



**Item 1.01 Entry into a Material Definitive Agreement.**

Artesian Resources Corporation (the "Company") entered into an indemnification agreement with KPMG LLP ("KPMG"), the Company's former independent registered public accounting firm, dated as of July 28, 2006 (the "Indemnification Agreement"), pursuant to which the Company agreed to indemnify and hold KPMG harmless against and from any and all legal costs and expenses incurred by KPMG in its successful defense of any legal action or proceeding that may arise as a result of its consent to include or incorporate by reference its audit report on the Company's consolidated financial statements as of December 31, 2004 and for each of the years in the two-year period ended December 31, 2004 in the Company's Registration Statement on Form S-3 (Registration Statement No. 333-136184) filed with the Securities and Exchange Commission on July 31, 2006. The Indemnification Agreement also provides that KPMG shall not be indemnified, and shall refund to the Company, any amounts paid to KPMG pursuant to the Indemnification Agreement in the event there is court adjudication that KPMG is guilty of professional malpractice, or in the event that KPMG becomes liable for any part of the plaintiff's damages by virtue of settlement. In addition, the Indemnification Agreement provides that, in the event that KPMG is requested pursuant to subpoena or other legal process to produce its documents relating to the Company in judicial or administrative proceedings to which KPMG is not a party, the Company is required to reimburse KPMG at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such requests.

The foregoing is a summary description of certain terms of the Indemnification Agreement and is incomplete. It is qualified in its entirety by the Indemnification Agreement, which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

The following exhibit is furnished with this report:

<b>Exhibit Number</b>	<b>Exhibit Title</b>
99.1	Indemnification Agreement, dated as of July 28, 2006, between Artesian Resources Corporation and KPMG LLP

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ARTESIAN RESOURCES CORPORATION

Date: August 2, 2006

By: /S/ David B. Spacht  
David B. Spacht  
Chief Financial Officer

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**INDEX TO EXHIBIT**

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