary infusion of capital from sources other than utility bondholders or stockholders.

## **GENERAL**

1. Any individual or developer may request water service to be made available to any lot(s) or subdivision under these rules and regulations.
2. Each separate Facilities Extension shall be the subject of a separate agreement.
3. When a Facilities Extension is required or requested, such extension will be made under the terms of a Facilities Extension agreement. The Facilities Extension agreement shall also include any Company Service Lines associated with the project. The Company shall have the exclusive right to determine the type and size of mains to be installed and the other facilities required to render adequate service.
4. The Company's construction overhead costs which relate to administration will be expressed as a percentage of the total construction costs. The construction overhead percentage rate is applied to the estimated and final cost of construction and is intended to offset the administrative costs that are incurred by the Company as a result of the project.
5. The minimum size water main to be installed under these rules and regulations shall be eight (8) inches nominal diameter where fire hydrants are required, or two (2) inches nominal diameter where fire hydrants are not required.
6. Facilities Extensions shall be in dedicated streets or public right-of-ways unless the Company determines that unusual circumstances dictate location in a private right-of-way or easement.
7. Mains shall be looped to existing mains when practicable and consistent with acceptable engineering practices to provide reliability and maintain quality of service. Should it be necessary, in the Company's opinion, to extend a main in order to connect to an existing Main(s) to provide adequate and reliable service to the applicant, this additional extension shall be part of the total Facilities Extension.

8. Before an application for service shall be accepted by the Company, the Company shall determine that a water main does exist in the public right-of-way or private easement along or through the property to be served and that said water main extends across the total frontage of the deeded property.
9. Each Facilities Extension must extend to the extreme property lines of the building lot(s) to be served and to the extreme property lines of the development as may be appropriate.
10. Service connection will be made, and the prospective customer (or a properly authorized agent) will be furnished water upon written application on a form prepared by the Company for this purpose and after approval of such application by the Company. The application for service shall state clearly the class, scope and type of use to be made of the service, as well as the purpose for which it will be used. Service shall only be furnished after a meter has been properly installed by the Company.
11. The Customer Service Line shall be placed at least three feet below the final graded surface of the ground. All service lines from the curb to the meter shall be in accordance with good engineering practices and other applicable regulations.
12. The Company shall not pay for a service replacement or second service to a premises when the replacement is requested by the customer for the purpose of expansion of service.
13. A Customer Service Line supplying a premises shall not pass through or across any property other than that to be supplied, and no water pipes or plumbing in any premises shall be extended therefrom to adjacent or other properties. A Customer Service Line shall not be connected to a hydrant branch line
14. The Company or a Company approved contractor will make all connections to Company mains and furnish, install, and maintain the Company's service lines from the main to and including the Curb Stop. The Company's Service Line will be the property of the Company and under its control. The point of delivery and sale for any water service furnished to the Customer shall be at the Curb Stop.
15. Contributions-In-Aid-of-Construction Facilities Extensions. Company shall require CIAC for Facilities Extensions. Nothing contained herein shall prevent Company from requiring CIAC, or Advances, or neither, for the provision of New Services. Nothing herein shall prevent Company from paying for, and including in its rate base, the costs of New Services.
16. CIAC Requirement For Facilities Extensions. Company shall require a CIAC when the request for a Facilities Extension will require the installation of pipe and/or associated utility plant. All charges henceforth to contractors, builders, developers, municipalities, homeowners, or other project sponsors, seeking the construction of water facilities from the Company shall be in the form of a CIAC to be paid to the Company as Category 1A, 1B, and Category 2 costs.

