

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
ARTESIAN WATER COMPANY, INC. FOR)
APPROVAL OF THE ISSUANCE OF FIRST) PSC DOCKET NO. 08-336
MORTGAGE BONDS, SERIES S)
(FILED OCTOBER 17, 2008))

ORDER NO. 7484

AND NOW, this 21st day of November, 2008, the Commission determines and Orders the following:

1. On October 17, 2008, Artesian Water Company, Inc. (the "Company") filed an application (the "Application"), pursuant to 26 Del. C. § 215(a)(2), seeking Commission approval to incur debt, designated as First Mortgage Bonds, Series S, in the principal amount of \$15,000,000 (the "Bonds").

2. According to the Application, the Company will execute a Twentieth Supplemental Indenture of Mortgage (the "Twentieth Supplemental Indenture") to Wilmington Trust Company, as trustees, pursuant to which Artesian will then issue the Bonds and will sell the same at a price of 100% of the principal amount thereof to CoBank. The Application provides that the sale of the Bonds will be made pursuant to a Bond Purchase Agreement between the Company and CoBank and in accordance with the terms of a commitment letter (the "Commitment Letter"). The Company states that the purpose of the issuance of the Bonds is to pay down its outstanding, short-term line of credit, which was used to finance the Company's new headquarters.

3. Staff has reviewed the Application and the Commitment Letter, as well as a draft of the Bond Purchase Agreement. Based upon this review and its investigation, Staff has recommended that the Commission approve the Application.

4. The Commission, after considering Staff's recommendation, determines that the proposed issuance of the Bonds is in accordance with law, for proper purposes, and consistent with the public interest.

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

1. That the application filed by Artesian Water Company, Inc., seeking Commission approval to incur debt, designated as First Mortgage Bonds, Series S, in the principal amount of \$15,000,000 is hereby approved.

2. That Artesian Water Company, Inc. is hereby authorized to execute the Twentieth Supplemental Indenture of Mortgage, Bond Purchase Agreement, and any other documents and instruments necessary and appropriate in conjunction with the issuance of the First Mortgage Bonds, Series S, in the principal amount of \$15,000,000.

3. That Artesian Water Company, 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, along with copies of the Bond Purchase Agreement, the Twentieth Supplemental Indenture of Mortgage, the Opinion(s) of Counsel, and all information required under

subsections 3.1 and 4.1.1. of Part D, Section 1002, Minimum Filing Requirements for All Regulated Companies Subject to the Jurisdiction of the Public Service Commission, not provided to the Commission as of the date of this Order.

4. 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, 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 Artesian Water Company, Inc.'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

