

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

IN THE MATTER OF THE APPLICATION)
OF TIDEWATER UTILITIES, INC.,)
PURSUANT TO 26 DEL C. § 215, FOR) PSC DOCKET NO. 06-112
APPROVAL OF THE ISSUANCE OF A LONG-)
TERM DEBT OBLIGATION)
(FILED MARCH 27, 2006))

ORDER NO. 6897

AND NOW, to-wit, on this 25th day of April, 2006;

WHEREAS, by an application filed March 27, 2006, Tidewater Utilities, Inc. ("Tidewater" or the "Company"), sought Commission approval to issue long-term debt (twenty years) in favor of the Delaware Drinking Water State Revolving Fund in the principal amount of \$993,000, the proceeds of which will be used to finance capital improvements for the West Bay Park distribution system; 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 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 \$993,000 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 Tidewater Utilities, Inc., on March 27, 2006, seeking approval to incur the indebtedness described therein, is hereby approved.

2. That Tidewater Utilities, Inc., is hereby authorized to issue the appropriate loan instruments (in the principal amount of \$993,000) in favor of the Delaware Drinking Water State Revolving Fund.

3. That Tidewater Utilities, Inc., shall file a written report with this Commission within thirty (30) days of the closing of the transaction approved by this Order, setting forth, with regard to the amount(s) issued, the maturities, the interest rates, and the actual proceeds received.

4. 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.

5. 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.

6. 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/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary