

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION                    )  
OF TIDEWATER UTILITIES, INC., FOR                )  
AUTHORITY TO ISSUE UP TO \$16,000,000        )       PSC DOCKET NO. 05-153  
OF CERTAIN LONG-TERM DEBT SECURITIES        )  
(FILED MAY 9, 2005)                                )

**ORDER NO. 6651**

**AND NOW**, to-wit, on this 7<sup>th</sup> day of June, 2005;

**WHEREAS**, by an application filed May 9, 2005, Tidewater Utilities, Inc. ("Tidewater" or the "Company"), sought Commission approval to issue long-term debt (twenty-five years), secured by a mortgage and security agreement ("Combination Mortgage and Security Agreement"), in favor of CoBank in the principal amount of \$14,000,000. The proceeds from such issuance are to be utilized to repay short-term debt obligations of \$7,000,000 now outstanding and to refinance indebtedness owing to Middlesex Water Company, Inc., that was and will be incurred to finance capital expenditures of \$7,000,000; and

**WHEREAS**, in the same application, Tidewater also sought Commission approval to issue additional long-term debt (twenty years) in favor of the Delaware Drinking Water State Revolving Fund in the principal amount of \$2,000,000, the proceeds of which will be used to finance capital improvements on Tidewater's system in particular areas and developments in Kent and Sussex Counties; and

**WHEREAS**, the Commission, having examined Tidewater's application and having made such investigation in connection with this matter as the Commission deems necessary, and having further determined that it is not

necessary to hold an evidentiary hearing in connection with this matter;  
and

**WHEREAS**, the Commission having been advised by its Staff, and having determined that the proposed issuance of the long-term debt obligations, secured by mortgage and security agreement to CoBank in the principal amount of \$14,000,000, is in accordance with law, for a proper purpose, and consistent with the public interest; and

**WHEREAS**, the Commission having been advised by Staff, and having determined that the long-term debt obligation in favor of the Delaware Drinking Water State Revolving Fund in the principal amount of \$2,000,000 is also in accordance with law, for a proper purpose, and consistent with the public interest; now, therefore,

**IT IS ORDERED:**

1. That the application filed by Tidewater Utilities, Inc., on May 9, 2005, seeking approval to incur the indebtedness described therein, is hereby approved.

2. That Tidewater Utilities, Inc., is hereby authorized to execute the appropriate loan, mortgage, and pledge instruments in conjunction with the long-term debt obligation (in the principal amount of \$14,000,000) in favor of CoBank of Greenwood Village, Colorado.

3. That Tidewater Utilities, Inc., is hereby authorized to issue the appropriate loan instruments (in the principal amount of \$2,000,000) in favor of the Delaware Drinking Water State Revolving Fund.

4. That Tidewater Utilities, Inc., shall file a written report with this Commission within thirty (30) days of the closing of the transactions approved by this Order, setting forth, with regard to each

transaction, the amount(s) issued, the maturities, the interest rates, and the actual proceeds received.

5. That this approval of Tidewater Utilities, Inc.'s application shall not be construed as approving the capitalization ratios that may result for any purposes or procedures involving rate-making; nor are the Commission's rules regarding the burden of proving the merits of any related issue waived hereby. The Commission's approval of Tidewater Utilities, Inc.'s application is limited to that which is necessary under 26 Del. C. § 215 and shall not be construed, in any manner, as ratemaking treatment for any future rate case.

6. That nothing in this Order shall be construed as a guarantee, warranty, or representation by the State of Delaware or by any agency, commission, or department thereof, with respect to the securities to be issued pursuant to this Order.

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:

/s/ Arnetta McRae  
Chair

/s/ Joshua M. Twilley  
Vice Chair

/s/ Joann T. Conaway  
Commissioner

/s/ Dallas Winslow  
Commissioner

PSC Docket No. 05-153, Order No. 6651 Cont'd.

/s/ Jaymes B. Lester  
Commissioner

ATTEST:

/s/ Karen J. Nickerson  
Secretary