

ARTESIAN RESOURCES CORP  
Form 424B5  
June 14, 2007

**PROSPECTUS SUPPLEMENT**

(TO PROSPECTUS DATED AUGUST 15, 2006)

**1,000,000 Shares**

**Class A Non-Voting Common Stock**

We are offering 1,000,000 shares of our Class A Non-Voting Common Stock with this prospectus supplement.

Our Class A Non-Voting Common Stock is quoted on the NASDAQ Global Market under the symbol ARTNA. On June 13, 2007, the last reported sale price of our Class A Non-Voting Common Stock was \$19.30 per share.

We have granted to the underwriters an option, exercisable within 30 days after the date of this prospectus supplement, to purchase up to 150,000 additional shares of Class A Non-Voting Common Stock upon the same terms to cover over-allotments, if any.

**Investing in our common stock involves risk. See Risk Factors beginning on page 6 of the accompanying prospectus.**

|  | <b>Per Share</b> | <b>Total</b>  |
|--|------------------|---------------|
| Public offering price                      | \$ 19.150000     | \$ 19,150,000 |
| Underwriting discounts and commissions     | \$ 0.813875      | \$ 813,875    |
| Proceeds to Artesian Resources Corporation | \$ 18.336125     | \$ 18,336,125 |

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

Janney Montgomery Scott LLC, on behalf of the underwriters, expects to deliver the shares on or about June 19, 2007.

**JANNEY MONTGOMERY SCOTT LLC**

**EDWARD JONES**

The date of this prospectus supplement is June 13, 2007.

---

**TABLE OF CONTENTS**

**Prospectus Supplement**

|   |      |
|---|------|
| <u>About this Prospectus Supplement and Accompanying Prospectus</u> | S-2  |
| <u>Forward-Looking Statements</u>                                   | S-2  |
| <u>Summary</u>  | S-3  |
| <u>Use of Proceeds</u>  | S-8  |
| <u>Capitalization</u>   | S-8  |
| <u>Common Stock Price Range and Dividends</u>                       | S-9  |
| <u>Underwriting</u>   | S-10 |
| <u>Experts</u>  | S-12 |
| <u>Legal Matters</u>  | S-12 |

**Prospectus**

|   |    |
|---|----|
| About This Prospectus                             | 2  |
| About Artesian Resources Corporation              | 3  |
| Risk Factors                                      | 6  |
| Special Note Regarding Forward-Looking Statements | 10 |
| Use of Proceeds                                   | 10 |
| Description of Capital Stock                      | 11 |
| Plan of Distribution                              | 18 |
| Legal Matters                                     | 20 |
| Experts   | 20 |
| Where You Can Find More Information               | 20 |
| Information Incorporated By Reference             | 20 |

S-1

## **ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS**

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus, including information incorporated by reference. We have not authorized anyone else to provide you with different information. You should not assume that the information in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement and on the accompanying prospectus or that any document incorporated by reference is accurate as of any date other than its filing date. You should not consider this prospectus supplement or the accompanying prospectus to be an offer or solicitation relating to the shares in any jurisdiction in which such an offer or solicitation relating to the shares is not authorized. Furthermore, you should not consider this prospectus supplement or the accompanying prospectus to be an offer or solicitation relating to the shares if the person making the offer or solicitation is not qualified to do so, or if it is unlawful for you to receive such an offer or solicitation.

We provide information to you about this offering of shares of our Class A Non-Voting Common Stock in two separate documents:

- the accompanying prospectus, which provides general information and sets forth risk factors related to us and this offering; and
- this prospectus supplement, which describes the specific details regarding this offering.

The accompanying prospectus refers to additional documents we have filed, and may file in the future with the Securities and Exchange Commission, or the SEC, which are incorporated by reference in the accompanying prospectus. For purposes of this offering, references to the accompanying prospectus also refer to the documents incorporated by reference therein, including, but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2006, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 and our Current Reports on Form 8-K filed with the SEC on March 16, 2007, March 23, 2007 and May 2, 2007. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

## **FORWARD-LOOKING STATEMENTS**

Statements in this prospectus supplement which express our belief, anticipation or expectation, as well as other statements which are not historical fact, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Statements including, but not limited to, those regarding our goals, priorities and growth and expansion plans for our water and wastewater subsidiaries, our belief regarding our capacity to provide water services for the foreseeable future to our customers, the timing of the completion of our acquisition of Carpenters Point Water Company, Artesian Water's ability to issue long-term debt in the future or our belief relating to our compliance with relevant governmental regulations, the impact of weather on our operations and the execution of our strategic initiatives are forward-looking statements and involve risks and uncertainties that could cause actual results to differ materially from those projected. Certain factors discussed in "Risk Factors" commencing on page 6 of the accompanying prospectus, such as changes in weather, changes in our contractual obligations, changes in government policies, the timing and results of our rate requests, changes in economic and market conditions generally, and other matters could cause results to differ materially from those in the forward-looking statements. While we may elect to update forward-looking statements, we specifically disclaim any obligation to do so and you should not rely on any forward-looking statement as representative of our views as of any date subsequent to the date of the filing of this prospectus supplement.

