

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

<p>JOINT APPLICATION OF</p> <p>ARTESIAN WATER COMPANY, INC. and the TOWN OF FRANKFORD</p> <p>FOR APPROVAL OF AN ASSET PURCHASE AGREEMENT</p>	* * * * * * * *	Docket No. 20- _____
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APPLICATION

I. INTRODUCTION

Artesian Water Company, Inc. (“Artesian”) and the Town of Frankford (“Frankford” and together with Artesian, “Applicants”), jointly request the Delaware Public Service Commission’s (“Commission”) approval of Artesian’s purchase of all of the rights, title and interest in the water assets of Frankford including the right to provide water service to Frankford’s existing customers. Artesian’s purchase of Frankford’s water assets will be pursuant to the terms and conditions of an Asset Purchase Agreement (“Agreement”).

In support of this application, Applicants state the following:

II. DESCRIPTION OF APPLICANTS

A. Artesian Water Company, Inc.

Artesian is a Delaware public water utility, regulated by the Delaware Public Service Commission. Artesian distributes and sells water to residential, commercial, industrial, governmental, municipal and utility customers throughout the state of Delaware. As of January 31, 2020, Artesian was serving approximately 87,900 metered, mostly residential customers across the state of Delaware. Artesian is a wholly owned subsidiary of Artesian Resources Corporation.

Artesian is a Delaware corporation providing water service to customers pursuant to rates last established by the Commission in Order No. 9317, dated January 31, 2019 in Docket No. 17-1240.

B. Town of Frankford

The Town of Frankford is a municipal water utility that provides water service within its corporate limits and to certain customers outside its corporate limits. Frankford is located in the southeastern part of Sussex County, along the U.S. Route 13 corridor. As of January 31, 2020, Frankford was serving approximately 362 metered, mostly residential customers located on approximately 323 Sussex County tax parcels. A current list of the Sussex County tax parcels being served by Frankford is attached hereto as Exhibit A. Frankford has been providing water service as expressed in § 27 of its Town Charter. The rates being charged by Frankford were last approved by Frankford’s Town Council at its July 26, 2018 meeting. A copy of Frankford’s water rates is attached hereto as Exhibit B.

C. Contact Information

For purposes of this Application, contacts for the applicants are as follows:

Dave B. Spacht CFO & Treasurer Artesian Water Company, Inc. 664 Churchmans Road Newark, Delaware 19702	Joanne Bacon Town Council President Town of Frankford P.O. Box 550 Frankford, Delaware 19945
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III. Request Approval For Applicants To Enter Into An Asset Purchase Agreement

Pursuant to 26 *Del. C.* §215, Applicants jointly request approval to consummate the sale and transfer of Frankford’s water assets to Artesian under the terms and conditions set forth in the Asset Purchase Agreement. A copy of the Agreement is attached hereto as Exhibit C. The assets to be transferred include without limitation, all of the following:

- a) All wells, supplies facilities, water treatment facilities, water service related equipment, water transmission and distribution mains, lines and conduits, hydrants, services, meters and related appurtenances from the mains to the meter pit at each service location; and
- b) Two (2) tax parcels upon which Frankford's water treatment and storage facilities are constructed; and
- c) All instruments, documents, contracts, agreements, arrangements, commitments, bids, leases, licenses and any other contract right of Frankford relating to the municipal water utility; and
- d) All rights to access or use any real property or fixtures (including by lease, license, or easement) directly or indirectly used in the connection with the municipal water utility and/or water plant; and
- e) All approvals, consents, licenses, permits, waivers, certificates of public convenience and necessity, or other authorizations issued, granted, given, applied for or otherwise made available by or under the authority of any governmental authority for the ownership or operation of the municipal utility and/or water plant.

IV. Purchase Price

As stated in the Agreement, Artesian will pay a cash purchase price of \$3,600,000 to Frankford to acquire its water utility assets. The Parties have agreed to allocate the cash purchased price (and all other capitalizable costs) among the purchased assets in accordance with an allocation schedule to be agreed upon prior to closing.

V. Public Interest Statement & Lawful Purpose of Application

The Agreement described herein and attached hereto, is being made in accordance with law, for a proper purpose and is consistent with the public interest as set forth in 26 *Del. C. §215*. The Town of Frankford has expressed an interest in no longer being a municipal water utility. It is in

the public interest to have an experienced public water utility assume the responsibility for the service territory currently served by Frankford. The Agreement will result in the transfer of all water utility assets and the right to serve customers by those assets to a company that has been in the business of providing a safe, secure, reliable water supply in the State of Delaware for over 110 years. Artesian's operations are overseen by a well-qualified management team with experience and technical expertise. The Agreement will not impair the ability of the Applicants to provide water service to their customers.

VI. Customer Rates and Notifications

The Agreement is structured so that water service will remain uninterrupted. Upon consummation of the Agreement, Artesian will take over all aspects of providing water service to the customers served by Frankford's water system. Shortly after closing, Artesian will send notification letters explaining the change in water service provider and how it will affect customers. A draft of the proposed customer notification is attached hereto as Exhibit D.

The Applicants have agreed to maintain Frankford's current rate structure until such time as Artesian connects its regional system to Frankford's system. Promptly upon interconnecting, Artesian will seek Commission approval to convert Frankford's water rates to Artesian's Commission approved tariffed rates. Artesian anticipates the water systems will be integrated within the next year. The cost to integrate the systems will be paid by Artesian.

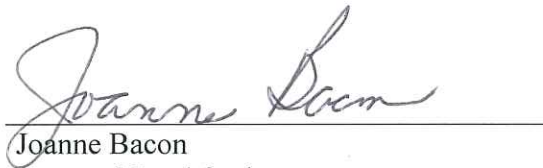
VII. Conclusion

WHEREFORE, for all of the foregoing reasons, the Applicants respectfully request that the Commission: (1) approve the Asset Purchase Agreement attached hereto as Exhibit C; (2) authorize Artesian to charge customers within Frankford's service area the rates attached hereto as Exhibit B. Further, the Applicants request that the Commission expeditiously act on the Application so that the transfer of assets can be completed in an appropriate and timely manner.

Respectfully submitted,



David B. Spacht
Artesian Water Company, Inc.
Chief Financial Officer & Treasurer

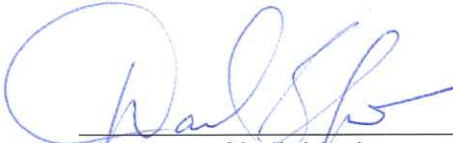


Joanne Bacon
Town of Frankford
Town Council President

AFFIDAVIT

STATE OF DELAWARE)
) SS
COUNTY OF SUSSEX)

On this 27th day of February, 2020, personally came before me, the subscriber, a Notary Public in and for the state and county aforesaid, David B. Spacht, the CFO and Treasurer of Artesian Water Company, Inc. known to me personally to be such or having presented to me satisfactory evidence of identity, and acknowledged this document to be his act and deed and the act and deed of such corporation, that the signature of such individual is in his own proper handwriting, and that the facts set forth in this application are true and correct to the best of his knowledge, information, and belief.




Signature of individual

David B. Spacht

Printed Name

SIGNED AND SWORN (OR AFFIRMED) before me on this 27th day of February, 2020



Signature of Delaware Notarial Officer
Notary Public

Title (e.g., Notary Public)

SEAL
Cheryl A Lynch
Notary Public, State of Delaware
My Commission Expires 04/06/2020

My Commission Expires:

April 6, 2020