

**Water Companies**

**Balance Sheet**

**Income Statement**

**Statement of Cash Flows**

**Statement of Revenue and Operation and Maintenance**

**Distribution of Revenues**

**Statement of Utility Plant and Selected Ratios**

Table 1 W

**WATER INDUSTRY  
COMPARATIVE BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31,  
(\$000s)**

	2005	2004	2003	2002	2001
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$427,661	\$396,916	\$372,813	\$351,242	\$334,016
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)	302	302	302	303	303
3 Other Investments	3,460	4,195	8,267	11,420	12,243
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments	3,762	4,498	8,569	11,723	12,546
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	10,657	10,538	2,372	5,357	5,696
7 Notes and Accounts Receivables - Net	13,443	13,342	12,406	11,960	15,687
8 Receivables from Associated Companies	(14)	(39)	110	64	113
9 Materials and Supplies	2,825	2,990	2,441	2,323	2,449
10 Prepayments	17,103	17,536	18,014	19,453	19,090
11 Accrued Utility Revenue	9,557	8,468	8,309	9,567	8,192
12 Misc Current and Accrued Assets	219	607	143	190	249
13 Total Current and Accrued Assets	53,791	53,442	43,794	48,913	51,477
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense	6,664	6,041	5,173	5,481	5,844
15 Other Deferred Debits	42,690	33,766	32,528	28,910	26,116
16 Accumulated Deferred Income Taxes	17,936	18,076	18,305	18,171	14,427
17 Total Deferred Debits	67,289	57,882	56,005	52,562	46,388
18 <b>Total Assets and Other Debits</b>	<b>\$552,503</b>	<b>\$512,738</b>	<b>\$481,182</b>	<b>\$464,440</b>	<b>\$444,427</b>
<b>PROPRIETARY CAPITAL</b>					
19 Common Stock Issued	\$29,375	\$29,375	\$29,375	\$29,375	\$29,375
20 Preferred Stock Issued	2,125	2,125	2,125	2,125	2,125
21 Other Paid-in Capital	71,016	63,016	46,576	42,367	36,201
22 Retained Earnings	123,709	122,218	117,971	110,725	114,000
23 Reacquired Capital Stock					
24 Total Proprietary Capital	226,225	216,734	196,047	184,592	181,701
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt	115,890	108,660	95,100	100,948	104,331
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable	30,545	35,678	43,636	33,813	31,967
27 Accounts Payable	7,814	6,728	5,312	4,909	4,526
28 Payables to Associated Companies	18,145	14,030	15,379	10,156	4,276
29 Customer Deposits	180	169	193	272	234
30 Taxes Accrued	3,485	354	(653)	3,999	3,117
31 Interest Accrued	2,290	2,196	2,201	2,376	2,178
32 Matured Long-Term Debt		2,213	14		
33 Misc Current and Accrued Liabilities	8,350	8,288	6,017	5,376	5,010
34 Total Current and Accrued Liabilities	70,810	69,655	72,099	60,900	51,307
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	6,910	7,404	7,305	8,279	11,903
36 Other Deferred Credits	42,027	21,011	26,433	34,664	33,362
37 Accumulated Deferred Investment Tax Credits	1,895	1,948	2,003	2,057	2,111
38 Accumulated Deferred Income Taxes	84,985	82,539	76,188	66,479	58,981
39 Total Deferred Credits	135,817	112,901	111,930	111,480	106,358
<b>OPERATING RESERVES</b>					
40 Operating Reserves	3,762	4,787	6,006	6,520	729
41 <b>Total Liabilities and Other Credits</b>	<b>\$552,503</b>	<b>\$512,738</b>	<b>\$481,182</b>	<b>\$464,440</b>	<b>\$444,427</b>

**WATER INDUSTRY**  
**COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31,**  
**(\$000s)**

	2005	2004	2003	2002	2001	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$146,440	\$136,564	\$135,930	\$135,761	\$136,408	1
Operating Expense:						
Operation Expense	55,927	53,326	49,758	50,619	48,426	2
Maintenance Expense	8,574	7,988	7,274	8,024	5,769	3
Depreciation and Amortization Expense	11,497	11,034	10,629	10,047	9,463	4
Taxes Other than Income Taxes	39,243	39,315	38,848	38,067	38,295	5
Income Taxes	7,828	5,991	7,970	7,724	9,597	6
Total Operating Expenses	123,068	117,654	114,479	114,481	111,550	7
Net Operating Revenues	23,371	18,910	21,452	21,280	24,858	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	<b>23,371</b>	<b>18,910</b>	<b>21,452</b>	<b>21,280</b>	<b>24,858</b>	<b>10</b>
<b>OTHER INCOME</b>						
Interest and Dividend Income	851	436	940	1,021	994	11
Allowance for Funds Used During Construction	1,358	1,408	1,832	1,108	925	12
Miscellaneous Nonoperating Income	401	341	881	(375)	226	13
Other Income	161	305	247	185	72	14
Total Other Income	2,771	2,489	3,901	1,938	2,218	15
Other Income Deductions	46	245	228	394	141	16
Taxes-Other Income and Deductions	386	331	479	36	226	17
<b>Income Available</b>	<b>25,710</b>	<b>20,823</b>	<b>24,646</b>	<b>22,788</b>	<b>26,709</b>	<b>18</b>
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	7,638	7,165	7,087	7,478	7,656	19
Interest on Debt to Associated Co.	3,037	2,739	2,447	2,542	2,506	20
Other Interest Expense	2,405	1,748	1,987	1,816	2,197	21
Total Interest Charges	13,081	11,652	11,520	11,836	12,358	22
Income Before Extraordinary Items	12,629	9,170	13,126	10,952	14,351	23
Extraordinary Items						24
<b>Net Income</b>	<b>\$12,629</b>	<b>\$9,170</b>	<b>\$13,126</b>	<b>\$10,952</b>	<b>\$14,351</b>	<b>25</b>
<b>RETAINED EARNINGS</b>						
Unappropriated (BOP)	\$121,930	\$117,971	\$110,725	\$114,000	\$127,372	26
Balance Transferred from Income	12,629	9,170	13,126	10,952	14,351	27
Appropriated						28
Dividends Declared-Preferred Stock	2,727	2,727	127	127	660	29
Dividends Declared-Common Stock	7,613	3,583	8,432	8,482	26,205	30
Adjustments to Retained Earnings	(511)	1,387	2,680	(5,618)	(857)	31
Net Change	1,778	4,248	7,246	(3,275)	(13,371)	32
Unappropriated (EOP)	123,709	122,218	117,971	110,725	114,000	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	<b>\$123,709</b>	<b>\$122,218</b>	<b>\$117,971</b>	<b>\$110,725</b>	<b>\$114,000</b>	<b>35</b>

Table 3W

**WATER INDUSTRY  
STATEMENT OF CASH FLOWS  
FOR YEAR ENDED DECEMBER 31,  
(\$000S)**

	2005	2004	2003	2002	2001
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$12,629	\$9,170	\$13,126	\$10,952	\$14,351
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	12,221	12,128	11,207	9,442	10,365
3 Deferred Taxes & ITCs	2,966	6,900	12,135	2,377	3,444
4 Receivables and Inventory	(1,199)	1,425	(529)	2,053	(2,612)
5 Payables and Accrued Expenses	3,175	2,825	(833)	4,104	(625)
6 Capitalized AFUDC - Equity Funds	(1,428)	(1,275)	(1,736)	(1,062)	(869)
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	4,409	(8,993)	(5,195)	(4,283)	4,901
9	1,559	(515)	(3,518)	3,901	2,855
10	(1,936)	893	(6,495)	(429)	(620)
11 Net Cash From Operating Activities	<u>32,397</u>	<u>22,557</u>	<u>18,162</u>	<u>27,054</u>	<u>31,191</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(35,790)	(33,498)	(30,415)	(25,755)	(22,725)
13 Acquisition Of Other Non-Current Assets	108	47	(148)	(150)	(55)
14 Investments In & Advances to Affiliates.	(138)	18	6	(89)	(12)
15 Contributions & Advances from Affiliates		3,540			
Net Proceeds - Sale Or Disposition Of:					
16 Property, Plant & Equipment					
17 Investments in Affiliated Companies					12,417
18 Other Debt & Equity Investments	2,057	4,113	3,148	943	1,054
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities	(171)				
21					4
22					
23 Net Cash From Investing Activities	<u>(33,935)</u>	<u>(25,781)</u>	<u>(27,408)</u>	<u>(25,051)</u>	<u>(9,318)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	4,707	26,725	891	(5,801)	8,961
25 Common Stock	8,000	2,900	1,000	4,056	2,453
26 Preferred Stock					(5,863)
27 Short-Term Debt	1,903	(8,657)	8,900	7,741	1,898
28 Dividends Paid	(10,341)	(6,311)	(8,210)	(8,609)	(26,865)
29 Other Cash Flows - Financing Activities	(2,614)	(2,090)	3,689	269	(874)
30		(1,177)	(8)		
31					
32 Net Cash From Financing Activities	<u>1,656</u>	<u>11,390</u>	<u>6,262</u>	<u>(2,343)</u>	<u>(20,289)</u>
33 Net Increase/(Decrease) In Cash Equivalents	119	8,167	(2,985)	(339)	1,584
34 Cash & Cash Equivalents At Beginning Of Year	10,538	2,372	5,357	5,696	4,112
35 Cash & Cash Equivalents At End Of Year	\$10,657	\$10,538	\$2,372	\$5,357	\$5,696

Table 4 W

**WATER INDUSTRY  
COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE  
FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES (\$000s)</b>						
Sales to General Customers	\$127,206	\$117,644	\$117,110	\$114,846	\$121,298	1
Sales to Other Water Companies	5,265	4,925	5,033	4,946	2,996	2
Other Sales of Water	11,718	11,186	11,139	11,166	11,258	3
Total Revenues from Sales of Water	144,189	133,756	133,281	130,958	135,552	4
Other Water Operating Revenues	2,245	2,795	2,649	4,803	856	5
Total Water Operating Revenues	\$146,434	\$136,550	\$135,930	\$135,761	\$136,408	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	32,795,305	30,521,430	30,011,403	32,022,476	33,531,488	8
Sales to Other Water Companies	690,947	620,537	580,380	133,369	133,066	9
Other Sales of Water	325,581	275,002	284,244	291,222	338,820	10
Total Sales of Water	33,811,833	31,416,968	30,876,027	32,447,067	34,003,374	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	236,020	236,567	234,750	234,605	233,499	13
Sales to Other Water Companies	347	348	343	4	4	14
Other Sales of Water	3,274	3,216	3,146	2,794	3,020	15
Total Customers	239,641	240,131	238,239	237,403	236,523	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$538.96	\$497.30	\$498.87	\$489.53	\$519.48	18
Average Consumption per Customer (T.Gal)	138.95	129.02	127.84	136.50	143.60	19
Average Revenue per T Gallons Sold	\$3.88	\$3.85	\$3.90	\$3.59	\$3.62	20
<b>UNMETERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer						21
Average Consumption per Customer (T.Gal)						22
Average Revenue per T Gallons Sold						23
<b>OPERATION AND MAINTENANCE EXPENSES (\$000s)</b>						
Source of Supply	\$8,758	\$6,949	\$6,838	\$7,477	\$8,008	24
Power and Pumping	11,466	9,850	9,242	9,091	9,484	25
Purification	6,310	4,391	4,401	4,170	4,389	26
Transmission and Distribution	10,029	9,903	9,355	9,197	9,302	27
Customer Accounting and Collecting	7,061	6,400	5,968	6,769	6,718	28
Administrative and General	20,877	23,821	21,229	21,937	16,295	29
Total O & M Expense	\$64,501	\$61,314	\$57,032	\$58,642	\$54,195	30

Table 5 W

**WATER INDUSTRY  
DISTRIBUTION OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31,  
(\$000s)**

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues (\$000s)	\$146,434	\$136,550	\$135,930	\$135,761	\$136,408
2 Sales (Thousands of Gallons)	33,811,833	31,416,968	30,876,027	32,447,067	34,003,374
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$16,859	\$13,837	\$13,532	\$13,235	\$14,619
4 Wages and Benefits	23,409	24,390	23,375	23,340	21,810
5 Other Operation and Maintenance Expense	24,270	23,088	20,697	22,592	18,272
6 Depreciation and Amortization Expense	11,171	11,023	10,607	10,025	9,598
7 Income Taxes-Operating	7,828	5,991	7,970	7,724	9,597
8 Other Taxes-Operating	39,243	39,315	38,848	38,067	38,295
9 Capital Costs	23,655	18,908	20,902	20,778	24,216
10 Total	\$146,434	\$136,550	\$135,930	\$135,761	\$136,408
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	11.5	10.1	10.0	9.7	10.7
12 Wages and Benefits	16.0	17.9	17.2	17.2	16.0
13 Other Operation and Maintenance Expense	16.6	16.9	15.2	16.6	13.4
14 Depreciation and Amortization Expense	7.6	8.1	7.8	7.4	7.0
15 Income Taxes-Operating	5.3	4.4	5.9	5.7	7.0
16 Other Taxes-Operating	26.8	28.8	28.6	28.0	28.1
17 Capital Costs	16.2	13.8	15.4	15.3	17.8
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER THOUSAND GALLONS SOLD</b>					
19 Purchased Water, Fuel or Power for Pumping, and Chemicals	0.50	0.44	0.44	0.41	0.43
20 Wages and Benefits	0.69	0.78	0.76	0.72	0.64
21 Other Operation and Maintenance Expense	0.72	0.73	0.67	0.70	0.54
22 Depreciation and Amortization Expense	0.33	0.35	0.34	0.31	0.28
23 Income Taxes-Operating	0.23	0.19	0.26	0.24	0.28
24 Other Taxes-Operating	1.16	1.25	1.26	1.17	1.13
25 Capital Costs	0.70	0.60	0.68	0.64	0.71
26 Total	4.33	4.35	4.40	4.18	4.01

**Purchased Water, Fuel or Power for Pumping and Chemicals**

Purchased Water	8,049,964	6,152,901	6,067,605	6,368,910	6,802,987
Fuel for Pumping	7,214,384	6,241,813	6,111,384	5,435,301	6,225,375
Chemicals	1,959,693	1,441,852	1,352,884	1,430,777	1,590,723

Total PW, Fuel and Chemicals 17,224,042 13,836,566 13,531,874 13,234,988 14,619,085

Total - Ultimate Customers 17,224,042 13,836,566 13,531,874 13,234,988 14,619,085

**Wages and Benefits**

Salaries	16,426,058	17,065,835	16,594,700	16,309,996	16,279,298
Pensions and Benefits	6,668,869	7,323,945	6,780,584	7,030,410	5,531,007
Total Wages and Benefits	23,094,928	24,389,780	23,375,284	23,340,406	21,810,305

**Other Expenses**

Total O&M Expenses	64,501,492	61,313,940	57,032,320	58,642,320	54,195,162
-Total PW, Fuel and Chemicals	17,224,042	13,836,566	13,531,874	13,234,988	14,619,085
-Wages and Benefits	23,094,928	24,389,780	23,375,284	23,340,406	21,810,305
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	24,182,523	23,087,593	20,125,162	22,066,926	17,765,772

**Depreciation and Amortization**

Depreciation Exp	11,496,871	11,033,639	10,628,641	10,046,759	9,462,791
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	11,496,871	11,033,639	10,628,641	10,046,759	9,462,791

**Total PW, Fuel and Chemicals related to Sales for Resale (Not Used)**

Total PW, Fuel and Chemicals	17,224,042	13,836,566	13,531,874	13,234,988	14,619,085
divided by Total Gallons	33,811,833	31,416,968	30,876,027	32,447,067	34,003,374
Cost per KWH	0.0005	0.0004	0.0004	0.0004	0.0004
times Sales for Resale MWHs					
Sales for Resale Cost					

Table 6 W

**WATER INDUSTRY**  
**COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31,**  
**(\$000s)**

	2005	2004	2003	2002	2001	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible	\$240	\$240	\$240	\$240	\$237	1
Source of Supply	33,491	33,027	32,876	26,410	26,032	2
Pumping	47,904	46,803	44,856	43,569	42,938	3
Water Treatment	48,091	40,015	39,713	28,819	23,174	4
Transmission and Distribution	379,463	358,837	340,944	328,491	318,608	5
General	38,212	37,039	34,704	34,041	31,741	6
Purchased or Sold				51	51	7
<b>Total Plant in Service</b>	<b>547,400</b>	<b>515,962</b>	<b>493,333</b>	<b>461,621</b>	<b>442,779</b>	<b>8</b>
Plant Leased To Others						9
Construction Work In Progress	25,372	22,978	13,082	16,976	12,298	10
Plant Held For Future Use	8,897	8,863	8,861	9,004	9,004	11
Plant Acquisition Adjustments	1,887	1,887	1,887	1,090	(45)	12
Accum. Gains & Losses - Utility Land & Land Rights	(1,282)	(1,282)	(1,282)	(1,282)	(102)	13
<b>Total Plant</b>	<b>582,274</b>	<b>548,408</b>	<b>515,881</b>	<b>487,409</b>	<b>463,933</b>	<b>14</b>
Accum. Prov. - Depr. & Amort.	154,655	151,492	143,068	136,167	129,917	15
<b>Net Plant</b>	<b>\$427,619</b>	<b>\$396,916</b>	<b>\$372,813</b>	<b>\$351,242</b>	<b>\$334,016</b>	<b>16</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.76	0.77	0.61	0.80	1.00	17
Total Capitalization (\$000s)	\$372,660	\$363,272	\$334,783	\$319,353	\$317,999	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	31.7%	30.6%	28.4%	31.6%	32.8%	19
Preferred Stock	0.6%	0.6%	0.6%	0.7%	0.7%	20
Common Stock & Retained Earnings	60.1%	59.1%	57.9%	57.1%	56.5%	21
Short-Term Debt	7.6%	10.4%	13.0%	10.6%	10.1%	22
Pretax Coverage of Interest Expense	2.6	2.3	2.8	2.6	2.9	23
Com. Stock Dividends as a % of Earnings	104.4%	97.1%	65.5%	79.8%	195.9%	24
Return on Common Equity	4.5%	3.2%	6.9%	5.9%	7.5%	25
Internal Cash Generated as a % of Cash Outflows for Construction	94.2%	254.8%	97.2%	192.2%	249.1%	26
CWIP as a % of Plant	4.4%	4.1%	2.5%	3.5%	2.7%	27
Number of Employees	312	334	305	330	333	28