You should read and interpret any forward-looking statements together with the documents incorporated by reference in the accompanying prospectus and our other filings with the SEC.

S-2

---

## SUMMARY

*The following information supplements, and should be read together with, the information contained or incorporated by reference in other parts of this prospectus supplement and the accompanying prospectus. Unless the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to we, us, and our refer to Artesian Resources Corporation and its subsidiaries, including our regulated public utilities, Artesian Water Company, Inc., or Artesian Water, Artesian Wastewater Management, Inc., or Artesian Wastewater, and Artesian Water Pennsylvania, Inc., or Artesian Water Pennsylvania, and our non-regulated subsidiaries, Artesian Utility Development, Inc., or Artesian Utility, and Artesian Development Corporation, or Artesian Development. This summary highlights selected information from the prospectus supplement and the accompanying prospectus. As a result, it does not contain all of the information you should consider before investing in our Class A Non-Voting Common Stock. You should carefully read this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference therein, which are described under About This Prospectus Supplement and the Accompanying Prospectus in this prospectus supplement and Information Incorporated by Reference in the accompanying prospectus.*

### **Our Company**

Our principal subsidiary, Artesian Water, is the oldest and largest investor-owned public water utility on the Delmarva Peninsula, and has been providing water service since 1905. We distribute and sell water, including water for public and private fire protection, to residential, commercial, industrial, governmental, municipal and utility customers throughout the State of Delaware within our 223 square mile franchise area, which has doubled in the past 10 years. As of March 31, 2007, we had approximately 74,000 metered customers and served a population of approximately 250,000 residents (including contract services), representing approximately 29.4% of Delaware's total population. Our gross water revenue for the twelve months ended March 31, 2007 was approximately \$45.0 million, which was 90.5% of our total operating revenues for the consolidated group. Residential customers account for 93.6% of our customer base, 6.0% are commercial entities, and the remaining 0.4% are industrial and other. We obtain most of our supply from a system of 172 wells that pumps groundwater from aquifers.

Artesian Wastewater owns wastewater infrastructure and provides wastewater services. We were designated as a regulated public wastewater utility by the Delaware Public Service Commission, or the PSC, in March 2005, and began providing service in Delaware in July 2005. We own and operate five wastewater treatment facilities, which are capable of treating approximately 750,000 gallons per day and can be expanded to treat approximately 1.6 million gallons per day. We added approximately 1,800 acres of new wastewater franchise area in 2006. As of April 30, 2007, we have received approval of, or filed for, wastewater franchise area totaling 9,600 acres. In addition, we are designing and constructing 16 new facilities to serve more than 4,000 homes.

Artesian Water Pennsylvania began operations as a public water utility in Pennsylvania in 2002. We provide water service to a small residential community in Chester County, Pennsylvania and expect modest future growth based on approval by the Pennsylvania Public Utility Commission to expand our service area to four specific planned developments.

Artesian Utility has contracted to design and build wastewater infrastructure and provide water and wastewater operations and management services in Delaware, Maryland and Pennsylvania. We operate 47 water and wastewater treatment facilities under contract, including two wastewater treatment and spray irrigation facilities (one with a capacity of 2.5 million gallons per day and the other with a capacity of 250,000 gallons per day) for a municipality in Delaware under a 20-year agreement. During 2006, we entered into contracts with various developers and landowners to design, build, own and operate a regional wastewater system in the Milton area of Sussex County, Delaware capable of serving up to 20,000 homes. We are in negotiations to enter into contracts with various developers and landowners to design, build,

own and operate additional regional wastewater systems in Sussex County capable of serving up to 7,800 homes.

The sole operation of our other non-regulated subsidiary, Artesian Development, is the ownership of a six-acre parcel of land zoned for office buildings located immediately adjacent to our corporate headquarters. In January 2007, Artesian Development entered into an agreement for the option to purchase an additional 18.5 acres of land in Sussex County.