17. Gross Up of CIAC. A CIAC will consist of an amount equal to the entire estimated cost including the Company's standard overhead costs of constructing the Facilities Extension. If any portion of property contributed by the contractor, builder, developer, municipality, homeowner, or other project sponsor is deemed taxable income to the Company, the Company shall be permitted to gross up the amount of the CIAC to include such tax liability.
18. Category 1A Costs. All on-site Facilities costs that are directly assignable to a specific project are Category 1A costs and shall be designated by the Company and paid for by the contractor, builder, developer, municipality, homeowner, or other project sponsor, as CIAC, with no refunds. These costs include such items as mains, hydrants, treatment plants, wells, pump stations, storage facilities, and shall include any other items that are necessary for the provision of utility water service. The cost of a Facilities Extension from the furthest point of the project site up to a point 100 feet beyond the boundary of the project (in the direction of the Company's existing main) shall be considered a Category 1A Cost.
19. Category 1B Costs. All off-site Facilities costs that are directly assignable to a specific project from such point 100 feet beyond the boundary of the project and continuing to Company's existing main are Category 1B Costs and shall be designated by the Company and funded by the contractor, builder, developer, municipality, homeowner, or other project sponsor, as a CIAC not subject to refund. These costs include such items as mains, hydrants, treatment plants, wells, pump stations, storage facilities, and shall include any other items that are necessary for the provision of utility water service. Notwithstanding the foregoing, Category 1B Costs shall not include, and the Company shall be entitled to pay for and include in its rate base, any additional Facilities costs elected to be incurred by the Company in connection with the Facilities Extension for company betterment. In determining whether Category 1B Costs are directly assignable to a project, or elected as company betterment, the CIAC shall be calculated based on the cost of installing mains using a minimum of eight (8) inch diameter pipe, *provided, however*, that where mains of a larger diameter are required by applicable laws, building or fire codes, or engineering standards to provide water service to the project on a stand-alone basis, the CIAC shall be calculated based on the cost of installing mains using such larger diameter pipe.
20. Category 2 Costs. 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 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. Charges imposed for Category 2 costs for single-family residential and other types of metered water service shall be in accordance with Appendix A to Water Main Extensions.

21. Advances. An Advance may consist of the following components:

- (a) An amount equal to the entire estimated cost (including reasonable overhead costs) of construction; plus
- (b) Any applicable Federal income taxes, and applicable State taxes, that may be generated to the account of the utility as a result of the Advance.

**INSTALLATION OF SERVICE LINES WITH NO FACILITIES EXTENSION AGREEMENT**

1. Upon written request and subsequent approval of Application for Service, the Company shall, without entering into a Facilities Extension agreement, install a New Service to a lot owned by an Individual or Developer which is fully fronted by an existing water main capable of providing adequate service.
2. The Company shall make an investment in the cost of a New Service Line up to an amount that is calculated to provide the Company with its allowable rate of return, using the Company's revenue requirement calculation and the customer's anticipated annual revenue. When the estimated cost of the Service Line exceeds the Company's calculated maximum investment at its allowable rate of return, the service applicant shall pay the difference between total estimated Construction Costs and the Company's calculated investment. When the estimated cost of the New Service Line is below the Company's calculated investment, the Company shall pay for the new service line.
3. The Company shall require a service applicant to pay its portion of the estimated Construction Costs prior to work commencing.
4. The Company shall obtain all necessary permits from federal, state and local authorities.

**INSTALLATION OF FACILITIES COVERED UNDER AN INDIVIDUAL FACILITIES EXTENSION AGREEMENT**

1. A Facilities Extension agreement shall be required when service has been requested for a lot that is not fully fronted by an existing water main.
2. All Individuals who request a Facilities Extension shall execute an Individual Facilities Extension agreement.
3. The Company shall make an investment in the cost of a New Service Line up to an amount which is calculated to provide the Company with its allowable rate of return, using the Company's revenue requirement calculation and the customer's anticipated annual revenue. When the cost of the Service Line exceeds the Company's calculated maximum investment, the service applicant shall pay the difference between total Construction Costs and the Company's calculated investment. When the cost of the new service line is below the Company's calculated investment, the Company shall pay for the new service line.
4. Upon written request and subsequent approval of facilities design, a Preliminary Memorandum and Individual Facilities Extension Agreement shall be provided to the Individual, by the Company, which includes an estimate for Construction Costs.
5. The Individual shall pay the estimated Construction Costs prior to start of work.
6. The Company shall obtain all necessary permits from federal, state and local authorities.
7. The Company shall be responsible for installation of the water main, service line(s) and appurtenances.
8. Applicable Construction Costs, whether initially incurred by the Individual or the Company, related to the Facilities Extension and service(s) shall be the responsibility of the Individual.
9. Upon completion of the project, a supplemental memorandum shall be prepared and completed by the Company, showing the actual Construction Costs. Where the estimated amount of the CIAC or Advance exceeds the finally determined Construction Cost of the Facilities Extension and service(s), that excess amount shall be returned to the person making the CIAC or Advance. Where the estimated amount of the CIAC or Advance falls short of the finally determined Construction Cost of the Facilities Extension, that shortage amount shall be paid to the utility by the person making the CIAC or Advance.
10. Following completion of the construction of facilities, all mains, services and appurtenances shall become the property of the Company, for the cost of \$1.00.

INSTALLATION OF FACILITIES COVERED UNDER A DEVELOPER FACILITIES EXTENSION AGREEMENT

1. All Developers who request a Facilities Extension shall execute a Developer Facilities Extension agreement. The cost of such Facilities Extension shall be estimated and shown in a Preliminary Memorandum. A master agreement may be executed for extensions that are to be made in phases over a period of time. A separate Agreement and separate payment of costs shall be made with each phase.
2. The Developer shall submit preliminary plans to the Company along with an initial fee of \$1,000 for project review. This amount is nonrefundable; however it will be applied to the Developer's project in the form of CIAC upon execution of a Developer Facilities Extension Agreement, provided such agreement is executed by the developer within 24 months from the date of Company's receipt of the initial fee.
3. The Developer shall supply the Company with a cost estimate of the project in a form acceptable to the Company. Estimates which appear to be inaccurate or do not reflect current market value, may be rejected by the Company.
4. Upon Company approval of the project, and subsequent receipt of the project cost estimate, a Preliminary Memorandum and Developer Facilities Extension agreement shall be provided to the Developer, by the Company, which includes an estimate for Construction Costs.
5. The Developer shall pay, in the form of CIAC or an Advance, the estimated Construction Costs due to the Company prior to the start of work.
6. The Developer shall be required to install the water main, service lines and appurtenances through a pre-qualified contractor retained by the Developer and to pay all costs related thereto. The Company shall supply the Developer with a list of Company approved contractors. At the sole discretion of the Company, the Company may undertake construction of all or part of the facilities and services otherwise subject to this section, in which event the Developer will retain financial responsibility for the installation of mains, services and appurtenances as specified.
7. All construction costs, whether initially incurred by the Developer or the Company, related to the Facilities Extension and services shall be the responsibility of the Developer.
8. Mains, services and appurtenance installation shall be performed in accordance with the specifications and conditions of the Company. The Company shall be the sole judge as to the adequacy of any facilities.

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9. Any construction costs involving pre-existing facilities of the Company, including but not limited to relocation of existing facilities and connections of mains or services with existing facilities shall be the responsibility of the Developer. According to good engineering practices, the Company has the right to require the relocation of any of its existing facilities contained within a right-of-way or private easement that transverses the Developer's project. The cost of relocating such facilities shall be the responsibility of the Developer.
10. The Developer shall obtain all necessary permits from federal, state and local authorities. If any of these authorities require the Company to obtain such permits, the Developer shall pay all necessary permit fees in advance of the Company applying for the permits.
11. All construction shall be subject to inspection by Company personnel. No trenches shall be backfilled prior to approval by Company inspectors.
12. The Developer shall supply the Company with an accurate "as built" set of plans for the construction project. The "as built" set of plans shall be created on the version of AUTO CAD which is compatible with the Company's version of the AUTO CAD. The plans shall be submitted in 8 1/2" x 11" paper form and on Compact Disc in accordance with Company specifications.
13. Following completion of the construction of facilities, ownership of all mains, services and appurtenances shall be transferred to the Company free and clear of any liens, for the cost of \$1.00.
14. At the time of transfer of ownership of the facilities to the Company, the Company shall be provided, at no cost to the Company, legally recorded easement(s) to provide future access for repair, maintenance, replacement or other related reasons.
15. Upon completion of the project, the Developer shall provide a Final Memorandum indicating the final actual costs of the facilities and services installed.
16. The Developer shall warrant the facilities and services to the Company for a two (2) year period. The Developer shall deliver to the Company an executed Letter of Credit or Maintenance Bond in the form and substance satisfactory to the Company in the amount of twenty-five percent (25%) of the estimated Construction Cost.
17. The Company, in its sole discretion, will not accept ownership of any facilities or services or provide water service to any metered connection therefrom until the Company determines:
  - (a) that all construction related to installation of facilities and services is properly completed,
  - (b) that the facilities and services are acceptable for public service,
  - (c) that all company costs have been paid,
  - (d) that a proper accounting of the construction costs has been provided to the Company,

