

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF TIDEWATER UTILITIES, INC. FOR) PSC DOCKET NO. 14-0288
APPROVAL OF LONG-TERM DEBT)
(FILED AUGUST 20, 2014))

ORDER NO. 8622

AND NOW, this 9th day of September, 2014, the Delaware Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on August 20, 2014, Tidewater Utilities, Inc. ("Tidewater" or the "Company") filed with the Commission, pursuant to 26 Del. C. §§215(a) (1) and (a) (2), an application (the "Application") seeking approval to enter into a long-term secured loan and to encumber all of its real and personal assets (the "Secured Loan") for an amount up to \$15 million; and

WHEREAS, in its Application, Tidewater stated that it intends to obtain such Secured Loan with CoBank, ACB ("CoBank") for a maximum term of 25 years with even monthly principal payments, together with interest, over the life of the loan. (Application, p. 3); and

WHEREAS, Tidewater states that it expects to use the proceeds to retire all of its short-term debt, retire all of its intercompany debt, and fund capital improvements in 2014 and 2015. (Application, p. 3); and

WHEREAS, according to the Application, the secured long-term debt financing is consistent with the Company's financing strategy, which

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is to obtain long-term financing with a minimum final maturity of 20 years at a favorable interest rate. (Application, p. 3); and

WHEREAS, the Company states that the financing arrangement with CoBank stratifies Tidewater's goal of long-term maturity and competitive interest rates. The interest rate is currently 4.8%. (Application, p. 3); and

WHEREAS, 26 Del. Admin C. §1002 - Part D requires a third-party legal opinion letter ("Opinion of Counsel") with respect to the legality of the Secured Loan; and

WHEREAS, the Application included a draft, unsigned Opinion of Counsel but stated that Delaware counsel "will issue a formal opinion regarding the financing transaction at closing, which will be filed with the Commission;" and

WHEREAS, after reviewing the Application, the Commission Staff ("Staff") advised the Company that it could postpone sending the required Opinion of Counsel until after the transaction closed. Staff also requested that the Company provide this opinion letter within fifteen days of the date of the closing; and

WHEREAS, pursuant to 26 Del. C. §§215(a) (1) and (a) (2), no public utility, without having first obtained the approval of the Commission, shall issue any stocks, stock certificates, or notes, bonds or other evidences of indebtedness payable in more than 1 year from the date thereof nor encumber any essential part of its franchises, plant, equipment or other property, necessary or useful in

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the performance of its duty to the public. In addition, 26 *Del. C.* §215(d) provides that the Commission must approve any such transactions when it finds the same to be made in accordance with law, for a proper purpose, and is consistent with the public interest; and

WHEREAS, Staff has examined the Application and its schedules and exhibits and concludes that the Company has complied with the requirements of 26 *Del. C.* §215(d) in that the Secured Loan will be made in accordance with law, for a proper purpose, and consistent with the public interest for the reasons set forth above. Accordingly, Staff recommends that the Commission approve the Application subject to the following conditions: (i) Tidewater may not construe this approval as ratemaking treatment for future filings; (ii) within 30 days of the date of the closing on the Secured Loan, the Company must file copies of its fully-executed loan commitment agreement and any other required documents to complete this transaction; and (iii) the Company must provide the Opinion of Counsel within 15 days of the date of the closing;

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

1. The Application filed with the Commission which requests Commission approval, under 26 *Del. C.* §§215(a)(1) and (a)(2), for Tidewater to enter into a long-term loan commitment of up to \$15 million and to encumber all of its assets is hereby granted subject to the following conditions:

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a. Tidewater may not construe this approval as ratemaking treatment for future filings;

b. Within 30 days of the date of the closing on the Secured Loan, Tidewater must file copies of its fully-executed commitment letter as well as all other necessary documents to complete the transaction.

c. Tidewater must provide the Opinion of Counsel issued to the Commission within 15 days of the date of the closing.

2. 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 indebtedness of Tidewater that may be issued or incurred under the Application which is approved by this Order.

3. Tidewater is hereby placed on notice that the costs of the proceeding will be charged to it under the provisions of 26 Del. C. §114(b) (1).

4. 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/ Dallas Winslow
Chair

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/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Jeffrey J. Clark
Commissioner

/s/Harold B. Gray
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary