

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF SUSSEX SHORES WATER COMPANY FOR) PSC DOCKET NO. 07-144
AUTHORITY TO ISSUE DEBT SECURITIES)
(FILED MAY 29, 2007))

ORDER NO. 7212

This 19th day of June, 2007, the Commission determines and Orders the following:

1. On May 29, 2007, Sussex Shores Water Company ("Sussex Shores" or the "Company") filed an application seeking Commission approval to incur debt under a Single Advance Term Loan Facility in the principal amount of \$1,800,000 and with a repayment term of 20 years. The proceeds from such loan will be utilized to refinance the Company's existing term loans and lines of credit and to finance the capital expenditures for constructing the Company's Plant #3 and Well 2-4. By the same application, the Company also seeks Commission approval to periodically incur debt under a Revolving Term Loan Facility ("Facility") of \$400,000 to provide the Company with working capital and interim financing for capital expenditures and, more specifically, upgrades to the Company's water transmission and distribution system. The Revolving Loan Facility allows the Company to borrow, repay, and re-borrow with repayment of the borrowed amounts due on the third anniversary of closing.

2. The Commission has examined Sussex Shore's application and has made such investigation in connection with this matter as the Commission deems necessary. The Commission determines that it is not necessary to hold an evidentiary hearing in connection with this matter.

3. The Commission, after considering Staff's recommendations, determines that both of the proposed issuances of debt, under both the long-term debt obligation in the principal amount of \$1,800,000, and the Revolving Term Loan Facility in the amount of \$400,000, are in accordance with law, for proper purposes, and consistent with the public interest.

Now, therefore, **IT IS ORDERED:**

1. That the application filed by Sussex Shores Water Company on May 29, 2007, seeking approval to incur the indebtedness described in the body of this Order, is hereby approved.

2. That Sussex Shores Water Company 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 \$1,800,000) and the Revolving Term Loan of \$400,000 in favor of CoBank of Greenwood Village, Colorado.

3. That Sussex Shores Water Company 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.

4. That this approval of Sussex Shore Water Company's application shall not be construed as approving the capitalization ratios that may result for any purposes or procedures involving rate-making. In addition, nothing in this Order waives the Commission's rules regarding the burden of proving the merits of any related issue. The Commission's approval of Sussex Shores Water Company's application is limited to that which is necessary under 26 Del. C. § 215 and shall not be construed, in

any manner, as endorsing any 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