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- (e) that the Company has received the "as built" plans in form specified in Section 11 above.
  - (f) that the Category 2-utility plant Costs have been paid,
  - (g) that all easements have been transferred, and
  - (h) Letter of Credit or Maintenance Bond warrantee has been received and accepted.
18. Supplemental Memorandum shall then be prepared and completed by the Company, showing the actual costs including the Company's costs, construction overhead costs and all other applicable fees, costs and taxes. Where the estimated amount of the CIAC or Advance exceeds the finally determined cost of the Facilities Extension and services, that excess amount shall be returned to the person making the CIAC or Advance. Where the estimated amount of the CIAC or Advance falls short of the finally determined cost of the Facilities Extension and services, that shortage amount shall be paid to the utility by the person making the CIAC or Advance.
19. The Company, in its sole discretion, has the right to require a non-interest bearing deposit up to the amount of three-thousand dollars (\$3,000.00) which will be refunded upon receipt of acceptable as-built drawings.
20. The Company, in its discretion, and with the agreement of the applicant, may enter into a Facilities Extension agreement with alternative terms and conditions for funding of extensions if the Company concludes that the extension will provide a reasonable return or otherwise is in the long term interest of its customers.

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**APPENDIX A**  
**CATEGORY 2 CHARGES**

<u>METER SIZE</u>	<u>RATE</u>
5/8"	\$ 1,500.00
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

## **DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)**

### 1. General Description

Purpose: To recover the fixed costs (depreciation and pre-tax return) of certain non-revenue producing, non-expense reducing distribution system improvement projects completed and placed in service as described below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging water distribution infrastructure, to comply with evolving regulatory requirements imposed by the Safe Drinking Water Act and to develop and implement solutions to regional water supply problems.

Eligible Distribution System Improvements: Means new, used and useful water utility plant projects that:

- (a) were not included in the public utility's rate base in its most recent general rate case; and which
- (b) replace or renew water mains, valves, services, meters and hydrants serving existing customers that have reached their useful service life, are worn out, are in deteriorated condition, or which negatively impact the quality and reliability of service to the customer if not replaced or renewed; or
- (c) extend mains to eliminate dead ends which negatively impact the quality and reliability of service to the customer; or
- (d) relocate existing facilities as a result of governmental actions that are not reimbursed, including but not limited to relocations of mains located in highway rights of way as required by the Department of Transportation; or
- (e) place in service, for the benefit of the customers of the water utility applying for the DSIC rate, water supply sources identified as "A list projects" in the Governor's Task Force Report dated December 2, 1999 to resolve the regional water supply concerns or subsequently added to the "A list projects" by the Delaware Water Supply Coordinating Council, all such added projects to have been so identified by the Delaware Water Supply Coordinating Council by December 31, 2002; or
- (f) place in service new or additional water treatment facilities, plant or equipment required to meet changes in state or federal water quality standards, rules or regulations.

Effective Date: The DSIC will become effective for bills rendered on and after January 1 and July 1 of every year.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (Continued...)

2. Computation of the DSIC

Calculation: The initial charge shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rate base and will have been placed in service before October 31, 2001. Thereafter, the DSIC will be updated on a semi annual basis to reflect eligible plant additions placed in service during the six month periods ending two months prior to the effective date of each DSIC update. Any request for a change in the DSIC rate will be filed, together with supporting data, at least 30 days before its effective date.

The fixed costs of eligible distribution system improvement projects will consist of depreciation and pre-tax return, calculated as follows:

Depreciation: The depreciation expense will be calculated by applying to the original cost of DSIC-eligible property the annual accrual rates employed in the Company's last base rate case for the plant accounts in which each retirement unit of DSIC-eligible property is recorded.

Pre-Tax Return: Revenues necessary to:

- (a) Produce net operating income equal to the public water utility's weighted cost of capital as established in the most recent general rate proceeding for the public water utility multiplied by the net original cost of eligible distribution system improvements. At any time the Commission, by its own motion, or by motion of the water utility, Commission staff or the Public Advocate, may determine to revisit and, after hearing without the necessity of a general rate filing, reset a water utility's cost of capital to reflect its current cost of capital. The DSIC rate shall be adjusted back to the date of the motion to reflect any change in the cost of capital determined by the Commission through this process;
- (b) Provide for the tax deductibility of the debt interest component of the weighted cost of capital;
- (c) Pay state and federal income taxes applicable to such income.

DSIC Surcharge Amount: The charge will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer under the Company's otherwise applicable rates and charges. To calculate the DSIC, one-half of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the Company's projected revenue for sales of water for the semi-annual period during which the charge will be collected.