Current Assets	53,790,953	53,441,982	43,794,213	48,912,934	51,477,102
Current Liabilities	70,810,107	69,655,359	72,098,963	60,900,081	51,306,840
Total Capitalization	372,659,504	363,272,129	334,783,069	319,353,250	317,998,953
Long-Term Debt	118,255,789	111,122,290	95,100,000	100,948,134	104,331,200
Preferred Stock	2,125,000	2,125,000	2,125,000	2,125,000	2,125,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	224,099,535	214,609,291	193,921,664	182,467,117	179,576,133
Short-Term Debt	28,179,180	37,877,838	43,636,405	33,812,999	31,966,620
Pretax Income	33,583,522	27,015,121	32,799,539	30,862,095	36,388,576
Interest Expense	13,080,564	11,652,444	11,519,982	11,836,346	12,357,947
Dividends Paid	10,341,047	6,259,329	8,509,020	8,558,268	26,814,717
Net Income (Excl. Preferred Stock Dividends)	9,902,107	6,443,129	12,998,274	10,724,777	13,690,856
Internal Cash	33,698,439	22,534,613	18,212,859	27,110,086	31,222,769
Cash Outflows for Construction	(35,789,803)	(8,843,605)	(18,737,094)	(14,102,961)	(12,535,509)
CWIP	25,371,751	22,522,902	13,081,872	16,828,216	12,298,090
Total Plant	582,273,773	547,952,903	515,881,349	487,210,396	463,920,793
Number of Employees	312	334	305	330	333
Salaries and Wages					

**HERITAGE HILLS WATER COMPANY  
COMPARATIVE BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$5,196,342	\$5,068,730	\$4,451,341	\$4,262,284	\$4,321,956
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)					
3 Other Investments					
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments					
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	137,724	191,823	74,359	47,353	82,381
7 Notes and Accounts Receivables - Net	121,638	117,760	88,700	85,512	89,503
8 Receivables from Associated Companies					
23 Materials and Supplies					
10 Prepayments	8,180	26,493	26,077	14,323	
11 Accrued Utility Revenue					
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	267,542	336,076	189,136	147,188	171,884
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense					
15 Other Deferred Debits	184,995	247,130	96,159	29,324	27,537
16 Accumulated Deferred Income Taxes					
17 Total Deferred Debits	184,995	247,130	96,159	29,324	27,537
18 <b>Total Assets and Other Debits</b>	<b>\$5,648,879</b>	<b>\$5,651,936</b>	<b>\$4,736,636</b>	<b>\$4,438,796</b>	<b>\$4,521,377</b>
<b>PROPRIETARY CAPITAL</b>					
19 Common Stock Issued	50,000	\$50,000	\$50,000	\$50,000	\$50,000
20 Preferred Stock Issued					
21 Other Paid-in Capital					
22 Retained Earnings	(898,845)	(945,797)	(899,030)	(911,754)	(887,461)
23 Reacquired Capital Stock					
24 Total Proprietary Capital	(848,845)	(895,797)	(849,030)	(861,754)	(837,461)
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt				2,108,134	2,181,200
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable	2,365,789	2,462,290	2,111,284	76,024	70,851
27 Accounts Payable	28,899	528,638	418,076	386,302	369,795
28 Payables to Associated Companies	4,036,611	3,492,198	3,006,650	2,679,916	2,688,747
29 Customer Deposits					
30 Taxes Accrued	378	502	(1,717)	(997)	(2,926)
31 Interest Accrued					
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	66,047	64,105	51,373	51,171	51,171
34 Total Current and Accrued Liabilities	6,497,724	6,547,733	5,585,666	3,192,416	3,177,638
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction					
36 Other Deferred Credits					
37 Accumulated Deferred Investment Tax Credits					
38 Accumulated Deferred Income Taxes					
39 Total Deferred Credits					
<b>OPERATING RESERVES</b>					
40 Operating Reserves					
41 <b>Total Liabilities and Other Credits</b>	<b>\$5,648,879</b>	<b>\$5,651,936</b>	<b>\$4,736,636</b>	<b>\$4,438,796</b>	<b>\$4,521,377</b>

**HERITAGE HILLS WATER COMPANY**  
**COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$1,323,835	\$1,162,423	\$1,056,641	\$1,054,616	\$1,047,112	1
Operating Expense:						
Operation Expense	387,366	330,777	275,905	260,922	255,365	2
Maintenance Expense	40,974	88,949	45,578	67,816	49,555	3
Depreciation and Amortization Expense	122,139	113,699	109,152	106,948	104,497	4
Taxes Other than Income Taxes	327,949	318,469	297,763	282,960	248,048	5
Income Taxes						6
Total Operating Expenses	878,428	851,894	728,398	718,646	657,465	7
Net Operating Revenues	445,407	310,529	328,243	335,970	389,647	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	445,407	310,529	328,243	335,970	389,647	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	4,327			176	2,757	11
Allowance for Funds Used During Construction						12
Miscellaneous Nonoperating Income						13
Other Income						14
Total Other Income	4,327			176	2,757	15
Other Income Deductions				27,537	42,470	16
Taxes-Other Income and Deductions						17
<b>Income Available</b>	449,734	310,529	328,243	308,609	349,934	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	184,550	219,835	203,833	210,402	198,246	19
Interest on Debt to Associated Co.	218,232	137,461	111,686	122,500	175,252	20
Other Interest Expense						21
Total Interest Charges	402,782	357,296	315,519	332,902	373,498	22
Income Before Extraordinary Items	46,952	(46,767)	12,724	(24,293)	(23,564)	23
Extraordinary Items						24
<b>Net Income</b>	\$46,952	(\$46,767)	\$12,724	(\$24,293)	(\$23,564)	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	(\$945,797)	(\$899,030)	(\$911,754)	(\$887,461)	(\$863,897)	26
Balance Transferred from Income Appropriated	46,952	(46,767)	12,724	(24,293)	(23,564)	27
Dividends Declared-Preferred Stock						28
Dividends Declared-Common Stock						29
Adjustments to Retained Earnings						30
Net Change	46,952	(46,767)	12,724	(24,293)	(23,564)	31
Unappropriated (EOP)	(898,845)	(945,797)	(899,030)	(911,754)	(887,461)	32
Appropriated (EOP)						33
<b>Total Retained Earnings</b>	(\$898,845)	(\$945,797)	(\$899,030)	(\$911,754)	(\$887,461)	34

**HERITAGE HILLS WATER COMPANY**  
**STATEMENT OF CASH FLOWS**  
**FOR YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$46,952	(\$46,767)	\$12,724	(\$24,293)	(\$23,564)
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	184,274	139,588	109,152	134,485	146,967
3 Deferred Taxes & ITCs			3,490		
4 Receivables and Inventory	(4,685)	(29,060)		3,991	4,890
5 Payables and Accrued Expenses	(34,248)	5,495	(6,678)	(15,652)	25,202
6 Capitalized AFUDC - Equity Funds			16,870		
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	(138,290)	107,286	14,184	32,500	(98,104)
9	2,749	(176,860)	(78,387)	(29,324)	
10	18,313	12,316		(14,323)	
11 Net Cash From Operating Activities	<u>75,065</u>	<u>11,998</u>	<u>71,355</u>	<u>87,384</u>	<u>55,391</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(249,751)	(731,088)	(298,209)	(47,276)	(261,402)
13 Acquisition Of Other Non-Current Assets					
14 Investments In & Advances to Affiliates.					
15 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
16 Property, Plant & Equipment					
17 Investments in Affiliated Companies					
18 Other Debt & Equity Investments					
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities					
21					
22					
23 Net Cash From Investing Activities	<u>(249,751)</u>	<u>(731,088)</u>	<u>(298,209)</u>	<u>(47,276)</u>	<u>(261,402)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	217,088	913,612	253,860	(75,136)	159,040
25 Common Stock					
26 Preferred Stock					
27 Short-Term Debt	(96,501)	(77,058)			
28 Dividends Paid					
29 Other Cash Flows - Financing Activities					
30					
31					
32 Net Cash From Financing Activities	<u>120,587</u>	<u>836,554</u>	<u>253,860</u>	<u>(75,136)</u>	<u>159,040</u>
33 Net Increase/(Decrease) In Cash Equivalents	(54,099)	117,464	27,006	(35,028)	(46,971)
34 Cash & Cash Equivalents At Beginning Of Year	191,823	74,359	47,353	82,381	129,352
35 Cash & Cash Equivalents At End Of Year	\$137,724	\$191,823	\$74,359	\$47,353	\$82,381

**HERITAGE HILLS WATER COMPANY  
COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE  
FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$1,323,835	\$1,161,243	\$1,056,643	\$1,054,616	\$1,047,112	1
Sales to Other Water Companies						2
Other Sales of Water						3
Total Revenues from Sales of Water	1,323,835	1,161,243	1,056,643	1,054,616	1,047,112	4
Other Water Operating Revenues						5
Total Water Operating Revenues	\$1,323,835	\$1,161,243	\$1,056,643	\$1,054,616	\$1,047,112	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	99,192	93,802	91,819	92,169	93,649	8
Sales to Other Water Companies						9
Other Sales of Water						10
Total Sales of Water	99,192	93,802	91,819	92,169	93,649	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	2,559	2,487	2,440	2,430	2,374	12
Sales to Other Water Companies						13
Other Sales of Water						14
Total Customers	2,559	2,487	2,440	2,430	2,374	15
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$517.33	\$466.93	\$433.05	\$434.00	\$441.07	16
Average Consumption per Customer (T.Gal)	38.76	37.72	37.63	37.93	39.45	17
Average Revenue per T Gallons Sold	\$13.35	\$12.38	\$11.51	\$11.44	\$11.18	18
<b>UNMETERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	---	---	---	---	---	19
Average Consumption per Customer (T.Gal)	---	---	---	---	---	20
Average Revenue per T Gallons Sold	---	---	---	---	---	21
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Source of Supply	\$18,612	\$55,737	\$37,443	\$45,966	\$24,037	22
Power and Pumping	144,546	148,252	102,345	128,714	126,431	23
Purification	29,169	22,850	10,607	19,674	16,617	24
Transmission and Distribution	6,297	7,668	20,973	10,711	21,893	25
Customer Accounting and Collecting	807		3,490	(605)	(688)	26
Administrative and General	228,909	185,219	146,625	124,278	116,630	27
<b>Total O &amp; M Expense</b>	<b>\$428,340</b>	<b>\$419,726</b>	<b>\$321,483</b>	<b>\$328,738</b>	<b>\$304,920</b>	<b>28</b>

**HERITAGE HILLS WATER COMPANY  
DISTRIBUTION OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31,**

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$1,323,835	\$1,161,243	\$1,056,643	\$1,054,616	\$1,047,112
2 Sales (Thousands of Gallons)	99,192	93,802	91,819	92,169	93,649
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	105,389	\$107,342	\$92,250	\$82,503	\$95,264
4 Wages and Benefits					
5 Other Operation and Maintenance Expense	322,951	312,384	229,233	246,235	209,656
6 Depreciation and Amortization Expense	122,139	113,699	109,152	106,948	104,497
7 Income Taxes-Operating					
8 Other Taxes-Operating	327,949	318,469	297,763	282,960	248,048
9 Capital Costs	445,407	309,349	328,245	335,970	389,647
10 Total	\$1,323,835	\$1,161,243	\$1,056,643	\$1,054,616	\$1,047,112
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	8.0	9.2	8.7	7.8	9.1
12 Wages and Benefits					
13 Other Operation and Maintenance Expense	24.4	26.9	21.7	23.3	20.0
14 Depreciation and Amortization Expense	9.2	9.8	10.3	10.1	10.0
15 Income Taxes-Operating					
16 Other Taxes-Operating	24.8	27.4	28.2	26.8	23.7
17 Capital Costs	33.6	26.6	31.1	31.9	37.2
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER THOUSAND GALLONS SOLD</b>					
19 Purchased Water, Fuel or Power for Pumping, and Chemicals	1.06	1.14	1.00	0.90	1.02
20 Wages and Benefits					
21 Other Operation and Maintenance Expense	3.26	3.33	2.50	2.67	2.24
22 Depreciation and Amortization Expense	1.23	1.21	1.19	1.16	1.12
23 Income Taxes-Operating					
24 Other Taxes-Operating	3.31	3.40	3.24	3.07	2.65
25 Capital Costs	4.49	3.30	3.57	3.65	4.16
26 Total	13.35	12.38	11.51	11.44	11.18

**Purchased Water, Fuel or Power for Pumping  
and Chemicals**

Purchased Water					
Fuel for Pumping	93,296	92,567	84,727	71,910	81,491
Chemicals	12,093	14,775	7,523	10,593	13,773
Total PW, Fuel and Chemicals	105,389	107,342	92,250	82,503	95,264
Total - Ultimate Customers					

**Wages and Benefits**

Salaries					
Pensions and Benefits					
Total Wages and Benefits					

**Other Expenses**

Total O&M Expenses	428,340	419,726	321,483	328,738	304,920
-Total PW, Fuel and Chemicals	105,389	107,342	92,250	82,503	95,264
-Wages and Benefits					
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	322,951	312,384	229,233	246,235	209,656

**Depreciation and Amortization**

Depreciation Exp	122,139	113,699	109,152	106,948	104,497
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	122,139	113,699	109,152	106,948	104,497

**Total PW, Fuel and Chemicals related to Sales for Resale (Not Used)**

Total PW, Fuel and Chemicals					
divided by Total Gallons					
Cost per KWH					
times Sales for Resale MWHs					
Sales for Resale Cost					

**HERITAGE HILLS WATER COMPANY  
COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS  
FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible	80,000	\$80,000	\$80,000	\$80,000	\$80,000	1
Source of Supply	529,518	529,518	498,020	498,020	498,020	2
Pumping	172,317	172,317	172,317	172,317	172,317	3
Water Treatment	482,632	482,632	482,632	482,632	482,632	4
Transmission and Distribution	6,191,714	5,487,126	5,244,421	4,946,211	4,898,934	5
General	11,765	11,765	9,717	9,717	9,717	6
Purchased or Sold						7
Total Plant in Service	7,467,946	6,763,358	6,487,107	6,188,897	6,141,620	8
Plant Leased To Others						9
Construction Work In Progress		454,837				10
Plant Held For Future Use						11
Plant Acquisition Adjustments						12
Accum. Gains & Losses - Utility Land & Land Rights						13
<b>Total Plant</b>	7,467,946	7,218,195	6,487,107	6,188,897	6,141,620	14
Accum. Prov. - Depr. & Amort.	2,271,604	2,149,465	2,035,766	1,926,613	1,819,665	15
<b>Net Plant</b>	\$5,196,342	\$5,068,730	\$4,451,341	\$4,262,284	\$4,321,955	16

### SELECTED RATIOS AND STATISTICS

Current Assets / Current Liabilities	0.04	0.05	0.03	0.05	0.05	17
Total Capitalization	\$1,516,944	\$1,566,493	\$1,262,254	\$1,322,404	\$1,414,590	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	156.0%	157.2%		159.4%	154.2%	19
Preferred Stock						20
Common Stock & Retained Earnings	-56.0%	-57.2%	-67.3%	-65.2%	-59.2%	21
Short-Term Debt		157.2%	167.3%	5.7%	5.0%	22
Pretax Coverage of Interest Expense	1.1	0.9	1.0	1.0	1.1	23
Com. Stock Dividends as a % of Earnings						24
Return on Common Equity	NA	NA	NA	NA	NA	25
Internal Cash Generated as a % of Cash Outflows for Construction	30.1%	1.6%	23.9%	184.8%	21.2%	26
CWIP as a % of Plant						27
Number of Employees						28

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Current Assets	267,542	336,076	189,136	147,188	171,884
Current Liabilities	6,497,724	6,547,733	5,585,666	3,192,416	3,177,638
Total Capitalization	1,516,944	1,566,493	1,262,254	1,322,404	1,414,590
Long-Term Debt	2,365,789	2,462,290		2,108,134	2,181,200
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	(848,845)	(895,797)	(849,030)	(861,754)	(837,461)
Short-Term Debt		2,462,290	2,111,284	76,024	70,851
Pretax Income	449,734	310,529	328,243	336,146	392,404
Interest Expense	402,782	357,296	315,519	332,902	373,498
Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	46,952	(46,767)	12,724	(24,293)	-23,564
* Internal Cash	75,065	11,998	71,355	87,384	55,391
Cash Outflows for Construction	249,751	731,088	298,209	47,276	261,402
CWIP					
Total Plant	7,467,946	6,763,358	6,487,107	6,188,897	6,141,620
Number of Employees					
Salaries and Wages					

**LONG ISLAND WATER CORPORATION**  
**COMPARATIVE BALANCE SHEET**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$87,543,144	\$76,855,843	\$66,403,077	\$62,439,796	\$57,746,245
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)	63,368	63,368	63,368	63,367	63,368
3 Other Investments					
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments	63,368	63,368	63,368	63,367	63,368
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	448,238	5,035,315	467,209	174,689	1,180
7 Notes and Accounts Receivables - Net	4,784,635	6,049,507	3,065,283	3,236,666	4,983,765
8 Receivables from Associated Companies	-				
23 Materials and Supplies	516,420	593,848	546,909	580,502	770,320
10 Prepayments	584,473	539,960	555,877	576,649	1,243,720
11 Accrued Utility Revenue	4,138,711	3,542,439	3,607,300	3,589,905	3,211,066
12 Misc Current and Accrued Assets	154,772	507,589			
13 Total Current and Accrued Assets	10,627,250	16,268,657	8,242,578	8,158,411	10,210,051
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense	2,228,166	2,274,037	1,170,196	1,230,527	1,290,843
15 Other Deferred Debits	7,141,048	1,776,307	1,950,162	2,086,802	1,754,079
16 Accumulated Deferred Income Taxes	6,927,931	6,975,194	6,816,006	6,730,020	6,703,075
17 Total Deferred Debits	16,297,145	11,025,539	9,936,364	10,047,349	9,747,997
18 <b>Total Assets and Other Debits</b>	<b>\$114,530,908</b>	<b>\$104,213,407</b>	<b>\$84,645,387</b>	<b>\$80,708,923</b>	<b>\$77,767,661</b>
<b>PROPRIETARY CAPITAL</b>					
19 Common Stock Issued	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
20 Preferred Stock Issued	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000
21 Other Paid-in Capital					
22 Retained Earnings	17,436,087	18,075,289	18,334,269	17,778,920	17,641,397
23 Reacquired Capital Stock					
24 Total Proprietary Capital	28,561,087	29,200,289	29,459,269	28,903,920	28,766,397
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt	38,930,000	38,930,000	22,930,000	22,930,000	23,000,000
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable	7,179,180	13,315,548	12,525,121	8,736,975	6,002,266
27 Accounts Payable	1,595,939	2,643,034	802,999	464,286	720,415
28 Payables to Associated Companies	144,560	717,040	723,872	76,548	(164,834)
29 Customer Deposits	3,767	3,792	3,792	3,792	14,738
30 Taxes Accrued	91,016	61,970	268,662	23,345	570,367
31 Interest Accrued	546,057	487,257	356,591	341,078	357,685
32 Matured Long-Term Debt		12,656	13,609		
33 Misc Current and Accrued Liabilities	1,758,192	2,538,241	1,740,893	1,192,401	1,715,923
34 Total Current and Accrued Liabilities	11,318,711	19,779,538	16,435,539	10,838,425	9,216,560
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	44,553	18,953	66,751	81,051	104,225
36 Other Deferred Credits	17,841,963	(623,286)	2,008,336	5,405,818	5,512,692
37 Accumulated Deferred Investment Tax Credits	343,822	358,822	373,822	388,822	403,822
38 Accumulated Deferred Income Taxes	17,490,772	16,549,091	13,371,670	12,160,838	10,763,965
39 Total Deferred Credits	35,721,110	16,303,580	15,820,578	18,036,529	16,784,704
<b>OPERATING RESERVES</b>					
40 Operating Reserves					
41 <b>Total Liabilities and Other Credits</b>	<b>\$114,530,908</b>	<b>\$104,213,407</b>	<b>\$84,645,386</b>	<b>\$80,708,874</b>	<b>\$77,767,661</b>