Our market area is primarily the Delmarva Peninsula. Located on the Delmarva Peninsula is Cecil County, Maryland, which is experiencing rapid population growth. According to the Wilmington Area Planning Council, Cecil County is projected to have an 86% increase in population between 2000 and 2030, even greater than the 62% rate of population growth projected for Delaware's rapidly growing Sussex County which is one of our primary service areas and also located on the Delmarva Peninsula.

### **Our Strategy**

Our strategy is to significantly increase customer growth, revenues, earnings and dividends by expanding our water and wastewater services across the Delmarva Peninsula. We remain focused on providing superior service to our customers and continuously seeking ways to improve our efficiency and performance. By providing both water and wastewater services, we are positioned as the primary resource for developers and communities throughout the Delmarva Peninsula seeking to fill both needs simultaneously. In particular, we plan to:

- *Expand our water and wastewater services in Delaware.*

We will continue the expansion of our exclusive water and wastewater franchise areas, including by acquisitions. We will also increase our customer base through organic growth at a consistent sustainable rate. In addition, we expect to complete the interconnection of our Delaware system with other water systems, including Elkton and Chesapeake City, Maryland. We will also design, build, own and operate a regional wastewater system in the Milton area of Sussex County. We will continue to contract with various landowners and developers for the design, construction and ownership of wastewater facilities.

- *Grow our water and wastewater services in Maryland.*

We plan to serve the Cecil County designated growth corridor as a regulated water utility and to expand our business through the design, construction, operation and management, as well as acquisition, of additional water and wastewater systems. The completion of our acquisition of the Carpenters Point Water Company, the expansion of our exclusive franchise areas elsewhere in Maryland and the award of additional contracts will similarly enhance our operations within the state.

- *Increase our non-regulated businesses.*

We will continue to seek acquisitions of water and wastewater contract operations on the Delmarva Peninsula, similar to our recent acquisition of TMH Environmental Services, Inc., or TMH. We will continue to expand our contract design and construction services of water and wastewater facilities for developers, municipalities and other utilities. We will continue to actively pursue water and wastewater operation contracts with municipalities across the Delmarva Peninsula.

S-4

---

## Recent Developments

### *TMH Acquisition*

On May 1, 2007, Artesian Utility completed the acquisition of all rights, title and interest in the operations contracts of TMH. The sole proprietor of TMH is employed by Artesian Utility and will assist us in providing contract water and wastewater operation services to 24 private, municipal and governmental institutions in the southeastern part of Pennsylvania.

### *Dividend Increase*

On April 25, 2007, our Board of Directors approved a 3.75%, or a \$0.024 annual increase in the Class A Non-Voting and Class B Common shareholders' dividend, raising the annual dividend to \$0.664 per share. In 2006, the dividend was increased by 7.5%.

### *Carpenters Point Acquisition*

On January 26, 2007, we reached an agreement on terms to purchase the Carpenters Point Water Company, which is adjacent to an area in Cecil County designated by the county as a growth corridor. The growth corridor is focused primarily along Route 40 and Interstate 95 in Cecil County, which is located between Philadelphia and Baltimore. We believe the strategic acquisition provides sufficient groundwater supply and elevated water storage to serve a significant number of additional customers in the undeveloped portions of the Carpenters Point franchise and surrounding area. We expect to enter into definitive documentation for the purchase of the Carpenters Point Water Company during the second quarter of 2007 and to close the purchase during the third quarter of 2007, subject to receipt of regulatory approvals.

### *Rate Case Settlement*

On December 19, 2006, the PSC approved a Settlement Agreement of our most recent filing for rate relief. The increase in annual revenue requirement under the Settlement Agreement of \$6.0 million will be recovered in two steps. The first step was placed in effect January 1, 2007 to recover approximately \$4.8 million in annual revenue. The second step will be designed to recover approximately \$1.2 million of annual revenue based on the issuance of additional equity not to exceed \$20.0 million. However, should we issue less than \$20.0 million in equity, the increase will be adjusted to reflect the change in recovery associated with our capital structure. Under the terms of the Settlement Agreement, we are provided the opportunity to earn a rate of return on our equity of 10.25%.