**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (Continued...)**

The DSIC Rate applied between base rate filings shall be capped at 7.5% of the amount billed to customers under otherwise applicable rates and charges, but the DSIC rate increase applied shall not exceed 5% within any twelve month period.

The DSIC Rate shall be subject to audit at intervals determined by the Commission. It will also be subject to annual reconciliation based on a period consisting of the 12 months ending December 31 of each year. The revenue received under the DSIC Rate for the reconciliation period shall be compared to the public water utility's eligible costs for that period with the difference between revenue received and eligible costs for the period recouped or refunded, as appropriate, over a one year period commencing July 1 of each year. If the DSIC Revenues exceeded the DSIC eligible costs, such over-collections shall be refunded with interest.

The DSIC Rate shall be reset to zero as of the effective date of new base rates that provide for the prospective recovery of the annual costs theretofore recovered under the DSIC Rate.

The DSIC Rate shall also be reset to zero if, in any quarter, data filed with the Commission by the public water utility show that the public water utility will earn a rate of return that exceeds the rate of return established in the last general rate filing or by Commission order pursuant to §314(a)(5)(i) of this Title, if such was determined subsequent to the final order in the water utility's last general rate filing. Further, the DSIC rate shall be reinstated when such data show that the established rate of return is not exceeded and will not be exceeded if the DSIC is reinstated and reset.

Customer Notice: Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.

Schedule A - General Metered Rates

Application:

This schedule is applicable to general, residential, commercial, industrial, public authority and sales for resale service throughout the entire territory served.

The rate schedules are shown on the following sheets:

Residential	Eighth Revised Sheet No. 12A
Commercial	Eighth Revised Sheet No. 12B
Industrial	Eighth Revised Sheet No. 12C
Public Authority	Eighth Revised Sheet No. 12D
Sales for Resale	Eighth Revised Sheet No. 12E

Terms of Payment:

All bills for service under the schedule will be rendered in arrears, either quarterly or monthly, at the option of the Company. The bills at the rates shown are due and payable when rendered.

All customers within a Fire Hydrant District (where an incorporated town does not pay hydrant charges) are subject to a charge, as shown on Schedule B (Sheet No. 13) in addition to the above rates.

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Residential Service

Rate:

Residential consumption reflects an inclining block rate as set forth below in compliance with House Bill 118, the Water Supply Self Sufficiency Act of 2003 (26 Del. C. 1401-1408.).

<u>Quarterly Consumption In 1,000 Gallons</u>	<u>Rate per 1,000 Gallons</u>
0 – 5,000	\$ 3.3819
5,001 – 20,000	4.0280
Over 20,000	5.6786

Service Charges:

To be billed in addition to the consumption usage.  
No allowance for water included in service charge.

<u>Meter Size</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 11.70	\$ 35.10
3/4"	14.05	42.15
1"	18.59	55.77
1 1/4"	21.80	65.40
1 1/2"	27.10	81.30
2"	40.27	120.81
3"	102.33	306.99
4"	137.08	411.24
6"	219.74	659.22
8"	315.41	946.23
10"	410.20	1,230.60

Late Payment:

Bills rendered will show the bill due upon receipt. Payment received by the Company 30 days after the date of the bill will be charged a penalty of 1.5%, and such penalty will be calculated monthly thereafter only on the overdue portion of the bill. In no event shall the penalty charged exceed 18% annually.

Commercial Service

Rate:

All consumption at \$3.3896 per 1,000 gallons.

Service Charges:

To be billed in addition to the consumption usage.  
No allowance for water included in service charge.

<u>Meter Size</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 11.70	\$ 35.10
3/4"	14.05	42.15
1"	18.59	55.77
1 1/4"	21.80	65.40
1 1/2"	27.10	81.30
2"	40.27	120.81
3"	102.33	306.99
4"	137.08	411.24
6"	219.74	659.22
8"	315.41	946.23
10"	410.20	1,230.60

Late Payment:

Bills rendered will show the bill due upon receipt. Payment received by the Company 30 days after the date of the bill will be charged a penalty of 1.5%, and such penalty will be calculated monthly thereafter only on the overdue portion of the bill. In no event shall the penalty charged exceed 18% annually.