**LONG ISLAND WATER CORPORATION**  
**COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$40,668,137	\$37,564,640	\$36,261,005	\$35,786,146	\$35,797,358	1
Operating Expense:						
Operation Expense	15,826,789	15,207,756	13,019,125	12,332,330	12,618,551	2
Maintenance Expense	2,706,451	2,710,050	2,372,185	2,771,363	878,454	3
Depreciation and Amortization Expense	1,846,032	1,911,473	1,803,402	1,660,060	1,463,839	4
Taxes Other than Income Taxes	15,076,367	15,268,328	14,163,422	13,526,751	12,707,603	5
Income Taxes	859,750	279,723	1,292,202	1,377,100	2,683,238	6
Total Operating Expenses	36,315,389	35,377,330	32,650,336	31,667,604	30,351,685	7
Net Operating Revenues	4,352,748	2,187,310	3,610,669	4,118,542	5,445,673	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	4,352,748	2,187,310	3,610,669	4,118,542	5,445,673	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	47,072				249	11
Allowance for Funds Used During Construction	413,794	472,095	250,270	174,154	158,664	12
Miscellaneous Nonoperating Income		(48,954)	(21,117)	(9,611)	(36,054)	13
Other Income	(9,581)					14
Total Other Income	451,284	423,141	229,153	164,543	122,859	15
Other Income Deductions		44,279	43,728	44,394	58,508	16
Taxes-Other Income and Deductions	147,316	88,861	49,119	32,349	(20,442)	17
<b>Income Available</b>	4,656,716	2,477,311	3,746,975	4,206,342	5,530,466	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	2,378,411	1,696,352	1,553,056	1,555,185	1,556,706	19
Interest on Debt to Associated Co.						20
Other Interest Expense	565,078	264,813	123,195	170,260	155,316	21
Total Interest Charges	2,943,489	1,961,166	1,676,251	1,725,445	1,712,022	22
Income Before Extraordinary Items	1,713,227	516,145	2,070,724	2,480,897	3,818,444	23
Net Extraordinary Items						24
<b>Net Income</b>	\$1,713,227	\$516,145	\$2,070,724	\$2,480,897	\$3,818,444	25
<hr/>						
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$17,787,238	\$18,334,269	\$17,778,920	\$17,641,397	\$16,893,078	26
Balance Transferred from Income	1,713,227	516,145	2,070,724	2,480,897	3,818,444	27
Appropriated						28
Dividends Declared-Preferred Stock	50,625	50,625	50,625	50,625	50,625	29
Dividends Declared-Common Stock	2,013,753	724,500	1,464,750	2,292,749	3,019,500	30
Adjustments to Retained Earnings						31
Net Change	(351,151)	(258,980)	555,349	137,523	748,319	32
Unappropriated (EOP)	17,436,087	18,075,289	18,334,269	17,778,920	17,641,397	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$17,436,087	\$18,075,289	\$18,334,269	\$17,778,920	\$17,641,397	35

**LONG ISLAND WATER CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$1,713,227	\$516,145	\$2,070,724	\$2,480,897	\$3,818,444
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	2,497,000	1,911,473	2,018,000	1,887,000	1,568,518
3 Deferred Taxes & ITCs	1,510,000	3,444,000	1,211,000	1,304,000	293,408
4 Receivables and Inventory	129,000	251,000	229,000	265,000	71,775
5 Payables and Accrued Expenses	(2,430,000)	1,830,000	1,111,000	1,153,000	(1,822,039)
6 Capitalized AFUDC - Equity Funds	(297,000)	(340,000)	(180,000)	(133,000)	(113,964)
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	6,414,000	(5,536,512)	(3,112,724)	(1,256,897)	(774,932)
9	393,000		14,520	509	(65,640)
10					
11 Net Cash From Operating Activities	<u>9,929,227</u>	<u>2,076,106</u>	<u>3,361,520</u>	<u>5,700,509</u>	<u>2,975,570</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(7,377,000)	(12,327,000)	(5,839,000)	(5,826,000)	(5,094,815)
13 Acquisition Of Other Non-Current Assets					
14 Investments In & Advances to Affiliates.					
15 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
16 Property, Plant & Equipment					
17 Investments in Affiliated Companies					
18 Other Debt & Equity Investments					
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities	(171,000)				
21					
22					
23 Net Cash From Investing Activities	<u>(7,548,000)</u>	<u>(12,327,000)</u>	<u>(5,839,000)</u>	<u>(5,826,000)</u>	<u>(5,094,815)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	(56,000)	16,000,000		(70,000)	
25 Common Stock					
26 Preferred Stock					
27 Short-Term Debt		820,000	4,300,000	2,735,000	4,868,140
28 Dividends Paid	(2,065,000)	(776,000)	(1,516,000)	(2,343,000)	(3,070,125)
29 Other Cash Flows - Financing Activities	(4,847,000)	(48,000)	(14,000)	(23,000)	(10,760)
30		(1,177,000)			
31					
32 Net Cash From Financing Activities	<u>(6,968,000)</u>	<u>14,819,000</u>	<u>2,770,000</u>	<u>299,000</u>	<u>1,787,255</u>
33 Net Increase/(Decrease) In Cash Equivalents	(4,586,773)	4,568,106	292,520	173,509	(331,990)
34 Cash & Cash Equivalents At Beginning Of Year	5,035,315	467,209	174,689	1,180	333,170
35 Cash & Cash Equivalents At End Of Year	\$448,542	\$5,035,315	\$467,209	\$174,689	\$1,180

**LONG ISLAND WATER CORPORATION**  
**COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$36,149,812	\$33,432,861	\$32,169,438	\$31,435,867	\$31,604,889	1
Sales to Other Water Companies	1,063,701	985,840	949,119	1,048,067	989,953	2
Other Sales of Water	3,112,439	2,800,140	2,840,384	2,957,887	2,870,960	3
Total Revenues from Sales of Water	40,325,952	37,218,841	35,958,941	35,441,821	35,465,802	4
Other Water Operating Revenues	342,185	345,799	302,064	344,325	331,556	5
Total Water Operating Revenues	\$40,668,137	\$37,564,640	\$36,261,005	\$35,786,146	\$35,797,358	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	9,539,089	8,783,973	8,077,628	9,986,350	10,179,400	8
Sales to Other Water Companies	357,289	377,893	361,652			9
Other Sales of Water						10
Total Sales of Water	9,896,378	9,161,865	8,439,280	9,986,350	10,179,400	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	72,482	73,178	72,518	72,871	72,916	13
Sales to Other Water Companies	343	344	339			14
Other Sales of Water	675	709	709	706	718	15
Total Customers	73,500	74,231	73,566	73,577	73,634	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$453.28	\$456.87	\$443.61	\$431.39	\$433.44	18
Average Consumption per Customer (T.Gal)	115.51	120.04	111.39	137.04	139.60	19
Average Revenue per T Gallons Sold	\$3.92	\$3.81	\$3.98	\$3.15	\$3.10	20
<b>UNMETERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	---	---	---	---	---	21
Average Consumption per Customer (T.Gal)	---	---	---	---	---	22
Average Revenue per T Gallons Sold	---	---	---	---	---	23
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Source of Supply	\$207,762	\$216,831	\$208,769	\$226,340	\$397,923	24
Power and Pumping	3,415,365	3,143,087	2,873,731	3,200,951	2,833,644	25
Purification	2,206,011	1,303,263	1,176,633	1,317,652	1,591,173	26
Transmission and Distribution	2,757,993	2,942,453	2,641,518	2,868,628	2,919,757	27
Customer Accounting and Collecting	1,209,524	1,202,526	1,212,175	1,340,579	1,667,239	28
Administrative and General	8,736,585	9,109,646	7,278,484	6,149,543	4,087,271	29
<b>Total O &amp; M Expense</b>	<b>\$18,533,240</b>	<b>\$17,917,805</b>	<b>\$15,391,310</b>	<b>\$15,103,693</b>	<b>\$13,497,006</b>	<b>30</b>

**LONG ISLAND WATER CORPORATION  
DISTRIBUTION OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31,**

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$40,668,137	\$37,564,640	\$36,261,005	\$35,786,146	\$35,797,358
2 Sales (Thousands of Gallons)	9,896,378	9,161,865	8,439,280	9,986,350	10,179,400
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$2,293,844	\$2,293,844	\$2,041,281	\$2,115,135	\$2,087,704
4 Wages and Benefits	7,706,801	7,706,801	7,297,703	6,648,017	6,549,683
5 Other Operation and Maintenance Expense	7,917,160	7,917,160	6,052,326	6,340,541	4,859,619
6 Depreciation and Amortization Expense	1,846,032	1,911,473	1,803,402	1,660,060	1,463,839
7 Income Taxes-Operating	859,750	279,723	1,292,202	1,377,100	2,683,238
8 Other Taxes-Operating	15,076,367	15,268,328	14,163,422	13,526,751	12,707,603
9 Capital Costs	4,968,183	2,187,310	3,610,669	4,118,542	5,445,673
10 Total	\$40,668,137	\$37,564,640	\$36,261,005	\$35,786,146	\$35,797,358
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	5.6	6.1	5.6	5.9	5.8
12 Wages and Benefits	19.0	20.5	20.1	18.6	18.3
13 Other Operation and Maintenance Expense	19.5	21.1	16.7	17.7	13.6
14 Depreciation and Amortization Expense	4.5	5.1	5.0	4.6	4.1
15 Income Taxes-Operating	2.1	0.7	3.6	3.8	7.5
16 Other Taxes-Operating	37.1	40.6	39.1	37.8	35.5
17 Capital Costs	12.2	5.8	10.0	11.5	15.2
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER THOUSAND GALLONS SOLD</b>					
19 Purchased Water, Fuel or Power for Pumping, and Chemicals	0.23	0.25	0.24	0.21	0.21
20 Wages and Benefits	0.78	0.84	0.86	0.67	0.64
21 Other Operation and Maintenance Expense	0.80	0.86	0.72	0.63	0.48
22 Depreciation and Amortization Expense	0.19	0.21	0.21	0.17	0.14
23 Income Taxes-Operating	0.09	0.03	0.15	0.14	0.26
24 Other Taxes-Operating	1.52	1.67	1.68	1.35	1.25
25 Capital Costs	0.50	0.24	0.43	0.41	0.53
26 Total	4.11	4.10	4.30	3.58	3.52

**Purchased Water, Fuel or Power for Pumping and Chemicals**

Purchased Water					
Fuel for Pumping	2,052,195	1,790,714	1,560,823	1,580,045	1,497,216
Chemicals	606,355	503,130	480,458	535,090	590,488
Total PW, Fuel and Chemicals	2,658,550	2,293,844	2,041,281	2,115,135	2,087,704

Total - Ultimate Customers

**Wages and Benefits**

Salaries	5,252,872	5,346,351	5,080,598	5,264,841	5,192,272
Pensions and Benefits	2,139,618	2,360,450	2,217,105	1,383,176	1,357,411
Total Wages and Benefits	7,392,490	7,706,801	7,297,703	6,648,017	6,549,683

**Other Expenses**

Total O&M Expenses	18,533,240	17,917,805	15,391,310	15,103,693	13,497,005
-Total PW, Fuel and Chemicals	2,658,550	2,293,844	2,041,281	2,115,135	2,087,704
-Wages and Benefits	7,392,490	7,706,801	7,297,703	6,648,017	6,549,683
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	8,482,200	7,917,160	6,052,326	6,340,541	4,859,619

**Depreciation and Amortization**

Depreciation Exp	1,846,032	1,911,473	1,803,402	1,660,060	1,463,839
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	1,846,032	1,911,473	1,803,402	1,660,060	1,463,839

**Total PW, Fuel and Chemicals related to Sales for Resale (Not Used)**

Total PW, Fuel and Chemicals	2,658,550	2,293,844	2,041,281	2,115,135	2,087,704
divided by Total Gallons	9,896,378	9,161,865	8,439,280	9,986,350	10,179,400
Cost per KWH	0.0003	0.0003	0.0002	0.0002	0.0002
times Sales for Resale MWHs					
Sales for Resale Cost					

**LONG ISLAND WATER CORPORATION**  
**COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible	\$669	\$669	\$669	\$669	\$669	1
Source of Supply	6,048,910	6,048,910	5,865,773	5,865,773	5,584,961	2
Pumping	9,125,446	8,501,927	8,134,571	7,349,353	7,135,888	3
Water Treatment	16,986,761	8,980,411	8,460,814	8,445,737	8,427,545	4
Transmission and Distribution	76,582,103	68,880,969	65,016,856	61,990,135	58,617,048	5
General	7,842,845	7,440,361	6,973,986	6,682,538	5,036,998	6
Purchased or Sold						7
<b>Total Plant in Service</b>	<b>116,586,734</b>	<b>99,853,247</b>	<b>94,452,669</b>	<b>90,334,205</b>	<b>84,803,109</b>	<b>8</b>
Plant Leased To Others						9
Construction Work In Progress	1,256,367	10,646,483	3,866,555	2,303,066	1,881,675	10
Plant Held For Future Use	110,933	110,933	110,933	110,933	110,933	11
Plant Acquisition Adjustments	885,558	885,558	885,558	88,556	132,834	12
Accum. Gains & Losses - Utility Land & Land Rights						13
<b>Total Plant</b>	<b>118,839,592</b>	<b>111,496,221</b>	<b>99,315,715</b>	<b>92,836,760</b>	<b>86,928,551</b>	<b>14</b>
Accum. Prov. - Depr. & Amort.	31,338,447	34,640,378	32,912,638	30,396,963	29,182,306	15
<b>Net Plant</b>	<b>\$87,501,145</b>	<b>\$76,855,843</b>	<b>\$66,403,077</b>	<b>\$62,439,797</b>	<b>\$57,746,245</b>	<b>16</b>

## SELECTED RATIOS AND STATISTICS

Current Assets / Current Liabilities	0.94	0.82	0.50	0.75	1.11	17
Total Capitalization	\$74,670,267	\$81,445,837	\$64,914,390	\$60,570,895	\$57,768,663	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	52.1%	47.8%	35.3%	37.9%	39.8%	19
Preferred Stock	1.5%	1.4%	1.7%	1.9%	1.9%	20
Common Stock & Retained Earnings	36.7%	34.5%	43.6%	45.9%	47.8%	21
Short-Term Debt	9.6%	16.3%	19.3%	14.4%	10.4%	22
Pretax Coverage of Interest Expense	1.9	1.4	3.0	3.2	4.8	23
Com. Stock Dividends as a % of Earnings	124.2%	155.6%	72.5%	94.3%	80.1%	24
Return on Common Equity	6.0%	1.7%	7.2%	8.8%	13.8%	25
Internal Cash Generated as a % of Cash Outflows for Construction	134.6%	-16.8%	-57.6%	-97.8%	-58.4%	26
CWIP as a % of Plant	1.1%	9.5%	3.9%	2.5%	2.2%	27
Number of Employees	95	123	99	106	108	28

Current Assets	10,627,250	16,268,657	8,242,578	8,158,411	10,210,051
Current Liabilities	11,318,711	19,779,538	16,435,539	10,838,425	9,216,560
Total Capitalization	74,670,267	81,445,837	64,914,390	60,570,895	57,768,663
Long-Term Debt	38,930,000	38,930,000	22,930,000	22,930,000	23,000,000
Preferred Stock	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	27,436,087	28,075,289	28,334,269	27,778,920	27,641,397
Short-Term Debt	7,179,180	13,315,548	12,525,121	8,736,975	6,002,266
Pretax Income	5,516,466	2,757,034	5,039,177	5,583,442	8,213,704
Interest Expense	2,943,489	1,961,166	1,676,251	1,725,445	1,712,022
Dividends Paid	2,065,000	724,500	1,464,750	2,292,749	3,019,500
Net Income (Excl. Preferred Stock Dividends)	1,662,602	465,520	2,020,099	2,430,272	3,767,819
Internal Cash	9,929,227	2,076,106	3,361,520	5,700,509	2,975,570
Cash Outflows for Construction	7,377,000	(12,327,000)	(5,839,000)	(5,826,000)	(5,094,815)
CWIP	1,256,367	10,646,483	3,866,555	2,303,066	1,881,675
Total Plant	118,839,592	111,496,221	99,315,715	92,836,760	86,928,551
Number of Employees	95	123	99	106	108
Salaries and Wages					