### *Interconnections with Elkton and Chesapeake City*

On March 17, 2006 and January 11, 2006, respectively, we entered into agreements with the towns of Elkton and Chesapeake City, Maryland to provide water service of up to a total of 1.3 million gallons per day. Construction of the transmission main to Elkton is expected to begin in the early summer of 2007 and we anticipate supplying water during 2007. Additional approvals remain necessary to construct the transmission line to Chesapeake City. We believe that these interconnections help position us to serve the rapidly growing needs of Cecil County.

## Corporate Information

Our principal executive office is located at 664 Churchmans Road, Newark, Delaware 19702, our telephone number is (302) 453-6900, and our website is located at [www.artesianwater.com](http://www.artesianwater.com). The information on our website is not part of this prospectus supplement.

**The Offering**

|   |  |
|---|--|
| Class A Non-Voting Common Stock, \$1 par value                | 1,000,000 shares   |
| Common Stock to be outstanding immediately after the offering |  |
| Class A Non-Voting Common Stock                               | 6,255,329  |
| Class B Common Stock  | 881,452  |
| Total Common Stock outstanding                                | 7,136,781  |
| NASDAQ Global Market Symbol                                   | ARTNA  |
| Class A Non-Voting Common Stock                               |  |
| 52-week price range (through June 13, 2007)                   | Low: \$17.90<br>High: \$20.67  |
| Annualized dividend rate                                      | \$0.664 per share  |
| Use of proceeds   | We will use the net proceeds of this offering to fund a paid-in capital contribution to Artesian Water, which will use the funds to repay certain of its short-term borrowings, fund capital expenditures and for other general corporate purposes. A portion of any proceeds received from the underwriters' exercise of the over-allotment may be contributed to our other subsidiaries. |
| Risk Factors  | Investment in our common stock involves risk. See Risk Factors beginning on page 6 of the accompanying prospectus and the documents incorporated by reference therein for a discussion of factors you should consider carefully before deciding whether to invest in the shares of common stock being offered by this prospectus supplement.   |

The shares of common stock in the table above to be outstanding after the offering are based on 6,136,781 shares outstanding as of June 13, 2007.

**Summary Financial Information**

We derived the summary financial information for the years ended December 31, 2006, December 31, 2005 and December 31, 2004 from our Annual Report on Form 10-K for the year ended December 31, 2006. We derived the summary financial information as of March 31, 2007 and for the three months ended March 31, 2007 and March 31, 2006 from our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007. We derived the summary financial information as of March 31, 2006 from our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006. The financial results for the three months ended March 31, 2007 are not necessarily indicative of the results that may be expected for any other interim period or for a full year. You should read this summary information with the discussion in Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes to those financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2006 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007, filed with the SEC and incorporated by reference in the accompanying prospectus. All share and per share amounts have been restated to reflect the three for two stock split effected on May 30, 2006.

|  | Three Months Ended<br>March 31,          |           | Year Ended December 31, |           |           |
|--|--|-----------|-------------------------|-----------|-----------|
|  | 2007                                     | 2006      | 2006                    | 2005      | 2004      |
|  | (Unaudited)                              |           |                         |           |           |
|  | (In thousands, except per share amounts) |           |                         |           |           |
| <b>Statement of Operations Data:</b>     |  |           |                         |           |           |
| Total operating revenues                 | \$ 11,604                                | \$ 10,489 | \$ 48,587               | \$ 45,285 | \$ 39,582 |
| Total operating expenses                 | 9,336                                    | 8,436     | 36,792                  | 34,644    | 29,708    |
| Operating income                         | 2,268                                    | 2,053     | 11,795                  | 10,641    | 9,874     |
| Interest charges                         | 1,635                                    | 1,503     | 6,337                   | 6,121     | 5,943     |
| Net income applicable to common stock    | 1,156                                    | 996       | 6,071                   | 5,035     | 4,400     |
| Net income per share of common stock     |  |           |                         |           |           |
| Basic                                    | \$ 0.19                                  | \$ 0.17   | \$ 1.00                 | \$ 0.84   | \$ 0.75   |
| Diluted                                  | 0.18                                     | 0.16      | 0.97                    | 0.81      | 0.72      |
| Average common shares outstanding        |  |           |                         |           |           |
| Basic                                    | 6,111                                    | 6,027     | 6,055                   | 5,984     | 5,904     |
| Diluted                                  | 6,273                                    | 6,217     | 6,235                   | 6,182     | 6,099     |
| Cash dividends per share of common stock | \$ 0.16                                  | \$ 0.15   | \$ 0.61                 | \$ 0.58   | \$ 0.55   |

|  | As of March 31, | As of December 31, |
|--|-----------------|--------------------|
|  | 2007            |                    |