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Industrial Service

Rate:

<u>Monthly Consumption</u> <u>In 1,000 Gallons</u>		<u>Rate per 1,000 Gallons</u>
First	1,400	\$ 3.1697
All Over	1,400	2.3659

Service Charges:

To be billed in addition to the consumption usage.  
No allowance for water included in service charge.

<u>Meter Size</u>	<u>Per Month</u>
5/8"	\$ 11.70
3/4"	14.05
1"	18.59
1 1/4"	21.80
1 1/2"	27.10
2"	40.27
3"	102.33
4"	137.08
6"	219.74
8"	315.41
10"	410.20

Late Payment:

Bills rendered will show the bill due upon receipt. Payment received by the Company 30 days after the date of the bill will be charged a penalty of 1.5%, and such penalty will be calculated monthly thereafter only on the overdue portion of the bill. In no event shall the penalty charged exceed 18% annually.

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Public Authority Service

Rate:

All consumption at \$2.9741 per 1,000 gallons.

Service Charges:

To be billed in addition to the consumption usage.  
No allowance for water included in service charge.

<u>Meter Size</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 11.70	\$ 35.10
3/4"	14.05	42.15
1"	18.59	55.77
1 1/4"	21.80	65.40
1 1/2"	27.10	81.30
2"	40.27	120.81
3"	102.33	306.99
4"	137.08	411.24
6"	219.74	659.22
8"	315.41	946.23
10"	410.20	1,230.60

Late Payment:

Bills rendered will show the bill due upon receipt. Payment received by the Company 30 days after the date of the bill will be charged a penalty of 1.5%, and such penalty will be calculated monthly thereafter only on the overdue portion of the bill. In no event shall the penalty charged exceed 18% annually.

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Sales for Resale

Rate:

All consumption at \$2.9994 per 1,000 gallons.

Late Payment:

Bills rendered will show the bill due upon receipt. Payment received by the Company 30 days after the date of the bill will be charged a penalty of 1.5%, and such penalty will be calculated monthly thereafter only on the overdue portion of the bill. In no event shall the penalty charged exceed 18% annually.

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Schedule B - Rates for Public Fire Hydrant Service

Application:

To public fire hydrant service through the entire territory served.

Rates:

To Political Subdivision

	<u>Net Per Month</u>	<u>Net Per Quarter</u>
For fire hydrant installed and maintained by the Company at its expense		
Each fire hydrant:	\$ 120.25	\$ 360.75
For fire hydrant installed and maintained by the political subdivision at its expense		
Each fire hydrant:	\$ 100.17	\$ 300.51

Individual Customers

To individuals in protected areas so designed by the National Board of Fire Underwriters, and when liability for service is not assumed by a political subdivision

Each customer:	<u>Meter Size</u>	<u>Per Month</u>	<u>Per Quarter</u>
	5/8"	\$ 2.21	6.63
	3/4"	3.30	9.90
	1"	5.51	16.53
	1 1/4"	8.28	24.84
	1 1/2"	11.03	33.09
	2"	17.67	53.01
	3"	33.13	99.39
	4"	55.22	165.66
	6"	110.48	331.44
	8"	176.76	530.28
	10"	254.11	762.33

Conditions of Contract:

The monthly or quarterly charge to individual customers shall be in addition to charges under any schedule of rates.

Terms of Payment:

All bills for service under this schedule will be rendered in arrears either quarterly or monthly at the option of the Company. The bills at the above rates are due and payable when rendered.

Late Payment:

Bills rendered will show the bill due upon receipt. Payment received by the Company 30 days after the date of the bill will be charged a penalty of 1.5%, and such penalty will be calculated monthly thereafter only on the overdue portion of the bill. In no event shall the penalty charged exceed 18% annually.

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Schedule C - Rates for Private Fire Hydrant Service

Application:

Applicable to all customers who have private fire hydrant installations on fire hydrant lateral connection to the company-owned mains.

Rates:

	<u>Net Per Month</u>
For fire hydrant installed and maintained by the Company at its expense	
Each Hydrant:	\$ 120.25
For fire hydrant installed and maintained by the customer at his expense	
Each Hydrant:	\$ 100.17

Conditions:

The Company reserves the right to meter any fire line where evidence indicates that water is being taken from the line for purposes other than fire service, and such metered service shall then be billed in accordance with the regular schedule of meter rates in addition to the above rates, with proper allowance for water consumed in fire fighting.