**NEW YORK-AMERICAN WATER COMPANY**  
**COMPARATIVE BALANCE SHEET**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$26,572,273	\$25,338,523	\$24,234,769	\$23,949,387	\$24,168,290
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)	239,001	239,001	239,001	239,000	239,001
3 Other Investments					
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments	239,001	239,001	239,001	239,000	239,001
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents					65,344
7 Notes and Accounts Receivables - Net	618,625	684,931	827,087	802,822	1,055,872
8 Receivables from Associated Companies	7,250		22,911	17,666	(1,195)
9 Materials and Supplies	330,651	394,361	250,793	126,874	117,866
10 Prepayments	232,643	318,450	310,940	281,954	279,563
11 Accrued Utility Revenue	1,413,672	1,162,439	1,289,890	1,292,387	1,275,919
12 Misc Current and Accrued Assets					29,191
13 Total Current and Accrued Assets	2,602,841	2,560,181	2,701,621	2,521,703	2,822,560
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense	91,953	102,811	129,733	160,386	261,496
15 Other Deferred Debits	1,931,084	1,669,132	1,758,822	1,594,449	2,037,624
16 Accumulated Deferred Income Taxes					
17 Total Deferred Debits	2,023,037	1,771,943	1,888,555	1,754,835	2,299,120
18 <b>Total Assets and Other Debits</b>	<b>\$31,437,152</b>	<b>\$29,909,648</b>	<b>\$29,063,946</b>	<b>\$28,464,925</b>	<b>\$29,528,971</b>
<b>PROPRIETARY CAPITAL</b>					
19 Common Stock Issued	1,685,000	\$1,685,000	\$1,685,000	\$1,685,000	\$1,684,999
20 Preferred Stock Issued	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
21 Other Paid-in Capital	6,400,000	6,400,000	3,300,000	5,090,982	3,300,000
22 Retained Earnings	3,308,151	2,629,590	2,552,791	469,580	3,041,247
23 Reacquired Capital Stock					
24 Total Proprietary Capital	12,393,151	11,714,590	8,537,791	8,245,562	9,026,246
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt	2,500,000	2,500,000	4,700,000	8,200,000	11,200,000
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable					2,893,503
27 Accounts Payable	474,060	211,530	321,584	316,139	442,997
28 Payables to Associated Companies	10,100,000	7,459,582	9,400,000	5,800,000	251,964
29 Customer Deposits	150	150			
30 Taxes Accrued	9,016	6,075	23,710		22
31 Interest Accrued	36,875	112,225	112,225	201,942	255,291
32 Matured Long-Term Debt		2,200,000			
33 Misc Current and Accrued Liabilities	39,195	32,690	290,248	487,192	390,799
34 Total Current and Accrued Liabilities	10,659,296	10,022,252	10,147,767	6,805,273	4,234,576
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	1,217,798	1,268,836	1,218,899	1,182,658	1,076,952
36 Other Deferred Credits	835,180	791,139	940,242	654,468	522,281
37 Accumulated Deferred Investment Tax Credits	86,653	88,757	90,861	92,965	95,071
38 Accumulated Deferred Income Taxes	3,745,074	3,524,074	3,428,386	3,284,000	3,373,844
39 Total Deferred Credits	5,884,705	5,672,806	5,678,388	5,214,091	5,068,148
<b>OPERATING RESERVES</b>					
40 Operating Reserves					
41 <b>Total Liabilities and Other Credits</b>	<b>\$31,437,152</b>	<b>\$29,909,648</b>	<b>\$29,063,946</b>	<b>\$28,464,926</b>	<b>\$29,528,970</b>

**NEW YORK-AMERICAN WATER COMPANY**  
**COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$11,411,989	\$10,376,589	\$10,307,015	\$10,768,383	\$11,083,720	1
Operating Expense:						
Operation Expense	5,504,266	5,204,296	4,902,814	5,860,024	5,024,149	2
Maintenance Expense	377,094	284,150	354,803	410,413	245,134	3
Depreciation and Amortization Expense	589,632	575,695	556,558	555,318	551,962	4
Taxes Other than Income Taxes	1,774,272	2,393,836	2,363,674	2,469,184	2,352,322	5
Income Taxes	1,062,477	583,657	712,305	442,886	769,452	6
Total Operating Expenses	9,307,741	9,041,634	8,890,154	9,737,825	8,943,019	7
Net Operating Revenues	2,104,249	1,334,955	1,416,861	1,030,558	2,140,701	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	2,104,249	1,334,955	1,416,861	1,030,558	2,140,701	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	3,433	14,226	5,226		909	11
Allowance for Funds Used During Construction	28,016	14,449	4,008	27,805	27,375	12
Miscellaneous Nonoperating Income		90,330		(735,933)		13
Other Income	8,547	104,649	53,683	61,392	33,053	14
Total Other Income	39,996	223,654	62,917	(646,736)	61,337	15
Other Income Deductions	2,305	2,305	2,305	2,405	2,305	16
Taxes-Other Income and Deductions	15,100	88,500	24,200	(259,700)	13,950	17
<b>Income Available</b>	2,126,840	1,467,804	1,453,273	641,117	2,185,783	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	229,804	396,567	445,157	780,393	977,489	19
Interest on Debt to Associated Co.	348,047	153,153	93,867	54,932	118,510	20
Other Interest Expense	28,631	4,704	2,750	20,958	9,117	21
Total Interest Charges	606,481	554,424	541,774	856,283	1,105,116	22
Income Before Extraordinary Items	1,520,358	913,380	911,499	(215,166)	1,080,667	23
Net Extraordinary Items						24
<b>Net Income</b>	\$1,520,358	\$913,380	\$911,499	(\$215,166)	\$1,080,667	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$2,629,590	\$2,552,789	\$469,578	\$3,041,245	\$2,914,599	26
Balance Transferred from Income	1,520,358	913,380	911,499	(215,166)	1,080,667	27
Appropriated						28
Dividends Declared-Preferred Stock	76,692	76,697	76,700	76,700	76,700	29
Dividends Declared-Common Stock	765,106	759,884	542,570	488,819	877,321	30
Adjustments to Retained Earnings			1,790,982	(1,790,982)		31
Net Change	678,561	76,799	2,083,211	(2,571,667)	126,646	32
Unappropriated (EOP)	3,308,151	2,629,588	2,552,789	469,578	3,041,245	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$3,308,151	\$2,629,588	\$2,552,789	\$469,578	\$3,041,245	35

**NEW YORK-AMERICAN WATER COMPANY**  
**STATEMENT OF CASH FLOWS**  
**FOR YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$1,520,358	\$913,380	\$911,499	(\$215,166)	\$1,080,667
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	349,258	789,797	661,560	708,658	779,411
3 Deferred Taxes & ITCs	218,896	93,584	142,282	(138,574)	239,931
4 Receivables and Inventory	130,016	21,499	(153,429)	244,042	(163,028)
5 Payables and Accrued Expenses	240,675	(534,347)	28,268	(23,000)	197,054
6 Capitalized AFUDC - Equity Funds	(28,016)	(14,449)	4,008	(27,805)	(15,963)
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments				(17,672)	(308,285)
9 Accounts Payable	(91,034)	235,447	(123,869)	(94,123)	(176,066)
10 Other Current Liabilities	(151,951)	(153,267)	(141,342)	542,707	(51,932)
11 Net Cash From Operating Activities	<u>2,188,202</u>	<u>1,351,644</u>	<u>1,328,977</u>	<u>979,067</u>	<u>1,581,789</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(1,846,404)	(1,615,063)	(801,691)	(491,095)	(759,301)
13 Acquisition Of Other Non-Current Assets					
14 Investments In & Advances to Affiliates					
15 Contributions & Advances from Affiliates		3,100,000			
Net Proceeds - Sale Or Disposition Of:					
16 Property, Plant & Equipment					
17 Investments in Affiliated Companies					
18 Other Debt & Equity Investments					
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities					
21					
22					
23 Net Cash From Investing Activities	<u>(1,846,404)</u>	<u>1,484,937</u>	<u>(801,691)</u>	<u>(491,095)</u>	<u>(759,301)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	(2,200,000)		(3,500,000)	(3,000,000)	(479,818)
25 Common Stock					
26 Preferred Stock					
27 Short-Term Debt				2,906,497	630,198
28 Dividends Paid	(841,798)	(836,581)	(619,270)	(565,519)	(954,021)
29 Other Cash Flows - Financing Activities	2,700,000	(2,000,000)	3,600,000	105,706	
30			(8,016)		
31					
32 Net Cash From Financing Activities	<u>(341,798)</u>	<u>(2,836,581)</u>	<u>(527,286)</u>	<u>(553,316)</u>	<u>(803,641)</u>
33 Net Increase/(Decrease) In Cash Equivalents	0			(65,344)	18,847
34 Cash & Cash Equivalents At Beginning Of Year	0	0	0	65,344	46,497
35 Cash & Cash Equivalents At End Of Year	\$0	\$0	\$0	\$0	\$65,344

**NEW YORK-AMERICAN WATER COMPANY**  
**COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$10,058,066	\$9,073,344	\$9,124,591	\$9,526,581	\$9,793,569	1
Sales to Other Water Companies						2
Other Sales of Water	1,352,865	1,303,245	1,182,421	1,241,993	1,292,544	3
Total Revenues from Sales of Water	11,410,931	10,376,589	10,307,012	10,768,574	11,086,113	4
Other Water Operating Revenues	1,059			(191)	(2,393)	5
Total Water Operating Revenues	\$11,411,990	\$10,376,589	\$10,307,012	\$10,768,383	\$11,083,720	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	2,024,742	1,953,405	1,925,721	1,974,582	2,025,219	8
Sales to Other Water Companies						9
Other Sales of Water	132,951	102,478	98,369	102,592	123,837	10
Total Sales of Water	2,157,693	2,055,883	2,024,090	2,077,174	2,149,056	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	11,849	11,831	11,718	11,969	11,690	13
Sales to Other Water Companies						14
Other Sales of Water	401	383	361	94	335	15
Total Customers	12,250	12,214	12,079	12,063	12,025	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$848.85	\$766.91	\$778.68	\$795.94	\$837.77	18
Average Consumption per Customer (T.Gal)	170.88	165.11	164.34	164.97	173.24	19
Average Revenue per T Gallons Sold	\$4.97	\$4.64	\$4.74	\$4.82	\$4.84	20
<b>UNMETERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	---	---	---	---	---	21
Average Consumption per Customer (T.Gal)	---	---	---	---	---	22
Average Revenue per T Gallons Sold	---	---	---	---	---	23
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Source of Supply	\$3,734,719	\$3,147,413	\$3,128,573	\$3,134,682	\$3,280,087	24
Power and Pumping	69,515	58,087	39,865	59,947	50,321	25
Purification	165,063	47,398	42,752	28,531	28,001	26
Transmission and Distribution	707,839	672,921	744,550	688,656	552,036	27
Customer Accounting and Collecting	233,963	520,476	193,923	500,383	172,267	28
Administrative and General	970,261	1,042,151	1,107,954	1,858,238	1,186,571	29
<b>Total O &amp; M Expense</b>	<b>\$5,881,360</b>	<b>\$5,488,446</b>	<b>\$5,257,617</b>	<b>\$6,270,437</b>	<b>\$5,269,283</b>	<b>30</b>

**NEW YORK-AMERICAN WATER COMPANY  
DISTRIBUTION OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31,**

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$11,411,990	\$10,376,589	\$10,307,012	\$10,768,383	\$11,083,720
2 Sales (Thousands of Gallons)	2,157,693	2,055,883	2,024,090	2,077,174	2,149,056
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$3,769,535	\$3,182,799	\$3,154,053	\$3,153,865	\$3,310,139
4 Wages and Benefits	747,396	1,372,729	1,021,840	958,103	825,240
5 Other Operation and Maintenance Expense	1,364,429	932,918	1,081,724	2,158,469	1,133,904
6 Depreciation and Amortization Expense	589,632	575,695	556,558	555,318	551,962
7 Income Taxes-Operating	1,062,477	583,657	712,305	442,886	769,452
8 Other Taxes-Operating	1,774,272	2,393,836	2,363,674	2,469,184	2,352,322
9 Capital Costs	2,104,249	1,334,955	1,416,858	1,030,558	2,140,701
10 Total	\$11,411,990	\$10,376,589	\$10,307,012	\$10,768,383	\$11,083,720
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	33.0	30.7	30.6	29.3	29.9
12 Wages and Benefits	6.5	13.2	9.9	8.9	7.4
13 Other Operation and Maintenance Expense	12.0	9.0	10.5	20.0	10.2
14 Depreciation and Amortization Expense	5.2	5.5	5.4	5.2	5.0
15 Income Taxes-Operating	9.3	5.6	6.9	4.1	6.9
16 Other Taxes-Operating	15.5	23.1	22.9	22.9	21.2
17 Capital Costs	18.4	12.9	13.7	9.6	19.3
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER THOUSAND GALLONS SOLD</b>					
19 Purchased Water, Fuel or Power for Pumping, and Chemicals	1.75	1.55	1.56	1.52	1.54
20 Wages and Benefits	0.35	0.67	0.50	0.46	0.38
21 Other Operation and Maintenance Expense	0.63	0.45	0.53	1.04	0.53
22 Depreciation and Amortization Expense	0.27	0.28	0.27	0.27	0.26
23 Income Taxes-Operating	0.49	0.28	0.35	0.21	0.36
24 Other Taxes-Operating	0.82	1.16	1.17	1.19	1.09
25 Capital Costs	0.98	0.65	0.70	0.50	1.00
26 Total	5.29	5.05	5.09	5.18	5.16

**Purchased Water, Fuel or Power for Pumping  
and Chemicals**

Purchased Water	3,733,745	3,147,009	3,121,980	3,113,475	3,271,845
Fuel for Pumping	35,790	35,790	32,073	40,390	38,294
Chemicals					

Total PW, Fuel and Chemicals 3,769,535 3,182,799 3,154,053 3,153,865 3,310,139

Total - Ultimate Customers 3,769,535 3,182,799 3,154,053 3,153,865 3,310,139

**Wages and Benefits**

Salaries	496,359	1,034,149	715,506	459,795	611,670
Pensions and Benefits	251,037	338,580	306,334	498,308	213,570
Total Wages and Benefits	747,396	1,372,729	1,021,840	958,103	825,240

**Other Expenses**

Total O&M Expenses	5,881,360	5,488,446	5,257,617	6,270,437	5,269,283
-Total PW, Fuel and Chemicals	3,769,535	3,182,799	3,154,053	3,153,865	3,310,139
-Wages and Benefits	747,396	1,372,729	1,021,840	958,103	825,240
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	1,364,429	932,918	1,081,724	2,158,469	1,133,904

**Depreciation and Amortization**

Depreciation Exp	589,632	575,695	556,558	555,318	551,962
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	589,632	575,695	556,558	555,318	551,962

**Total PW, Fuel and Chemicals related to Sales for Resale (Not Used)**

Total PW, Fuel and Chemicals	3,769,535	3,182,799	3,154,053	3,153,865	3,310,139
divided by Total Gallons	2,157,693	2,055,883	2,024,090	2,077,174	2,149,056
Cost per KWH	0.0017	0.0015	0.0016	0.0015	0.0015
times Sales for Resale MWHs					
Sales for Resale Cost					

**NEW YORK-AMERICAN WATER COMPANY**  
**COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible						1
Source of Supply	\$71,288	\$71,288	\$71,168	\$51,537	\$51,537	2
Pumping	1,367,536	1,353,886	1,351,875	1,318,638	1,271,674	3
Water Treatment					46,964	4
Transmission and Distribution	31,608,095	30,622,773	29,049,261	28,002,827	27,800,504	5
General	938,090	1,035,565	1,432,462	1,389,542	1,460,704	6
Purchased or Sold				50,598	50,598	7
<b>Total Plant in Service</b>	<b>33,985,009</b>	<b>33,083,512</b>	<b>31,904,766</b>	<b>30,813,142</b>	<b>30,681,981</b>	<b>8</b>
Plant Leased To Others						9
Construction Work In Progress	455,561	439,196	158,204	426,103	291,473	10
Plant Held For Future Use						11
Plant Acquisition Adjustments						12
Accum. Gains & Losses - Utility Land & Land Rights						13
<b>Total Plant</b>	<b>34,440,570</b>	<b>33,522,708</b>	<b>32,062,970</b>	<b>31,239,245</b>	<b>30,973,454</b>	<b>14</b>
Accum. Prov. - Depr. & Amort.	7,868,297	8,184,185	7,828,201	7,289,858	6,805,164	15
<b>Net Plant</b>	<b>\$26,572,273</b>	<b>\$25,338,523</b>	<b>\$24,234,769</b>	<b>\$23,949,387</b>	<b>\$24,168,290</b>	<b>16</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.24	0.26	0.27	0.37	0.67	17
Total Capitalization	\$14,893,151	\$16,414,590	\$13,237,791	\$16,445,562	\$23,119,750	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	16.8%	15.2%	35.5%	49.9%	48.4%	19
Preferred Stock	6.7%	6.1%	7.6%	6.1%	4.3%	20
Common Stock & Retained Earnings	76.5%	65.3%	56.9%	44.1%	34.7%	21
Short-Term Debt		13.4%			12.5%	22
Pretax Coverage of Interest Expense	5.3	3.7	4.0	1.3	2.7	23
Com. Stock Dividends as a % of Earnings	58.3%	100.0%	74.2%	-193.8%	95.0%	24
Return on Common Equity	13.1%	9.2%	11.3%	-3.8%	12.6%	25
Internal Cash Generated as a % of Cash Outflows for Construction	121.5%	85.5%	165.8%	210.7%	212.5%	26
CWIP as a % of Plant	1.3%	1.3%	0.5%	1.4%	0.9%	27
Number of Employees						28

