

## Tidewater rate hike sparks debate LWV hosts panel on public, private water services

By Kara Nuzback

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A debate about public versus private water service quickly turned into a discussion about Tidewater Utility's recent request for rate hikes and new legislation that could limit utility rate increases.

Tidewater filed a request to Delaware Public Service Commission for a 30 percent rate increase Sept. 15. The utility's last rate increase was requested in January 2009.

"Yes, water is free, but it costs money to get it," said Tidewater President Jerry Esposito. "We're invested in this community; we're trying to work with you."

Esposito spoke during a Jan. 11 panel discussion held by Sussex County League of Women Voters. Representatives from Sussex County also attended the event at Beebe Medical Arts Building on Route 24 in Lewes to discuss and answer questions about the ownership of wastewater services in the county.

Madeleine Russell moderated the discussion in front of an audience of more than 50 people. Russell is Chesapeake Bay Watershed outreach coordinator for Delaware Nature Society, and she holds a master's degree from University of Delaware College of Marine Science.

Reading a question from an audience member, Russell asked Esposito how rates compare for publicly versus privately owned utilities. Esposito said water rates from private companies, such as Tidewater, are generally higher.

Public utilities qualify for more grants and loans, relieving some cost to consumers, Esposito said. But Tidewater is required to show its rate pays only for services provided, he said. "Our rates are truly for cost of service," Esposito said.

In a press release, the utility said the extra \$6.9 million generated from the rate hike would cover the increased cost of investments, operations and maintenance of its Delaware facilities. Esposito said one of the benefits of private water is providers are focused only on water, not a multitude of other issues that a public utility would be subject to. Also, he said, Tidewater employees are available 24 hours a day, including during hurricanes.

Esposito said for every \$1 from a Tidewater customer, Tidewater invests more than \$3 in services. Esposito said private water is not the only option. "But we have a role to play," he said.

Panelist John Ashman, director of utility planning for Sussex County, said the county has one water district, located in Dewey Beach. He said the county has been busy focusing on wastewater treatment and has not focused on ways to provide affordable drinking water to residents.

Ashman said the county has applied for planning study grants in preparation for 10 water projects recently submitted to Delaware Department of Natural Resources and Environmental Control for approval. "We would definitely entertain some more public water," Ashman said. He also said competing with private water companies may be difficult.

Civic activist Dean Costas, who was on the discussion panel, has been campaigning to keep water prices

down for years. Costas said in 2006, he was told by his property manager in Lewes' Plantations community that the water company planned to increase consumer rates.

Costas said he soon discovered the Public Service Commission can regulate utility rates, but its power is limited because Delaware law mandates a business standard for rates, as opposed to a prudence standard.

According to Delaware Code, utilities are allowed to be reimbursed all costs incurred, "in the exercise **of** its good faith business judgment."

House Bill 228 would change the law to reimburse costs prudently incurred by the utility. The bill, sponsored by Rep. Pete Schwartzkopf, D-Rehoboth Beach, currently sits in the House Land Use Committee. Under the bill, a utility would have to prove a rate increase was just and reasonable. "Most **of** the country has the prudence standard," Costas said. Costas said the code change would arm the PSC with the ability to prevent double-digit rate increases, such as the one requested by Tidewater.

"We'd like to see single-digit increases," he said. Costas also said customers should be provided with analog monitoring devices that allow people to manage water use.

Costas said Sussex County residents should write to elected officials in support **of** HB 228. He said, "Our job is to contact commissioners, committee members and legislators."

One elected official attended the event. Sussex County Councilwoman Joan Deaver, D-Rehoboth Beach, she said came to hear what her constituents had to say about Tidewater's request. "It's an unusual request, and it deserves our attention," Deaver said after the presentation. "It's my job to be here."

The wastewater panel was the first in a series **of** panel discussions about private and public control in Sussex County. The next discussion, "Who owns your roads?" will be held at 1 p.m., Wednesday, Feb. 15, at Beebe Medical Arts Building in Lewes.

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**SUSSEX COUNTY** Utility Planning Director John Ashman answers questions from Sussex County residents about public water and wastewater services.