Terms of Payment:

Private fire hydrant service will be billed in arrears on a quarterly or monthly basis at the discretion of the Company.

Late Payment:

Bills rendered will show the bill due upon receipt. Payment received by the Company 30 days after the date of the bill will be charged a penalty of 1.5%, and such penalty will be calculated monthly thereafter only on the overdue portion of the bill. In no event shall the penalty charged exceed 18% annually.

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Schedule D - Rates for Private Unmetered Fire Service Line

Application:

Applicable to all customers who have unmetered service line connection for fire protection.

Rates:

<u>Size</u>	<u>Net Per Month</u>
For each 1 ½" Service Line	\$ 6.03
For each 2" Service Line	25.07
For each 4" Service Line	40.09
For each 6" Service Line	100.17
For each 8" Service Line	180.22
For each 10" Service Line	280.44
For each 12" Service Line	400.60

Conditions of Contract:

The Company reserves the right to meter any fire line where evidence indicates that water is being taken from the line for purposes other than fire service, and such metered service shall then be billed in accordance with the regular schedule of meter rates in addition to the above rates, with proper allowance for water consumed in fire fighting.

Terms of Payment:

Private unmetered fire service will be billed in arrears on a quarterly or monthly basis at the option of the Company.

Late Payment:

Bills rendered will show the bill due upon receipt. Payment received by the Company 30 days after the date of the bill will be charged a penalty of 1.5%, and such penalty will be calculated monthly thereafter only on the overdue portion of the bill. In no event shall the penalty charged exceed 18% annually.

Schedule E - Miscellaneous Fees and Charges

1. Bulk Rate Sales

Application: Applicable to all customers who purchase water through a Company approved bulk water filling location.

Rate: All water purchased shall be billed at the highest rate block of the residential metered water consumption charge. No customer service charge will be assessed.

Terms of Payment: Bills will be rendered after notification of quantity taken. Payment is due and payable when rendered.

2. Reconnection Charge

Application: This charge is applicable to all customers where water has been physically turned off for nonpayment or any violation of the rules and regulations of the Company.

<u>Rate</u>	<u>Each Occurrence</u>
During Normal Business Hours:	\$ 40.00
Other than Normal Business Hours:	95.00

Terms of Payment: The reconnection charge will be added to the customer's bill once the service has been terminated and is due and payable before water will be turned on.

3. Returned Check Charge:

Application: This charge is applicable to all customers where the customer's check or bank draft is returned by the Bank for insufficient funds, closed account, or some other appropriate reason.

<u>Rate</u>	<u>Each Occurrence</u>
Returned Check Charge:	\$ 30.00

Terms of Payment: Bills will be rendered at time customer's check is returned by the Bank and are due and payable when rendered.

4. Customer Requested Turn-on/off Charge

Application: This charge is applicable to all customers who request the temporary shut-off or turn-on of service for performing routine maintenance, repairs or replacement of the customer's portion of the service line.

<u>Rate</u>	<u>Each Occurrence</u>
During Normal Business Hours:	\$ 0.00
Other than Normal Business Hours:	95.00

Terms of Payment: The turn-on/off charge will be added to the customer's bill after service has been provided and is due and payable in accordance with the bill rendered.

5. Damaged Meter Charge

Application: This charge is applicable to all customers for damage or loss of any meter arising out of or caused by the customer's negligence or carelessness or that of his servants, employees, members of his household, or any person upon his premises under or by his consent of sufferance. Damage means theft, freezing, water damage, injury to the meter or any other failure.

<u>Rate</u>	<u>Each Occurrence</u>
5/8" Meter During Normal Business Hours:	\$ 75.00
5/8" Meter Other than Normal Business Hours:	120.00
All Meters Larger than 5/8"	Actual Cost (meter, labor, overhead)

Terms of Payment: The damaged meter charge will be added to the customer's bill after service has been provided and is due and payable in accordance with the bill rendered.

6. Meter Test Fees

Application:

This charge is applicable to all customers who request a test of a water meter for accuracy.

<u>Rate</u>	<u>Each Occurrence</u>
For each meter, 1" diameter or smaller	\$ 35.00
For each meter, greater than 1" and not exceeding 2"	50.00
All meters exceeding 2"	Actual Cost (time, material, overhead)

Terms of Payment:

Payment must accompany customer's request for the test of a meter for accuracy.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 1.25% will apply to all charges for bills rendered on or after January 1, 2012.

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