**NEW YORK WATER SERVICE CORP  
COMPARATIVE BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$37,221,434	\$35,977,858	\$35,961,993	\$35,894,841	\$33,450,933
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)					
3 Other Investments	1,767,285	3,823,943	7,936,511	11,084,991	12,027,935
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments	1,767,285	3,823,943	7,936,511	11,084,991	12,027,935
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	8,717,834	4,668,711	2,448,021	3,886,051	5,395,261
7 Notes and Accounts Receivables - Net	2,520,856	2,080,238	1,967,186	2,540,084	2,236,179
8 Receivables from Associated Companies			48,758		59,478
9 Materials and Supplies	339,745	315,764	338,871	318,040	345,945
10 Prepayments	580,836	545,358	700,054	776,401	856,585
11 Accrued Utility Revenue	1,185,462	1,136,089	1,163,987	1,272,637	1,316,041
12 Misc Current and Accrued Assets	40,082	79,438	138,596	190,367	219,795
13 Total Current and Accrued Assets	13,384,815	8,825,598	6,805,473	8,983,580	10,429,284
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense	1,511,466	678,928	734,451	798,233	846,640
15 Other Deferred Debits	1,699,537	1,272,248	1,368,019	1,263,629	1,574,857
16 Accumulated Deferred Income Taxes	1,129,589	797,356	729,769	899,046	320,500
17 Total Deferred Debits	4,340,592	2,748,532	2,832,239	2,960,908	2,741,997
18 <b>Total Assets and Other Debits</b>	<b>\$56,714,126</b>	<b>\$51,375,931</b>	<b>\$53,536,216</b>	<b>\$58,924,320</b>	<b>\$58,650,149</b>
<b>PROPRIETARY CAPITAL</b>					
19 Common Stock Issued	\$3,674,470	\$3,674,470	\$3,674,470	\$3,674,470	\$3,674,470
20 Preferred Stock Issued					
21 Other Paid-in Capital	1,984,857	1,984,857	1,984,857	1,984,857	1,984,857
22 Retained Earnings	13,210,453	16,648,083	16,894,814	17,363,666	18,270,795
23 Reacquired Capital Stock					
24 Total Proprietary Capital	18,869,780	22,307,410	22,554,141	23,022,993	23,930,122
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt	23,460,000	16,230,000	16,470,000	16,710,000	16,950,000
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable					
27 Accounts Payable	797,011	475,000	320,774	169,333	170,971
28 Payables to Associated Companies	18,000	80,814	48,303		
29 Customer Deposits	28,813	29,479	50,706	90,760	54,157
30 Taxes Accrued	7,173	(210,892)	(194,182)	1,906,442	820,940
31 Interest Accrued	353,977	325,688	419,302	518,329	222,917
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	216,455	201,452	175,605	137,976	173,735
34 Total Current and Accrued Liabilities	1,421,429	901,541	820,508	2,822,840	1,442,720
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction					252,539
36 Other Deferred Credits	5,195,530	4,256,801	6,323,235	9,819,358	9,980,684
37 Accumulated Deferred Investment Tax Credits					
38 Accumulated Deferred Income Taxes	7,611,180	7,551,718	7,149,001	6,362,701	5,933,053
39 Total Deferred Credits	12,806,710	11,808,519	13,472,236	16,182,059	16,166,276
<b>OPERATING RESERVES</b>					
40 Operating Reserves	156,207	128,461	219,331	186,428	161,031
41 <b>Total Liabilities and Other Credits</b>	<b>\$56,714,126</b>	<b>\$51,375,931</b>	<b>\$53,536,216</b>	<b>\$58,924,320</b>	<b>\$58,650,149</b>

**NEW YORK WATER SERVICE CORP**  
**COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$21,772,713	\$21,274,910	\$21,159,896	\$20,784,168	\$19,647,190	1
Operating Expense:						
Operation Expense	9,041,460	8,810,330	8,338,285	7,915,362	7,652,364	2
Maintenance Expense	1,291,050	1,375,446	1,233,355	1,261,753	1,258,738	3
Depreciation and Amortization Expense	1,509,999	1,463,668	1,454,088	1,340,018	1,247,439	4
Taxes Other than Income Taxes	6,098,848	5,907,394	5,929,416	5,912,127	5,585,387	5
Income Taxes	1,123,546	1,009,532	1,146,875	1,202,141	1,034,835	6
Total Operating Expenses	19,064,903	18,566,370	18,102,019	17,631,401	16,778,763	7
Net Operating Revenues	2,707,810	2,708,540	3,057,877	3,152,767	2,868,427	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	2,707,810	2,708,540	3,057,877	3,152,767	2,868,427	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	195,395	244,940	321,998	379,428	365,196	11
Allowance for Funds Used During Construction	89,697	51,905	72,885	88,930	81,446	12
Miscellaneous Nonoperating Income	102,325	118,578	671,423	183,707	147,535	13
Other Income	(24,941)	(14,626)	(10,941)	(11,974)	(7,828)	14
Total Other Income	362,476	400,797	1,055,365	640,091	586,349	15
Other Income Deductions				9	4,392	16
Taxes-Other Income and Deductions	131,693	141,208	362,526	225,716	197,769	17
<b>Income Available</b>	2,938,593	2,968,129	3,750,716	3,567,133	3,252,615	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	1,253,386	1,260,189	1,292,544	1,340,221	1,314,831	19
Interest on Debt to Associated Co.						20
Other Interest Expense	963	12,323	1,298	1,043	1,365	21
Total Interest Charges	1,254,349	1,272,512	1,293,842	1,341,264	1,316,196	22
Income Before Extraordinary Items	1,684,244	1,695,617	2,456,874	2,225,869	1,936,419	23
Net Extraordinary Items						24
<b>Net Income</b>	\$1,684,244	\$1,695,617	\$2,456,874	\$2,225,869	\$1,936,419	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$16,648,083	\$16,894,814	\$17,363,666	\$18,270,795	\$36,903,598	26
Balance Transferred from Income	1,684,244	1,695,617	2,456,874	2,225,869	1,936,419	27
Appropriated						28
Dividends Declared-Preferred Stock						29
Dividends Declared-Common Stock	4,655,000	1,900,000	3,375,000	3,000,000	19,708,425	30
Adjustments to Retained Earnings	(466,874)	(42,348)	449,274	(132,998)	(860,797)	31
Net Change	(3,437,630)	(246,731)	(468,852)	(907,129)	(18,632,803)	32
Unappropriated (EOP)	13,210,453	16,648,083	16,894,814	17,363,666	18,270,795	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$13,210,453	\$16,648,083	\$16,894,814	\$17,363,666	\$18,270,795	35

**Notes:**

**NEW YORK WATER SERVICE CORP**  
**STATEMENT OF CASH FLOWS**  
**FOR YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$1,684,244	\$1,695,617	\$2,456,874	\$2,225,869	\$1,936,419
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	1,619,004	1,552,823	1,486,689	1,505,688	1,639,750
3 Deferred Taxes & ITCs	(272,771)	335,130	955,577	268,350	727,691
4 Receivables and Inventory	(520,799)	(130,194)	563,255	(397,589)	(282,893)
5 Payables and Accrued Expenses	519,889	81,033	(2,002,332)	1,380,120	(577,113)
6 Capitalized AFUDC - Equity Funds	(89,697)	(51,905)	(72,885)	(89,930)	(81,446)
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	(499,409)	(1,811,271)	(3,211,428)	(127,567)	5,210,463
9					
10					
11 Net Cash From Operating Activities	<u>2,440,461</u>	<u>1,671,233</u>	<u>175,750</u>	<u>4,764,941</u>	<u>8,572,871</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(2,663,877)	(1,427,628)	(1,448,354)	(3,693,995)	(1,655,160)
13 Acquisition Of Other Non-Current Assets	107,755	46,865	(148,180)	(150,102)	(55,350)
14 Investments In & Advances to Affiliates.					
15 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
16 Property, Plant & Equipment					
17 Investments in Affiliated Companies					12,416,734
18 Other Debt & Equity Investments	2,056,658	4,112,568	3,148,480	942,944	1,053,649
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities					
21					
22					
23 Net Cash From Investing Activities	<u>(499,464)</u>	<u>2,731,805</u>	<u>1,551,946</u>	<u>(2,901,153)</u>	<u>11,759,873</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	7,230,000	(240,000)	(240,000)	(240,000)	3,130,000
25 Common Stock					
26 Preferred Stock					
27 Short-Term Debt					
28 Dividends Paid	(4,655,000)	(1,900,000)	(3,375,000)	(3,000,000)	(19,708,425)
29 Other Cash Flows - Financing Activities	(466,874)	(42,348)	449,274	(132,998)	(860,797)
30					
31					
32 Net Cash From Financing Activities	<u>2,108,126</u>	<u>(2,182,348)</u>	<u>(3,165,726)</u>	<u>(3,372,998)</u>	<u>(17,439,222)</u>
33 Net Increase/(Decrease) In Cash Equivalents	4,049,123	2,220,690	(1,438,030)	(1,509,210)	2,893,522
34 Cash & Cash Equivalents At Beginning Of Year	4,668,711	2,448,021	3,886,051	5,395,261	2,501,739
35 Cash & Cash Equivalents At End Of Year	\$8,717,834	\$4,668,711	\$2,448,021	\$3,886,051	\$5,395,261

**NEW YORK WATER SERVICE CORP**  
**COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$18,234,928	\$17,861,846	\$17,553,909	\$17,296,489	\$18,068,182	1
Sales to Other Water Companies	1,970,607	1,890,349	2,074,520	1,935,525		2
Other Sales of Water	1,556,359	1,515,350	1,521,097	1,545,655	1,565,011	3
Total Revenues from Sales of Water	21,761,894	21,267,545	21,149,526	20,777,669	19,633,193	4
Other Water Operating Revenues	10,819	7,365	10,370	6,499	13,997	5
Total Water Operating Revenues	\$21,772,713	\$21,274,910	\$21,159,896	\$20,784,168	\$19,647,190	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	5,296,093	4,944,594	5,077,781	5,533,080	5,511,693	8
Sales to Other Water Companies						9
Other Sales of Water						10
Total Sales of Water	5,296,093	4,944,594	5,077,781	5,533,080	5,511,693	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	44,303	44,876	44,528	44,511	44,445	13
Sales to Other Water Companies						14
Other Sales of Water	251	246	236	226	219	15
Total Customers	44,554	45,122	44,764	44,737	44,664	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$411.60	\$398.03	\$394.22	\$388.59	\$406.53	18
Average Consumption per Customer (T.Gal)	119.54	110.18	114.04	124.31	124.01	19
Average Revenue per T Gallons Sold	\$3.44	\$3.61	\$3.46	\$3.13	\$3.28	20
<b>UNMETERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	---	---	---	---	---	21
Average Consumption per Customer (T.Gal)	---	---	---	---	---	22
Average Revenue per T Gallons Sold	---	---	---	---	---	23
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Source of Supply	\$50,084	\$50,676	\$42,676	\$81,267	\$89,213	24
Power and Pumping	1,898,402	1,615,137	1,391,204	1,462,264	1,318,944	25
Purification	1,063,827	832,705	833,986	788,407	884,890	26
Transmission and Distribution	1,133,988	1,339,999	1,279,194	1,102,863	1,243,772	27
Customer Accounting and Collecting	1,316,502	1,299,235	1,338,632	1,419,769	1,401,013	28
Administrative and General	4,869,707	5,048,024	4,685,948	4,322,545	3,973,270	29
<b>Total O &amp; M Expense</b>	<b>\$10,332,510</b>	<b>\$10,185,776</b>	<b>\$9,571,640</b>	<b>\$9,177,115</b>	<b>\$8,911,102</b>	<b>30</b>

**NEW YORK WATER SERVICE CORP  
DISTRIBUTION OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31,**

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$21,772,713	\$21,274,910	\$21,159,896	\$20,784,168	\$19,647,190
2 Sales (Thousands of Gallons)	5,296,093	4,944,594	5,077,781	5,533,080	5,511,693
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$1,932,593	\$1,466,499	\$1,392,055	\$1,301,370	\$1,326,428
4 Wages and Benefits	6,319,452	6,543,734	6,274,398	6,112,926	6,168,335
5 Other Operation and Maintenance Expense	2,080,465	2,175,543	1,905,187	1,762,819	1,416,339
6 Depreciation and Amortization Expense	1,509,999	1,463,668	1,454,088	1,340,018	1,247,439
7 Income Taxes-Operating	1,123,546	1,009,532	1,146,875	1,202,141	1,034,835
8 Other Taxes-Operating	6,098,848	5,907,394	5,929,416	5,912,127	5,585,387
9 Capital Costs	2,707,810	2,708,540	3,057,877	3,152,767	2,868,427
10 Total	\$21,772,713	\$21,274,910	\$21,159,896	\$20,784,168	\$19,647,190
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	8.9	6.9	6.6	6.3	6.8
12 Wages and Benefits	29.0	30.8	29.7	29.4	31.4
13 Other Operation and Maintenance Expense	9.6	10.2	9.0	8.5	7.2
14 Depreciation and Amortization Expense	6.9	6.9	6.9	6.4	6.3
15 Income Taxes-Operating	5.2	4.7	5.4	5.8	5.3
16 Other Taxes-Operating	28.0	27.8	28.0	28.4	28.4
17 Capital Costs	12.4	12.7	14.5	15.2	14.6
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER THOUSAND GALLONS SOLD</b>					
19 Purchased Water, Fuel or Power for Pumping, and Chemicals	0.36	0.30	0.27	0.24	0.24
20 Wages and Benefits	1.19	1.32	1.24	1.10	1.12
21 Other Operation and Maintenance Expense	0.39	0.44	0.38	0.32	0.26
22 Depreciation and Amortization Expense	0.29	0.30	0.29	0.24	0.23
23 Income Taxes-Operating	0.21	0.20	0.23	0.22	0.19
24 Other Taxes-Operating	1.15	1.19	1.17	1.07	1.01
25 Capital Costs	0.51	0.55	0.60	0.57	0.52
26 Total	4.11	4.30	4.17	3.76	3.56

**Purchased Water, Fuel or Power for Pumping  
and Chemicals**

Purchased Water					
Fuel for Pumping	1,322,463	1,058,078	1,002,208	957,218	886,962
Chemicals	610,130	408,421	389,847	344,152	439,466
Total PW, Fuel and Chemicals	1,932,593	1,466,499	1,392,055	1,301,370	1,326,428
Total - Ultimate Customers	1,932,593	1,466,499	1,392,055	1,301,370	1,326,428

**Wages and Benefits**

Salaries	3,540,823	3,750,851	3,656,685	3,580,613	3,614,205
Pensions and Benefits	2,778,629	2,792,883	2,617,713	2,532,313	2,554,130
Total Wages and Benefits	6,319,452	6,543,734	6,274,398	6,112,926	6,168,335

**Other Expenses**

Total O&M Expenses	10,332,510	10,185,776	9,571,640	9,177,115	8,911,102
-Total PW, Fuel and Chemicals	1,932,593	1,466,499	1,392,055	1,301,370	1,326,428
-Wages and Benefits	6,319,452	6,543,734	6,274,398	6,112,926	6,168,335
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	2,080,465	2,175,543	1,905,187	1,762,819	1,416,339

**Depreciation and Amortization**

Depreciation Exp	1,509,999	1,463,668	1,454,088	1,340,018	1,247,439
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	1,509,999	1,463,668	1,454,088	1,340,018	1,247,439

**Total PW, Fuel and Chemicals related to Sales for Resale (Not Used)**

Total PW, Fuel and Chemicals	1,932,593	1,466,499	1,392,055	1,301,370	1,326,428
divided by Total Gallons	5,296,093	4,944,594	5,077,781	5,533,080	5,511,693
Cost per KWH	0.0004	0.0003	0.0003	0.0002	0.0002
times Sales for Resale MWHs					
Sales for Resale Cost					

**NEW YORK WATER SERVICE CORP**  
**COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible	\$31,152	\$31,152	\$31,152	\$31,152	\$31,152	1
Source of Supply	2,035,976	2,035,976	2,035,976	2,035,976	2,035,976	2
Pumping	13,911,122	13,479,272	13,181,736	13,496,282	13,128,622	3
Water Treatment	6,343,463	6,342,517	6,230,156	5,944,160	2,059,499	4
Transmission and Distribution	36,248,304	34,755,008	33,893,892	33,199,648	33,118,025	5
General	3,421,613	3,037,718	2,996,185	2,840,097	2,699,414	6
Purchased or Sold						7
Total Plant in Service	61,991,630	59,681,643	58,369,097	57,547,315	53,072,688	8
Plant Leased To Others						9
Construction Work In Progress	310,759	158,323	140,281	425,078	1,189,739	10
Plant Held For Future Use						11
Plant Acquisition Adjustments					9	12
Accum. Gains & Losses - Utility Land & Land Rights						13
<b>Total Plant</b>	<b>62,302,389</b>	<b>59,839,966</b>	<b>58,509,378</b>	<b>57,972,393</b>	<b>54,262,436</b>	<b>14</b>
Accum. Prov. - Depr. & Amort.	25,080,955	23,862,108	22,547,385	22,077,552	20,811,503	15
	\$37,221,434	\$35,977,858	\$35,961,993	\$35,894,841	\$33,450,933	16
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	9.42	9.79	8.29	3.18	7.23	17
Total Capitalization	\$42,329,780	\$38,537,410	\$39,024,141	\$39,732,993	\$40,880,122	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	55.4%	42.1%	42.2%	42.1%	41.5%	19
Preferred Stock						20
Common Stock & Retained Earnings	44.6%	57.9%	57.8%	57.9%	58.5%	21
Short-Term Debt						22
Pretax Coverage of Interest Expense	3.2	3.1	3.8	3.6	3.3	23
Com. Stock Dividends as a % of Earnings	276.4%	112.1%	137.4%	134.8%	1017.8%	24
Return on Common Equity	8.2%	7.6%	10.8%	9.5%	5.8%	25
Internal Cash Generated as a % of Cash Outflows for Construction	91.6%	117.1%	12.1%	129.0%	517.9%	26
CWIP as a % of Plant	0.5%	0.3%	0.2%	0.7%	2.2%	27
Number of Employees	60	60	62	64	66	28

