

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF )  
ARTESIAN WATER COMPANY, INC. FOR )  
APPROVAL PURSUANT TO 26 *Del. C.* § 215 OF ) PSC DOCKET NO. 09-536  
THE ISSUANCE OF A GENERAL OBLIGATION )  
NOTE )  
(FILED DECEMBER 14, 2009) )

ORDER NO. 7718

This 22<sup>nd</sup> day of December, 2009, the Commission determines and Orders the following:

1. On December 14, 2009, Artesian Water Company, Inc. ("Artesian") filed its Application for Approval of the Issuance of a General-Obligation Note (the "Application"). By the Application, Artesian seeks Commission approval, pursuant to 26 *Del. C.* § 215(a)(2), of the issuance of a General Obligation Note in the principal amount of \$3,917,000, with a fixed interest rate, from the Delaware Drinking Water State Revolving Fund (the "SRF Loan").

2. According to the Application, Artesian states that the SRF Loan is a general obligation pledge of the full faith and credit of the Company and is subordinate to the other senior indebtedness of Artesian, including the First Mortgage Bonds. The SRF Loan with the Delaware Drinking Water State Revolving Fund (by and through the Delaware Department of Health and Social Services) (the "Fund") will be used to finance the following construction projects: Silview, Middleboro Manor, Brookmeade, Willow Run, Stanton, and Collins Park.

3. As stated above, the principal amount of the loan is \$3,917,000, and the interest rate will be a fixed rate to be determined by the Fund's current interest policy. With its Application, Artesian provided its most recent 10K and 10Q, as well as schedules showing, among other things, capitalization ratios, rate of return, and fixed charged coverage ratios.

4. Staff has reviewed the Application and the filed documents, and, based upon this review and its investigation, Staff has recommended that the Commission approve the Application. In addition, Staff has recommended that, within thirty days of an approval of the Application, the Company be required to file executed closing documents, including the commitment letter, the SLR Loan agreement, the opinion of counsel, and all other documents required pursuant to Commission rules.

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

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. That, pursuant to 26 Del. C. § 215(a)(2), the application filed by Artesian Water Company, Inc., seeking Commission approval of the issuance of a long-term debt obligation in the principal amount of \$3,917,000, with a fixed interest rate from the Delaware Drinking Water State Revolving Fund (the "SRF Loan") is hereby approved.

2. That Artesian Water Company, Inc. is hereby authorized to execute the SRF Loan and any other documents and instruments necessary and appropriate in conjunction with the issuance of SRF Loan.

3. 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, setting forth, with regard to each transaction, the amount(s) issued, the term, the maturities, the interest rate, and the actual proceeds received, along with executed copies of all documents not previously submitted that are 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 (26 Del. Admin. C. § 1002 Part D - §§ 3.1 and 4.1.1), including those documents referenced in the body 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 approval issued pursuant to this Order.

6. That Artesian Water Company, Inc. is hereby notified that it will be assessed the costs of this proceeding pursuant to 26 Del. C. § 114(b).

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/ Joann T. Conaway  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

/s/ Dallas Winslow  
Commissioner

/s/ Jeffrey J. Clark  
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley  
Secretary