

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

IN THE MATTER OF THE APPLICATION OF )  
ARTESIAN WATER COMPANY, INC., FOR )  
AUTHORITY TO ISSUE FIRST MORTGAGE ) PSC DOCKET 05-208  
BONDS, SERIES R, IN THE PRINCIPAL )  
AMOUNT OF \$25,000,000 )  
(FILED JUNE 20, 2005) )

**ORDER NO. 6677**

**AND NOW**, to-wit, on this 19th day of July, 2005;

**WHEREAS**, by an application filed June 20, 2005, Artesian Water Company, Inc. ("Artesian" or the "Company"), seeks approval from the Commission to issue a new series of First Mortgage Series R bonds, in the principal amount of \$25 million, secured by an Eighteenth Supplemental Indenture of Mortgage; and

**WHEREAS**, in its application, Artesian reports that it will sell such Series R bonds under a bond purchase agreement to CoBank at a price of 100% of the principal amount; and

**WHEREAS**, Artesian further represents that it will use the proceeds from such issuance and sale to retire the previous \$10 million Series M and \$5 million Series N bonds, and to also pay down in the amount of \$10 million Artesian's currently outstanding short-term line of credit used to finance utility plant and investments; and

**WHEREAS**, the Commission has examined Artesian's application and has made such investigation in connection with this matter as the Commission deems necessary, and the Commission has 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 Artesian's issuance of the new Series R First Mortgage Bonds is 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 Artesian Water Company, Inc., on June 20, 2005, seeking approval to incur the indebtedness described therein, is hereby approved.

2. That Artesian Water Company, Inc., is hereby authorized to issue a new series of bonds designated as First Mortgage Bonds, Series R (in the aggregate principal amount of \$25 million), in conjunction with execution of an Eighteenth Supplemental Indenture.

3. That Artesian Water Company, Inc., is authorized to execute an Eighteenth Supplemental Indenture of Mortgage to secure the Series R bonds now so authorized.

4. That Artesian Water Company, Inc., shall file a written report with this Commission within thirty (30) days of the closing of the transaction approved by this Order, confirming the amount(s) issued, the price, the maturities, the interest rate, and the proceeds received.

5. That this approval of Artesian Water Company, Inc.'s application shall not be construed as approving the capitalization ratios that may result for any purposes or procedures involving rate-making. In addition, this approval does not waive the Commission's rules regarding the burden of proving the merits of any related issue. The Commission's approval of the Company's application is limited to that which is necessary under 26 Del. C. § 215 and shall not be construed, in any

manner, as deciding any ratemaking treatment for these bonds in 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 as permitted by 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

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Vice Chair

/s/ Joann T. Conaway  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

/s/ Dallas Winslow  
Commissioner

ATTEST:

/s/ Karen J. Nickerson  
Secretary