**SEA CLIFF WATER COMPANY  
COMPARATIVE BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$6,732,518	\$5,651,228	\$5,603,567	\$5,291,446	\$4,911,256
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)					
3 Other Investments	1,230,401				
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments	1,230,401				
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	980	200	200	(3,790)	(7,709)
7 Notes and Accounts Receivables - Net	511,785	382,017	360,528	296,369	379,403
8 Receivables from Associated Companies	(20,837)	(39,087)	38,514	45,002	31,488
9 Materials and Supplies	62,082	48,379	53,075	55,628	58,992
10 Prepayments	41,732	(1,913)	32,363	32,309	57,481
11 Accrued Utility Revenue	191,624	204,000	209,000	207,125	170,100
12 Misc Current and Accrued Assets	24,309	19,745	4,218		
13 Total Current and Accrued Assets	811,675	613,341	697,898	632,643	689,755
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense					
15 Other Deferred Debits	419,353	459,332	510,932	459,623	427,686
16 Accumulated Deferred Income Taxes					
17 Total Deferred Debits	419,353	459,332	510,932	459,623	427,686
18 <b>Total Assets and Other Debits</b>	<b>\$9,193,947</b>	<b>\$6,723,901</b>	<b>\$6,812,397</b>	<b>\$6,383,712</b>	<b>\$6,028,697</b>
<b>PROPRIETARY CAPITAL</b>					
19 Common Stock Issued	\$24,950	\$24,950	\$24,950	\$24,950	\$24,950
20 Preferred Stock Issued					
21 Other Paid-in Capital	319,496	319,496	319,496	319,496	319,496
22 Retained Earnings	2,852,663	2,632,826	2,645,570	2,600,674	2,513,654
23 Reacquired Capital Stock					
24 Total Proprietary Capital	3,197,109	2,977,272	2,990,016	2,945,120	2,858,100
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt					
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable					
27 Accounts Payable	99,303	68,992	52,791	138,664	107,841
28 Payables to Associated Companies	2,800,000	1,900,000	2,200,000	1,600,000	1,500,000
29 Customer Deposits	10,500	10,500	10,500	10,500	15,135
30 Taxes Accrued	8,659	(34,000)	(7,437)	21,236	28,600
31 Interest Accrued	944	944	944	944	944
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	248,253	196,910	159,674	198,153	149,393
34 Total Current and Accrued Liabilities	3,167,659	2,143,346	2,416,472	1,969,497	1,801,913
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	34,741	108,080	108,081	140,161	140,161
36 Other Deferred Credits	1,530,089	242,854	222,156	244,262	170,851
37 Accumulated Deferred Investment Tax Credits	46,300	46,300	46,300	46,300	46,300
38 Accumulated Deferred Income Taxes	1,218,049	1,206,049	1,029,372	1,038,372	1,011,372
39 Total Deferred Credits	2,829,179	1,603,283	1,405,909	1,469,095	1,368,684
<b>OPERATING RESERVES</b>					
40 Operating Reserves					
41 <b>Total Liabilities and Other Credits</b>	<b>\$9,193,947</b>	<b>\$6,723,901</b>	<b>\$6,812,397</b>	<b>\$6,383,712</b>	<b>\$6,028,697</b>

**SEA CLIFF WATER COMPANY**  
**COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$2,413,586	\$2,147,837	\$2,078,333	\$2,243,752	\$2,163,043	1
Operating Expense:						
Operation Expense	824,762	788,320	776,979	768,756	696,850	2
Maintenance Expense	141,626	182,268	146,548	126,325	131,977	3
Depreciation and Amortization Expense	167,134	129,710	158,513	129,675	124,027	4
Taxes Other than Income Taxes	777,347	845,616	938,750	1,008,021	934,362	5
Income Taxes	170,770	137,910	55,810	90,300	75,700	6
Total Operating Expenses	2,081,638	2,083,824	2,076,600	2,123,077	1,962,916	7
Net Operating Revenues	331,948	64,013	1,733	120,675	200,127	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	331,948	64,013	1,733	120,675	200,127	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	1,159					11
Allowance for Funds Used During Construction	27,437	7	20,480	1,236		12
Miscellaneous Nonoperating Income	1,640					13
Other Income	199,869	181,132	166,691	135,909	77,878	14
Total Other Income	230,104	181,139	187,171	137,145	77,878	15
Other Income Deductions				250	750	16
Taxes-Other Income and Deductions	92,230	12,090	38,190	36,796	29,300	17
<b>Income Available</b>	469,822	233,062	150,714	220,774	247,955	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt						19
Interest on Debt to Associated Co.	70,735	47,558	5,819	22,716	68,104	20
Other Interest Expense				11,038	493	21
Total Interest Charges	70,735	47,558	5,819	33,754	68,597	22
Income Before Extraordinary Items	399,087	185,504	144,895	187,020	179,358	23
Net Extraordinary Items						24
<b>Net Income</b>	\$399,087	\$185,504	\$144,895	\$187,020	\$179,358	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$2,632,825	\$2,645,569	\$2,600,674	\$2,513,654	\$2,434,296	26
Balance Transferred from Income	399,087	185,504	144,895	187,020	179,358	27
Appropriated						28
Dividends Declared-Preferred Stock						29
Dividends Declared-Common Stock	179,249	198,248	100,000	100,000	100,000	30
Adjustments to Retained Earnings						31
Net Change	219,838	(12,744)	44,895	87,020	79,358	32
Unappropriated (EOP)	2,852,663	2,632,825	2,645,569	2,600,674	2,513,654	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$2,852,663	\$2,632,825	\$2,645,569	\$2,600,674	\$2,513,654	35

**SEA CLIFF WATER COMPANY  
STATEMENT OF CASH FLOWS  
FOR YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$399,087	\$185,504	\$144,896	\$187,020	\$179,358
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	167,134	129,710	158,513	129,675	124,027
3 Deferred Taxes & ITCs	12,000	176,677	(10,000)	(4,937)	63,232
4 Receivables and Inventory	(135,755)	17,293	(61,036)	56,291	(69,876)
5 Payables and Accrued Expenses	1,338,209	47,571	(211,201)	140,996	109,385
6 Capitalized AFUDC - Equity Funds	(27,437)	7	(19,244)		
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	(1,190,423)	51,600	(51,309)		
9	96	(44,613)	(6,663)	(6,918)	(22,391)
10	(43,646)	34,276	(54)	25,172	(20,159)
11 Net Cash From Operating Activities	<u>519,266</u>	<u>598,025</u>	<u>(56,098)</u>	<u>527,299</u>	<u>363,576</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(1,220,987)	(177,378)	(450,390)	(509,866)	(141,298)
13 Acquisition Of Other Non-Current Assets					
14 Investments In & Advances to Affiliates.	(18,250)	77,601	6,488	(13,514)	(7,887)
15 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
16 Property, Plant & Equipment					
17 Investments in Affiliated Companies					
18 Other Debt & Equity Investments					
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities					
21					
22					
23 Net Cash From Investing Activities	<u>(1,239,237)</u>	<u>(99,777)</u>	<u>(443,902)</u>	<u>(523,380)</u>	<u>(149,185)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt					
25 Common Stock					
26 Preferred Stock					
27 Short-Term Debt	900,000	(300,000)	600,000	100,000	(100,000)
28 Dividends Paid	(179,249)	(198,248)	(100,000)	(100,000)	(100,000)
29 Other Cash Flows - Financing Activities			3,990		
30					
31					
32 Net Cash From Financing Activities	<u>720,751</u>	<u>(498,248)</u>	<u>503,990</u>	<u>(200,000)</u>	<u>(200,000)</u>
33 Net Increase/(Decrease) In Cash Equivalents	779	(0)	3,990	3,919	14,391
34 Cash & Cash Equivalents At Beginning Of Year	200	200	(3,790)	(7,709)	(22,100)
35 Cash & Cash Equivalents At End Of Year	\$980	\$200	\$200	(\$3,790)	(\$7,709)

**SEA CLIFF WATER COMPANY**  
**COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$2,074,000	\$1,803,388	\$1,764,488	\$1,950,160	\$1,862,539	1
Sales to Other Water Companies						2
Other Sales of Water	316,932	306,068	284,761	281,082	287,895	3
Total Revenues from Sales of Water	2,390,932	2,109,456	2,049,249	2,231,242	2,150,434	4
Other Water Operating Revenues	22,654	38,381	29,084	12,510	12,609	5
Total Water Operating Revenues	\$2,413,586	\$2,147,837	\$2,078,333	\$2,243,752	\$2,163,043	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	495,378	438,088	421,714	475,685	459,255	8
Sales to Other Water Companies						9
Other Sales of Water						10
Total Sales of Water	495,378	438,088	421,714	475,685	459,255	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	4,298	4,286	4,303	4,320	4,332	13
Sales to Other Water Companies						14
Other Sales of Water	47	45	45	48	47	15
Total Customers	4,345	4,331	4,348	4,368	4,379	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$482.55	\$420.76	\$410.06	\$451.43	\$429.95	18
Average Consumption per Customer (T.Gal)	115.26	102.21	98.00	110.11	106.01	19
Average Revenue per T Gallons Sold	\$4.19	\$4.12	\$4.18	\$4.10	\$4.06	20
<b>UNMETERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	---	---	---	---	---	21
Average Consumption per Customer (T.Gal)	---	---	---	---	---	22
Average Revenue per T Gallons Sold	---	---	---	---	---	23
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Source of Supply	\$11,277	\$60,942	\$14,464	\$8,375	\$14,055	24
Power and Pumping	178,440	148,451	146,429	138,326	154,274	25
Purification	113,635	92,024	102,657	110,827	108,941	26
Transmission and Distribution	127,530	179,063	143,692	150,170	107,233	27
Customer Accounting and Collecting	136,028	134,862	125,052	131,229	146,129	28
Administrative and General	399,478	355,246	391,232	356,154	298,195	29
<b>Total O &amp; M Expense</b>	\$966,388	\$970,588	\$923,526	\$895,081	\$828,827	30

**SEA CLIFF WATER COMPANY  
DISTRIBUTION OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31,**

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$2,413,586	\$2,147,837	\$2,078,333	\$2,243,752	\$2,163,043
2 Sales (Thousands of Gallons)	495,378	438,088	421,714	475,685	459,255
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$199,631	\$161,840	\$146,173	\$153,678	\$144,259
4 Wages and Benefits	452,460	479,089	425,713	371,124	362,099
5 Other Operation and Maintenance Expense	966,388	329,659	923,526	895,081	828,827
6 Depreciation and Amortization Expense	167,134	129,710	158,513	129,675	124,027
7 Income Taxes-Operating	170,770	137,910	55,810	90,300	75,700
8 Other Taxes-Operating	777,347	845,616	938,750	1,008,021	934,362
9 Capital Costs	(320,143)	64,013	(570,152)	(404,126)	(306,231)
10 Total	\$2,413,586	\$2,147,837	\$2,078,333	\$2,243,752	\$2,163,043
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	8.3	7.5	7.0	6.8	6.7
12 Wages and Benefits	18.7	22.3	20.5	16.5	16.7
13 Other Operation and Maintenance Expense	40.0	15.3	44.4	39.9	38.3
14 Depreciation and Amortization Expense	6.9	6.0	7.6	5.8	5.7
15 Income Taxes-Operating	7.1	6.4	2.7	4.0	3.5
16 Other Taxes-Operating	32.2	39.4	45.2	44.9	43.2
17 Capital Costs	(13.3)	3.0	(27.4)	(18.0)	(14.2)
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER THOUSAND GALLONS SOLD</b>					
19 Purchased Water, Fuel or Power for Pumping, and Chemicals	0.40	0.37	0.35	0.32	0.31
20 Wages and Benefits	0.91	1.09	1.01	0.78	0.79
21 Other Operation and Maintenance Expense	1.95	0.75	2.19	1.88	1.80
22 Depreciation and Amortization Expense	0.34	0.30	0.38	0.27	0.27
23 Income Taxes-Operating	0.34	0.31	0.13	0.19	0.16
24 Other Taxes-Operating	1.57	1.93	2.23	2.12	2.03
25 Capital Costs	-0.65	0.15	-1.35	-0.85	-0.67
26 Total	4.87	4.90	4.93	4.72	4.71

**Purchased Water, Fuel or Power for Pumping  
and Chemicals**

Purchased Water		8,645			
Fuel for Pumping	136,294	105,095	102,919	94,230	96,258
Chemicals	63,337	48,100	43,254	59,448	48,001

Total PW, Fuel and Chemicals 199,631 161,840 146,173 153,678 144,259

Total - Ultimate Customers

**Wages and Benefits**

Salaries	334,619	357,148	297,884	283,286	277,275
Pensions and Benefits	117,841	121,941	127,829	87,837	84,824
Total Wages and Benefits	452,460	479,089	425,713	371,124	362,099

**Other Expenses**

Total O&M Expenses	966,388	970,588	923,526	895,081	828,827
-Total PW, Fuel and Chemicals	199,631	161,840	146,173	153,678	144,259
-Wages and Benefits	452,460	479,089	425,713	371,124	362,099

Other Expenses 314,297 329,659 351,640 370,280 322,469

**Depreciation and Amortization**

Depreciation Exp	167,134	129,710	158,513	129,675	124,027
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					

Total Depre and Amort 167,134 129,710 158,513 129,675 124,027



**UNITED WATER NEW ROCHELLE  
COMPARATIVE BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$80,779,225	\$71,064,230	\$64,146,157	\$62,248,545	\$56,644,844
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)					
3 Other Investments					
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments					
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	48,390	(509,758)	76,795	170,780	97,718
7 Notes and Accounts Receivables - Net	1,778,836	1,233,019	2,252,786	1,887,503	2,674,757
8 Receivables from Associated Companies					
9 Materials and Supplies	366,620	341,114	328,594	321,855	459,779
10 Prepayments	2,158,123	2,228,391	2,362,457	3,074,124	2,872,046
11 Accrued Utility Revenue	2,536,038	2,339,068	1,950,444	3,086,459	2,131,959
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	6,888,007	5,631,834	6,971,075	8,540,721	8,236,259
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense					
15 Other Deferred Debits	17,876,766	14,959,398	14,252,530	10,772,165	9,273,690
16 Accumulated Deferred Income Taxes	787,288	980,134	1,236,729	1,413,541	795,409
17 Total Deferred Debits	18,664,054	15,939,532	15,489,259	12,185,706	10,069,099
18 <b>Total Assets and Other Debits</b>	<b>\$106,331,286</b>	<b>\$92,635,596</b>	<b>\$86,606,491</b>	<b>\$82,974,972</b>	<b>\$74,950,202</b>
<b>PROPRIETARY CAPITAL</b>					
19 Common Stock Issued	50,000	\$50,000	\$50,000	\$50,000	\$50,000
20 Preferred Stock Issued					
21 Other Paid-in Capital	33,786,250	25,786,250	22,886,250	21,886,250	17,830,250
22 Retained Earnings	41,292,817	39,129,736	37,436,374	35,273,641	35,678,478
23 Reacquired Capital Stock					
24 Total Proprietary Capital	75,129,067	64,965,986	60,372,624	57,209,891	53,558,728
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt					
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable					
27 Accounts Payable	1,517,792	1,098,802	708,863	221,134	522,526
28 Payables to Associated Companies	427,996	116,212			
29 Customer Deposits	16,042	10,743	5,805	41,728	21,160
30 Taxes Accrued	248,971	(708,957)	(343,375)	165,268	(35,455)
31 Interest Accrued					
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	5,561,718	4,497,518	3,457,058	3,080,628	2,446,631
34 Total Current and Accrued Liabilities	7,772,519	5,014,318	3,828,350	3,508,758	2,954,862
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	873,987	785,334	958,582	1,496,718	2,536,193
36 Other Deferred Credits	1,723,197	1,694,799	2,534,409	3,859,959	3,651,906
37 Accumulated Deferred Investment Tax Credits	575,548	592,240	608,932	625,624	642,317
38 Accumulated Deferred Income Taxes	18,916,239	17,695,950	15,863,349	13,276,956	11,606,196
39 Total Deferred Credits	22,088,971	20,768,323	19,965,271	19,259,257	18,436,612
<b>OPERATING RESERVES</b>					
40 Operating Reserves	1,340,729	1,886,969	2,440,245	2,997,066	
41 <b>Total Liabilities and Other Credits</b>	<b>\$106,331,286</b>	<b>\$92,635,596</b>	<b>\$86,606,491</b>	<b>\$82,974,972</b>	<b>\$74,950,202</b>

**UNITED WATER NEW ROCHELLE**  
**COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$23,293,318	\$19,792,594	\$20,631,279	\$21,061,553	\$20,897,761	1
Operating Expense:						
Operation Expense	9,828,104	8,991,939	8,320,847	8,982,765	8,856,867	2
Maintenance Expense	816,609	804,907	910,354	667,392	673,681	3
Depreciation and Amortization Expense	1,793,549	1,640,256	1,691,412	1,702,677	1,580,238	4
Taxes Other than Income Taxes	5,286,886	5,154,622	5,298,091	5,694,375	5,451,130	5
Income Taxes	1,701,897	725,904	972,180	939,678	1,068,103	6
Total Operating Expenses	19,427,045	17,317,628	17,192,884	17,986,887	17,630,019	7
Net Operating Revenues	3,866,273	2,474,966	3,438,395	3,074,666	3,267,742	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	3,866,273	2,474,966	3,438,395	3,074,666	3,267,742	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	292,546	85,672	89,262	212,775	182,193	11
Allowance for Funds Used During Construction	679,008	785,100	594,338	566,099	483,863	12
Miscellaneous Nonoperating Income	(145)	37,040	1,916	64,527	27,398	13
Other Income	(12,855)	25,882	37,676	(748)	(31,206)	14
Total Other Income	958,554	933,694	723,191	842,653	662,248	15
Other Income Deductions	1,573	111,833		23,791	1,741	16
Taxes-Other Income and Deductions		18	1,786	23	(626)	17
<b>Income Available</b>	4,823,254	3,296,810	4,159,800	3,893,505	3,928,875	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt						19
Interest on Debt to Associated Co.	2,332,160	2,340,902	2,172,405	2,261,417	2,069,436	20
Other Interest Expense	1,773	72,358	186,596	88,832	34,068	21
Total Interest Charges	2,333,933	2,413,260	2,359,001	2,350,249	2,103,504	22
Income Before Extraordinary Items	2,489,321	883,550	1,800,799	1,543,256	1,825,371	23
Net Extraordinary Items						24
<b>Net Income</b>	\$2,489,321	\$883,550	\$1,800,799	\$1,543,256	\$1,825,371	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$39,129,736	\$37,436,374	\$35,273,641	\$35,678,478	\$33,853,108	26
Balance Transferred from Income	2,489,321	883,550	1,800,799	1,543,256	1,825,370	27
Appropriated						28
Dividends Declared-Preferred Stock						29
Dividends Declared-Common Stock						30
Adjustments to Retained Earnings	(326,240)	809,812	361,934	(1,948,093)		31
Net Change	2,163,081	1,693,362	2,162,733	(404,837)	1,825,370	32
Unappropriated (EOP)	41,292,817	39,129,736	37,436,374	35,273,641	35,678,478	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$41,292,817	\$39,129,736	\$37,436,374	\$35,273,641	\$35,678,478	35

**UNITED WATER NEW ROCHELLE  
STATEMENT OF CASH FLOWS  
FOR YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$2,489,321	\$883,550	\$1,800,799	\$1,543,256	\$1,825,372
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	1,467,309	1,629,204	1,669,308	1,680,573	1,569,174
3 Deferred Taxes & ITCs	1,396,443	1,733,294	2,551,625	2,084,908	1,778,653
4 Receivables and Inventory	(571,324)	618,623	(372,022)	925,178	(1,467,309)
5 Payables and Accrued Expenses	1,793,370	1,551,549	864,159	332,605	1,106,796
6 Capitalized AFUDC - Equity Funds	(679,008)	(785,100)	(594,338)	(566,099)	(483,863)
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	(196,970)	(706,869)	1,136,015	(954,500)	174,897
9	959,532	(839,610)	(508,643)	200,723	91,576
10	(3,478,544)	(231,516)	(4,875,861)	(2,718,962)	(1,495,626)
11 Net Cash From Operating Activities	<u>3,180,129</u>	<u>3,853,125</u>	<u>1,671,042</u>	<u>2,527,682</u>	<u>3,099,670</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(10,621,981)	(7,166,430)	(2,765,027)	(6,510,620)	(5,499,475)
13 Acquisition Of Other Non-Current Assets					
14 Investments In & Advances to Affiliates.					
15 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
16 Property, Plant & Equipment					
17 Investments in Affiliated Companies					
18 Other Debt & Equity Investments					
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities					
21					
22					
23 Net Cash From Investing Activities	<u>(10,621,981)</u>	<u>(7,166,430)</u>	<u>(2,765,027)</u>	<u>(6,510,620)</u>	<u>(5,499,475)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt		(173,248)			
25 Common Stock	8,000,000	2,900,000	1,000,000	4,056,000	2,453,000
26 Preferred Stock					
27 Short-Term Debt					
28 Dividends Paid					
29 Other Cash Flows - Financing Activities					
30					
31					
32 Net Cash From Financing Activities	<u>8,000,000</u>	<u>2,726,752</u>	<u>1,000,000</u>	<u>4,056,000</u>	<u>2,453,000</u>
33 Net Increase/(Decrease) In Cash Equivalents	558,148	(586,553)	(93,985)	73,062	53,195
34 Cash & Cash Equivalents At Beginning Of Year	(509,756)	76,797	170,782	97,720	44,525
35 Cash & Cash Equivalents At End Of Year	\$48,392	(\$509,756)	\$76,797	\$170,782	\$97,720

**Notes:**

1 Cash and Cash Equivalents are restated to reflect inclusion of Working Funds in Cash and Cash Equivalents. Net changes in Working Funds are shown on Line 29 - Other Cash Flows - Financing Activities.

**UNITED WATER NEW ROCHELLE  
COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE  
FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$19,300,740	\$16,519,925	\$18,064,530	\$17,555,085	\$18,905,920	1
Sales to Other Water Companies	2,181,619	1,999,899	1,961,212	1,914,229	1,963,090	2
Other Sales of Water	352,458	282,500	343,692	321,507	351,270	3
Total Revenues from Sales of Water	21,834,817	18,802,324	20,369,434	19,790,821	21,220,280	4
Other Water Operating Revenues	1,458,501	990,270	261,846	1,270,732	(322,518)	5
Total Water Operating Revenues	\$23,293,318	\$19,792,594	\$20,631,280	\$21,061,553	\$20,897,762	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	5,696,689	5,096,469	5,461,723	5,290,945	5,818,777	8
Sales to Other Water Companies	298,099	207,221	183,970	98,266	98,694	9
Other Sales of Water	109,628	90,226	116,647	114,696	120,574	10
Total Sales of Water	6,104,416	5,393,916	5,762,340	5,503,907	6,038,045	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	30,402	30,262	30,159	30,023	29,942	13
Sales to Other Water Companies	2	2	2	2	2	14
Other Sales of Water	726	707	701	667	672	15
Total Customers	31,130	30,971	30,862	30,692	30,616	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$634.85	\$545.90	\$598.98	\$584.72	\$631.42	18
Average Consumption per Customer (T.Gal)	187.38	168.41	181.10	176.23	194.33	19
Average Revenue per T Gallons Sold	\$3.39	\$3.24	\$3.31	\$3.32	\$3.25	20
<b>UNMETERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	---	---	---	---	---	21
Average Consumption per Customer (T.Gal)	---	---	---	---	---	22
Average Revenue per T Gallons Sold	---	---	---	---	---	23
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Source of Supply	\$4,294,280	\$3,044,157	\$2,862,672	\$3,121,474	\$3,376,047	24
Power and Pumping	1,572,847	1,211,314	1,207,043	1,197,183	1,431,653	25
Purification	401,175	322,701	268,944	269,099	274,489	26
Transmission and Distribution	1,347,101	1,351,434	1,530,551	1,244,485	1,254,838	27
Customer Accounting and Collecting	1,500,999	958,112	894,614	1,026,827	952,917	28
Administrative and General	1,528,311	2,909,128	2,467,377	2,790,699	2,240,604	29
<b>Total O &amp; M Expense</b>	<b>\$10,644,713</b>	<b>\$9,796,845</b>	<b>\$9,231,201</b>	<b>\$9,649,767</b>	<b>\$9,530,549</b>	<b>30</b>

**UNITED WATER NEW ROCHELLE  
DISTRIBUTION OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31,**

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$23,293,318	\$19,792,594	\$20,631,280	\$21,061,553	\$20,897,762
2 Sales (Thousands of Gallons)	6,104,416	5,393,916	5,762,340	5,503,907	6,038,045
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$5,175,765	\$3,795,750	\$3,613,487	\$3,858,068	\$4,348,074
4 Wages and Benefits	2,448,703	2,673,145	2,641,436	2,937,000	2,720,846
5 Other Operation and Maintenance Expense	3,020,245	3,327,950	2,976,279	2,854,699	2,461,629
6 Depreciation and Amortization Expense	1,467,309	1,629,204	1,669,308	1,680,573	1,569,174
7 Income Taxes-Operating	1,701,897	725,904	972,180	939,678	1,068,103
8 Other Taxes-Operating	5,286,886	5,154,622	5,298,091	5,694,375	5,451,130
9 Capital Costs	4,192,513	2,486,019	3,460,499	3,097,160	3,278,806
10 Total	\$23,293,318	\$19,792,594	\$20,631,280	\$21,061,553	\$20,897,762
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	22.2	19.2	17.5	18.3	20.8
12 Wages and Benefits	10.5	13.5	12.8	13.9	13.0
13 Other Operation and Maintenance Expense	13.0	16.8	14.4	13.6	11.8
14 Depreciation and Amortization Expense	6.3	8.2	8.1	8.0	7.5
15 Income Taxes-Operating	7.3	3.7	4.7	4.5	5.1
16 Other Taxes-Operating	22.7	26.0	25.7	27.0	26.1
17 Capital Costs	18.0	12.6	16.8	14.7	15.7
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER THOUSAND GALLONS SOLD</b>					
19 Purchased Water, Fuel or Power for Pumping, and Chemicals	0.85	0.70	0.63	0.70	0.72
20 Wages and Benefits	0.40	0.50	0.46	0.53	0.45
21 Other Operation and Maintenance Expense	0.49	0.62	0.52	0.52	0.41
22 Depreciation and Amortization Expense	0.24	0.30	0.29	0.31	0.26
23 Income Taxes-Operating	0.28	0.13	0.17	0.17	0.18
24 Other Taxes-Operating	0.87	0.96	0.92	1.03	0.90
25 Capital Costs	0.69	0.46	0.60	0.56	0.54
26 Total	3.82	3.67	3.58	3.83	3.46

**Purchased Water, Fuel or Power for Pumping and Chemicals**

Purchased Water	4,216,188	2,978,845	2,802,200	3,070,297	3,342,287
Fuel for Pumping	808,682	701,783	706,081	684,539	890,201
Chemicals	150,895	115,123	105,205	103,232	115,585
Total PW, Fuel and Chemicals	5,175,765	3,795,750	3,613,487	3,858,068	4,348,074
Total - Ultimate Customers	5,175,765	3,795,750	3,613,487	3,858,068	4,348,074

**Wages and Benefits**

Salaries	1,944,580	2,033,693	2,214,178	2,112,893	2,159,573
Pensions and Benefits	504,123	639,452	427,258	824,108	561,273
Total Wages and Benefits	2,448,703	2,673,145	2,641,436	2,937,000	2,720,846

**Other Expenses**

Total O&M Expenses	10,644,713	9,796,845	9,231,201	9,649,767	9,530,549
-Total PW, Fuel and Chemicals	5,175,765	3,795,750	3,613,487	3,858,068	4,348,074
-Wages and Benefits	2,448,703	2,673,145	2,641,436	2,937,000	2,720,846
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	3,020,245	3,327,950	2,976,279	2,854,699	2,461,629

**Depreciation and Amortization**

Depreciation Exp	1,793,549	1,640,256	1,691,412	1,702,677	1,580,238
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	1,793,549	1,640,256	1,691,412	1,702,677	1,580,238

**Total PW, Fuel and Chemicals related to Sales for Resale (Not Used)**

Total PW, Fuel and Chemicals	5,175,765	3,795,750	3,613,487	3,858,068	4,348,074
divided by Total Gallons	6,104,416	5,393,916	5,762,340	5,503,907	6,038,045
Cost per KWH	0.0008	0.0007	0.0006	0.0007	0.0007
times Sales for Resale MWHs					
Sales for Resale Cost					

**UNITED WATER NEW ROCHELLE  
COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS  
FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible	\$47,428	\$47,428	\$47,428	\$47,428	\$43,578	1
Source of Supply	244,548	244,548	244,548	244,548	244,548	2
Pumping	2,662,296	2,605,219	2,605,219	2,588,471	2,565,701	3
Water Treatment	858,206	1,110,499	1,110,499	1,098,854	1,104,328	4
Transmission and Distribution	73,386,776	69,464,563	64,298,397	62,164,088	57,897,802	5
General	5,671,380	5,606,405	4,897,042	5,293,546	5,683,986	6
Purchased or Sold						7
Total Plant in Service	82,870,634	79,078,662	73,203,132	71,436,935	67,539,943	8
Plant Leased To Others						9
Construction Work In Progress	14,970,982	8,713,763	7,029,301	6,303,444	5,446,564	10
Plant Held For Future Use						11
Plant Acquisition Adjustments						12
Accum. Gains & Losses - Utility Land & Land Rights	(90,846)	(90,846)	(90,846)	(90,846)	(90,846)	13
<b>Total Plant</b>	<b>97,750,770</b>	<b>87,701,579</b>	<b>80,141,587</b>	<b>77,649,533</b>	<b>72,895,661</b>	<b>14</b>
Accum. Prov. - Depr. & Amort.	16,971,545	16,637,349	15,995,430	15,400,987	16,250,818	15
<b>Net Plant</b>	<b>\$80,779,225</b>	<b>\$71,064,230</b>	<b>\$64,146,157</b>	<b>\$62,248,546</b>	<b>\$56,644,843</b>	<b>16</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.89	1.12	1.82	2.43	2.79	17
Total Capitalization	\$75,129,067	\$64,965,986	\$60,372,624	\$57,209,891	\$53,558,728	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt						19
Preferred Stock						20
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	21
Short-Term Debt						22
Pretax Coverage of Interest Expense	2.8	1.7	2.2	2.1	2.4	23
Com. Stock Dividends as a % of Earnings						24
Return on Common Equity	3.6%	1.4%	3.1%	2.8%	3.5%	25
Internal Cash Generated as a % of Cash Outflows for Construction	29.9%	53.8%	60.4%	38.8%	56.4%	26
CWIP as a % of Plant	15.3%	9.9%	8.8%	8.1%	7.5%	27
Number of Employees	49	49	43	54	52	28

**UNITED WATER NEW YORK  
COMPARATIVE BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$180,898,806	\$174,391,378	\$169,558,655	\$154,860,386	\$150,728,395
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)				662	662
3 Other Investments					
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments				662	662
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	1,180,163	868,824	(766,201)	1,048,675	54,455
7 Notes and Accounts Receivables - Net	3,017,911	2,697,931	3,781,428	3,090,941	4,194,606
8 Receivables from Associated Companies			40	1,129	23,665
9 Materials and Supplies	1,180,650	1,271,123	901,431	898,761	677,495
10 Prepayments	13,826,690	14,157,546	14,239,601	14,831,946	13,886,021
11 Accrued Utility Revenue					
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	19,205,414	18,995,424	18,156,299	19,871,452	18,836,242
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense	2,831,916	2,985,312	3,138,708	3,292,104	3,445,500
15 Other Deferred Debits	13,583,980	13,604,165	12,506,800	12,537,322	10,577,981
16 Accumulated Deferred Income Taxes	9,026,995	9,249,668	9,432,367	9,024,167	6,595,164
17 Total Deferred Debits	25,442,891	25,839,145	25,077,875	24,853,593	20,618,645
18 <b>Total Assets and Other Debits</b>	<b>\$225,547,111</b>	<b>\$219,225,947</b>	<b>\$212,792,829</b>	<b>\$199,586,093</b>	<b>\$190,183,944</b>
<b>PROPRIETARY CAPITAL</b>					
19 Common Stock Issued	\$13,856,490	\$13,856,490	\$13,856,490	\$13,856,490	\$13,856,490
20 Preferred Stock Issued					
21 Other Paid-in Capital	26,874,603	26,874,603	16,874,603	11,874,603	11,874,603
22 Retained Earnings	45,978,014	43,540,806	40,536,360	37,364,778	36,648,337
23 Reacquired Capital Stock					
24 Total Proprietary Capital	86,709,107	84,271,899	71,267,453	63,095,871	62,379,430
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt	51,000,000	51,000,000	51,000,000	51,000,000	51,000,000
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable	21,000,000	19,900,000	29,000,000	25,000,000	23,000,000
27 Accounts Payable	3,266,317	1,641,861	2,501,525	3,198,535	2,141,442
28 Payables to Associated Companies	602,588	256,678			
29 Customer Deposits	121,096	114,211	122,411	124,720	129,214
30 Taxes Accrued	3,021,863	1,234,596	(454,353)	1,973,512	1,738,310
31 Interest Accrued	1,352,480	1,270,311	1,311,912	1,313,275	1,340,912
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	438,188	732,884	111,115	202,607	66,320
34 Total Current and Accrued Liabilities	29,802,532	25,150,541	32,592,610	31,812,649	28,416,198
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	4,495,740	4,979,329	4,754,400	5,377,497	7,793,365
36 Other Deferred Credits	14,820,355	14,517,422	14,211,448	14,370,680	13,195,583
37 Accumulated Deferred Investment Tax Credits	824,703	842,578	863,703	883,203	903,003
38 Accumulated Deferred Income Taxes	35,755,834	35,852,793	34,956,142	29,951,661	25,932,313
39 Total Deferred Credits	55,896,632	56,192,122	54,785,693	50,583,041	47,824,264
<b>OPERATING RESERVES</b>					
40 Operating Reserves	2,138,840	2,611,385	3,147,073	3,094,532	564,053
41 <b>Total Liabilities and Other Credits</b>	<b>\$225,547,111</b>	<b>\$219,225,947</b>	<b>\$212,792,829</b>	<b>\$199,586,093</b>	<b>\$190,183,944</b>

**UNITED WATER NEW YORK**  
**COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$44,602,191	\$43,309,503	\$43,501,221	\$43,114,999	\$44,925,646	1
Operating Expense:						
Operation Expense	14,064,043	13,504,614	13,654,862	13,685,561	12,836,752	2
Maintenance Expense	3,106,377	2,453,321	2,132,286	2,642,232	2,466,481	3
Depreciation and Amortization Expense	5,373,763	5,113,250	4,761,919	4,476,947	4,331,562	4
Taxes Other than Income Taxes	9,715,123	9,241,656	9,641,516	8,939,510	10,798,065	5
Income Taxes	2,883,810	3,248,890	3,787,864	3,794,273	3,978,126	6
Total Operating Expenses	35,143,116	33,561,731	33,978,447	33,538,523	34,410,986	7
Net Operating Revenues	9,459,075	9,747,772	9,522,774	9,576,476	10,514,660	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	9,459,075	9,747,772	9,522,774	9,576,476	10,514,660	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	306,582	88,635	521,273	420,984	435,752	11
Allowance for Funds Used During Construction	120,359	83,991	890,345	244,694	173,516	12
Miscellaneous Nonoperating Income	297,219	143,555	228,666	121,050	86,979	13
Other Income		7,822				14
Total Other Income	724,160	324,003	1,640,284	786,728	696,247	15
Other Income Deductions	42,031	86,870	181,772	295,072	31,024	16
Taxes-Other Income and Deductions			3,136	689	5,710	17
<b>Income Available</b>	10,141,204	9,984,905	10,978,150	10,067,443	11,174,173	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	3,591,996	3,591,996	3,591,996	3,591,996	3,608,318	19
Interest on Debt to Associated Co.						20
Other Interest Expense	1,808,953	1,393,868	1,669,746	1,521,670	1,995,817	21
Total Interest Charges	5,400,949	4,985,864	5,261,742	5,113,666	5,604,135	22
Income Before Extraordinary Items	4,740,255	4,999,041	5,716,408	4,953,777	5,570,038	23
Net Extraordinary Items						24
<b>Net Income</b>	\$4,740,255	\$4,999,041	\$5,716,408	\$4,953,777	\$5,570,038	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$43,540,806	\$40,536,360	\$37,364,778	\$36,648,337	\$34,111,070	26
Balance Transferred from Income	4,740,255	4,999,041	5,716,408	4,953,777	5,570,038	27
Appropriated						28
Dividends Declared-Preferred Stock	2,600,000	2,600,000			532,771	29
Dividends Declared-Common Stock			2,600,000	2,600,000	2,500,000	30
Adjustments to Retained Earnings	296,953	605,405	55,174	(1,637,336)		31
Net Change	2,437,208	3,004,446	3,171,582	716,441	2,537,267	32
Unappropriated (EOP)	45,978,014	43,540,806	40,536,360	37,364,778	36,648,337	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$45,978,014	\$43,540,806	\$40,536,360	\$37,364,778	\$36,648,337	35

**UNITED WATER NEW YORK  
STATEMENT OF CASH FLOWS  
FOR YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$4,740,255	\$4,999,041	\$5,716,408	\$4,953,777	\$5,570,038
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	5,815,171	5,863,111	4,961,549	2,984,067	4,478,277
3 Deferred Taxes & ITCs	107,839	1,058,225	7,262,450	(1,115,124)	319,340
4 Receivables and Inventory	(229,507)	713,845	(692,068)	904,935	(732,033)
5 Payables and Accrued Expenses	1,764,724	(31,018)	(792,174)	1,161,250	297,258
6 Capitalized AFUDC - Equity Funds	(306,582)	(83,991)	(890,345)	(244,694)	(173,516)
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	20,185	(1,097,365)	30,522	(1,959,341)	697,370
9	302,933	305,974	(2,844,901)	3,860,766	3,001,054
10	1,645,578	1,235,316	(1,782,979)	1,819,756	970,054
11 Net Cash From Operating Activities	<u>13,860,596</u>	<u>12,963,138</u>	<u>10,968,462</u>	<u>12,365,392</u>	<u>14,427,842</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(11,565,668)	(9,853,042)	(18,560,241)	(8,355,304)	(9,143,600)
13 Acquisition Of Other Non-Current Assets					
14 Investments In & Advances to Affiliates					
15 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
16 Property, Plant & Equipment					
17 Investments in Affiliated Companies					
18 Other Debt & Equity Investments					
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities					
21					
22					
23 Net Cash From Investing Activities	<u>(11,565,668)</u>	<u>(9,853,042)</u>	<u>(18,560,241)</u>	<u>(8,355,304)</u>	<u>(9,143,600)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	(483,589)	10,224,929	4,376,903	(2,415,868)	6,152,263
25 Common Stock					
26 Preferred Stock					(5,862,500)
27 Short-Term Debt	1,100,000	(9,100,000)	4,000,000	2,000,000	(3,500,000)
28 Dividends Paid	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(3,032,771)
29 Other Cash Flows - Financing Activities					
30					
31					
32 Net Cash From Financing Activities	<u>(1,983,589)</u>	<u>(1,475,071)</u>	<u>5,776,903</u>	<u>(3,015,868)</u>	<u>(6,243,008)</u>
33 Net Increase/(Decrease) In Cash Equivalents	311,339	1,635,025	(1,814,876)	994,220	(958,766)
34 Cash & Cash Equivalents At Beginning Of Year	868,824	(766,201)	1,048,675	54,455	1,013,221
35 Cash & Cash Equivalents At End Of Year	\$1,180,163	\$868,824	(\$766,201)	\$1,048,675	\$54,455

**UNITED WATER NEW YORK**  
**COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$39,297,646	\$37,025,495	\$36,615,751	\$35,245,501	\$39,283,152	1
Sales to Other Water Companies						2
Other Sales of Water	4,902,746	4,860,272	4,815,240	4,736,325	4,799,408	3
Total Revenues from Sales of Water	44,200,392	41,885,767	41,430,991	39,981,826	44,082,560	4
Other Water Operating Revenues*	395,960	1,411,200	2,070,230	3,133,173	843,086	5
Total Water Operating Revenues	\$44,596,352	\$43,296,967	\$43,501,221	\$43,114,999	\$44,925,646	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	9,188,359	8,755,694	8,526,911	8,236,290	9,039,941	7
Sales to Other Water Companies						8
Other Sales of Water	75,386	73,693	60,716	67,722	87,756	9
Total Sales of Water	9,263,745	8,829,387	8,587,627	8,304,012	9,127,697	10
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	68,738	68,251	67,703	67,105	66,420	11
Sales to Other Water Companies						12
Other Sales of Water	1,110	1,067	1,036	996	973	13
Total Customers	69,848	69,318	68,739	68,101	67,393	14
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$571.70	\$542.49	\$540.83	\$525.23	\$591.44	15
Average Consumption per Customer (T.Gal)	133.67	128.29	125.95	122.74	136.10	16
Average Revenue per T Gallons Sold	\$4.28	\$4.23	\$4.29	\$4.28	\$4.35	17
<b>UNMETERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	---	---	---	---	---	18
Average Consumption per Customer (T.Gal)	---	---	---	---	---	19
Average Revenue per T Gallons Sold	---	---	---	---	---	20
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Source of Supply	\$425,435	\$364,967	\$536,401	\$852,359	\$817,877	21
Power and Pumping	4,014,012	3,373,437	3,332,709	2,774,184	3,418,532	22
Purification	2,295,731	1,733,840	1,939,196	1,611,250	1,462,469	23
Transmission and Distribution	3,847,470	3,299,643	2,901,582	3,042,566	3,122,215	24
Customer Accounting and Collecting	2,570,402	2,226,023	2,148,981	2,287,560	2,327,244	25
Administrative and General	4,017,370	4,960,025	4,928,279	5,759,874	4,154,895	26
Total O & M Expense	\$17,170,420	\$15,957,935	\$15,787,148	\$16,327,793	\$15,303,232	27

**UNITED WATER NEW YORK  
DISTRIBUTION OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31,**

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$44,596,352	\$43,296,967	\$43,501,221	\$43,114,999	\$44,925,646
2 Sales (Thousands of Gallons)	9,263,745	8,829,387	8,587,627	8,304,012	9,127,697
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$3,258,686	\$2,710,477	\$2,977,558	\$2,480,059	\$3,188,951
4 Wages and Benefits	5,521,668	5,405,272	5,508,434	5,801,586	4,991,155
5 Other Operation and Maintenance Expense	8,390,066	7,842,186	7,301,156	8,046,148	7,123,126
6 Depreciation and Amortization Expense	5,373,763	5,113,250	4,761,919	4,476,947	4,478,277
7 Income Taxes-Operating	2,883,810	3,248,890	3,787,864	3,794,273	3,978,126
8 Other Taxes-Operating	9,715,123	9,241,656	9,641,516	8,939,510	10,798,065
9 Capital Costs	9,453,236	9,735,236	9,522,774	9,576,476	10,367,946
10 Total	\$44,596,352	\$43,296,967	\$43,501,221	\$43,114,999	\$44,925,646
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	7.3	6.3	6.8	5.8	7.1
12 Wages and Benefits	12.4	12.5	12.7	13.5	11.1
13 Other Operation and Maintenance Expense	18.8	18.1	16.8	18.7	15.9
14 Depreciation and Amortization Expense	12.0	11.8	10.9	10.4	10.0
15 Income Taxes-Operating	6.5	7.5	8.7	8.8	8.9
16 Other Taxes-Operating	21.8	21.3	22.2	20.7	24.0
17 Capital Costs	21.2	22.5	21.9	22.2	23.1
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER THOUSAND GALLONS SOLD</b>					
19 Purchased Water, Fuel or Power for Pumping, and Chemicals	0.35	0.31	0.35	0.30	0.35
20 Wages and Benefits	0.60	0.61	0.64	0.70	0.55
21 Other Operation and Maintenance Expense	0.91	0.89	0.85	0.97	0.78
22 Depreciation and Amortization Expense	0.58	0.58	0.55	0.54	0.49
23 Income Taxes-Operating	0.31	0.37	0.44	0.46	0.44
24 Other Taxes-Operating	1.05	1.05	1.12	1.08	1.18
25 Capital Costs	1.02	1.10	1.11	1.15	1.14
26 Total	4.81	4.90	5.07	5.19	4.92

**Purchased Water, Fuel or Power for Pumping  
and Chemicals**

Purchased Water	100,031	18,402	143,425	185,138	188,855
Fuel for Pumping	2,647,739	2,344,291	2,511,475	1,920,286	2,620,300
Chemicals	510,916	347,784	322,658	374,635	379,796

Total PW, Fuel and Chemicals 3,258,686 2,710,477 2,977,558 2,480,059 3,188,951

Total - Ultimate Customers 3,258,686 2,710,477 2,977,558 2,480,059 3,188,951

**Wages and Benefits**

Salaries	4,687,120	4,378,534	4,477,468	4,462,708	4,292,837
Pensions and Benefits	834,548	1,026,738	1,030,966	1,338,878	698,318
Total Wages and Benefits	5,521,668	5,405,272	5,508,434	5,801,586	4,991,155

**Other Expenses**

Total O&M Expenses	17,170,420	15,957,935	15,787,148	16,327,793	15,303,232
-Total PW, Fuel and Chemicals	3,258,686	2,710,477	2,977,558	2,480,059	3,188,951
-Wages and Benefits	5,521,668	5,405,272	5,508,434	5,801,586	4,991,155
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	8,390,066	7,842,186	7,301,156	8,046,148	7,123,126

**Depreciation and Amortization**

Depreciation Exp	5,373,763	5,113,250	4,761,919	4,476,947	4,331,562
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	5,373,763	5,113,250	4,761,919	4,476,947	4,331,562

**Total PW, Fuel and Chemicals related to Sales for Resale (Not Used)**

Total PW, Fuel and Chemicals	3,258,686	2,710,477	2,977,558	2,480,059	3,188,951
divided by Total Gallons	9,263,745	8,829,387	8,587,627	8,304,012	9,127,697
Cost per Gallon	0.0004	0.0003	0.0003	0.0003	0.0003

**UNITED WATER NEW YORK**  
**COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible	\$80,005	\$80,005	\$80,005	\$80,005	\$80,005	1
Source of Supply	24,355,628	23,892,857	23,808,184	17,362,308	17,263,810	2
Pumping	19,183,492	19,220,215	18,003,221	17,686,677	17,740,315	3
Water Treatment	22,950,472	22,621,378	22,961,330	12,404,878	10,705,375	4
Transmission and Distribution	146,328,914	141,667,531	135,827,065	130,626,487	129,157,293	5
General	19,097,729	18,741,057	17,290,816	16,777,450	16,015,182	6
Purchased or Sold						7
Plant In Service	231,996,240	226,223,043	217,970,621	194,937,805	190,961,980	8
Plant Leased To Others						9
Construction Work In Progress	8,033,943	2,462,225	1,607,514	7,361,944	3,317,651	10
Plant Held For Future Use	8,785,612	8,751,908	8,749,983	8,892,667	8,892,667	11
Plant Acquisition Adjustments	1,001,391	1,001,391	1,001,391	1,001,391	(178,017)	12
Accum. Gains & Losses - Utility Land & Land Rights	(1,179,408)	(1,179,408)	(1,179,408)	(1,179,408)		13
<b>Total Plant</b>	<b>248,637,778</b>	<b>237,259,159</b>	<b>228,150,101</b>	<b>211,014,399</b>	<b>202,994,281</b>	<b>14</b>
Accum. Prov. - Depr. & Amort.	67,738,972	62,867,781	58,591,446	56,154,013	52,265,886	15
<b>Net Plant</b>	<b>\$180,898,806</b>	<b>\$174,391,378</b>	<b>\$169,558,655</b>	<b>\$154,860,386</b>	<b>\$150,728,395</b>	<b>16</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.64	0.76	0.56	0.62	0.66	17
Total Capitalization	\$158,709,107	\$155,171,899	\$151,267,453	\$139,095,871	\$136,379,430	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	32.1%	32.9%	33.7%	36.7%	37.4%	19
Preferred Stock						20
Common Stock & Retained Earnings	54.6%	54.3%	47.1%	45.4%	45.7%	21
Short-Term Debt	13.2%	12.8%	19.2%	18.0%	16.9%	22
Pretax Coverage of Interest Expense	2.4	2.7	2.8	2.8	2.7	23
Com. Stock Dividends as a % of Earnings	121.5%	108.4%	45.5%	52.5%	60.2%	24
Return on Common Equity	2.5%	3.1%	8.5%	7.9%	8.6%	25
Internal Cash Generated as a % of Cash Outflows for Construction	119.8%	131.6%	59.1%	148.0%	157.8%	26
CWIP as a % of Plant	3.2%	1.0%	0.7%	3.5%	1.6%	27
Number of Employees	96	91	90	95	97	28

**UNITED WATER OWEGO  
COMPARATIVE BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$2,717,331	\$2,567,820	\$2,453,732	\$2,295,147	\$2,044,155
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)					
3 Other Investments	461,998	371,439	330,072	335,163	214,567
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments	461,998	371,439	330,072	335,163	214,567
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	123,303	283,272	71,202	32,842	7,445
7 Notes and Accounts Receivables - Net	88,614	97,036	63,033	19,997	73,365
8 Receivables from Associated Companies					
9 Materials and Supplies	29,315	25,256	20,882	20,910	18,477
10 Prepayments	(329,700)	(278,661)	(213,445)	(134,725)	(105,453)
11 Accrued Utility Revenue	91,877	83,968	88,461	118,212	87,233
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	3,409	210,871	30,133	57,236	81,067
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense					
15 Other Deferred Debits	(146,968)	(222,185)	84,089	166,545	442,461
16 Accumulated Deferred Income Taxes	63,801	73,378	89,642	103,941	13,288
17 Total Deferred Debits	(83,167)	(148,807)	173,731	270,486	455,749
18 <b>Total Assets and Other Debits</b>	<b>\$3,099,571</b>	<b>\$3,001,323</b>	<b>\$2,987,668</b>	<b>\$2,958,032</b>	<b>\$2,795,538</b>
<b>PROPRIETARY CAPITAL</b>					
19 Common Stock Issued	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600
20 Preferred Stock Issued					
21 Other Paid-in Capital	1,651,181	1,651,181	1,211,181	1,211,181	892,181
22 Retained Earnings	529,298	507,860	469,619	785,733	1,093,789
23 Reacquired Capital Stock					
24 Total Proprietary Capital	2,214,079	2,192,642	1,714,400	2,030,514	2,019,570
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt					
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable					
27 Accounts Payable	35,165	60,033	185,409	14,426	49,715
28 Payables to Associated Companies	15,144	7,256			
29 Customer Deposits					
30 Taxes Accrued	97,739	4,653	55,311	(90,195)	(3,320)
31 Interest Accrued					
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	22,189	24,149	31,331	25,991	15,978
34 Total Current and Accrued Liabilities	170,237	96,091	272,051	(49,777)	62,373
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	242,968	242,968	198,591	1,000	
36 Other Deferred Credits	80,394	130,922	193,494	309,756	328,233
37 Accumulated Deferred Investment Tax Credits	18,147	18,855	19,563	20,271	20,979
38 Accumulated Deferred Income Taxes	247,688	159,175	390,044	404,741	360,384
39 Total Deferred Credits	589,197	551,920	801,692	735,768	709,596
<b>OPERATING RESERVES</b>					
40 Operating Reserves	126,058	160,671	199,525	241,527	3,998
41 <b>Total Liabilities and Other Credits</b>	<b>\$3,099,571</b>	<b>\$3,001,323</b>	<b>\$2,987,668</b>	<b>\$2,958,032</b>	<b>\$2,795,537</b>

**UNITED WATER OWEGO**  
**COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$953,927	\$935,492	\$935,048	\$946,972	\$846,304	1
Operating Expense:						
Operation Expense	450,284	488,134	469,432	813,266	485,237	2
Maintenance Expense	94,239	88,683	78,963	76,430	65,008	3
Depreciation and Amortization Expense	94,623	85,888	93,597	75,116	59,227	4
Taxes Other than Income Taxes	185,788	185,122	215,201	234,007	218,074	5
Income Taxes	25,272	5,494	2,645	(122,215)	(12,459)	6
Total Operating Expenses	850,206	853,321	859,837	1,076,605	815,087	7
Net Operating Revenues	103,721	82,171	75,210	(129,633)	31,217	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	103,721	82,171	75,210	(129,633)	31,217	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	208	2,206	2,591	7,545	7,067	11
Allowance for Funds Used During Construction				5,302	120	12
Miscellaneous Nonoperating Income				822	361	13
Other Income					308	14
Total Other Income	208	2,206	2,591	13,669	7,856	15
Other Income Deductions	104	109		420		16
Taxes-Other Income and Deductions		(77)	92	92	(25)	17
<b>Income Available</b>	103,825	84,345	77,709	(116,476)	39,098	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt						19
Interest on Debt to Associated Co.	67,966	60,275	63,058	80,192	74,435	20
Other Interest Expense	(121)	89	2,975	2,591	444	21
Total Interest Charges	67,845	60,364	66,033	82,783	74,879	22
Income Before Extraordinary Items	35,980	23,981	11,676	(199,259)	(35,781)	23
Net Extraordinary Items						24
<b>Net Income</b>	\$35,980	\$23,981	\$11,676	(\$199,259)	(\$35,781)	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$507,860	\$469,619	\$785,732	\$1,093,789	\$1,125,691	26
Balance Transferred from Income	35,980	23,981	11,676	(199,259)	(35,781)	27
Appropriated						28
Dividends Declared-Preferred Stock						29
Dividends Declared-Common Stock			350,000			30
Adjustments to Retained Earnings	(14,542)	14,260	22,211	(108,798)	3,879	31
Net Change	21,438	38,241	(316,113)	(308,057)	(31,902)	32
Unappropriated (EOP)	529,298	507,860	469,619	785,732	1,093,789	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$529,298	\$507,860	\$469,619	\$785,732	\$1,093,789	35

**UNITED WATER OWEGO  
STATEMENT OF CASH FLOWS  
FOR YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$35,980	\$23,981	\$11,676	(\$199,259)	(\$35,781)
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	121,404	112,437	141,827	412,125	59,227
3 Deferred Taxes & ITCs	(6,243)	58,627	18,760	(22,019)	21,729
4 Receivables and Inventory	4,363	(38,377)	(42,592)	50,934	26,434
5 Payables and Accrued Expenses	(17,813)	(125,302)	176,323	(25,276)	38,275
6 Capitalized AFUDC - Equity Funds					
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments					
9	(7,909)	4,493	29,751	(30,979)	26,217
10	74,384	(3,813)	304,797	(83,325)	(21,967)
11 Net Cash From Operating Activities	<u>204,166</u>	<u>32,046</u>	<u>640,542</u>	<u>102,202</u>	<u>114,134</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(244,135)	(199,976)	(252,182)	(320,805)	(170,088)
13 Acquisition Of Other Non-Current Assets					
14 Investments In & Advances to Affiliates.	(120,000)	(60,000)		(75,000)	(3,879)
15 Contributions & Advances from Affiliates		440,000			
Net Proceeds - Sale Or Disposition Of:					
16 Property, Plant & Equipment					
17 Investments in Affiliated Companies					
18 Other Debt & Equity Investments					
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities					
21					3,879
22 Reduction in Working Funds					
23 Net Cash From Investing Activities	<u>(364,135)</u>	<u>180,024</u>	<u>(252,182)</u>	<u>(395,805)</u>	<u>(170,088)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt					
25 Common Stock					
26 Preferred Stock					
27 Short-Term Debt					
28 Dividends Paid					
29 Other Cash Flows - Financing Activities			(350,000)	319,000	(2,600)
30					
31					
32 Net Cash From Financing Activities			<u>(350,000)</u>	<u>319,000</u>	<u>(2,600)</u>
33 Net Increase/(Decrease) In Cash Equivalents	(159,969)	212,070	38,360	25,397	(58,554)
34 Cash & Cash Equivalents At Beginning Of Year	283,271	71,201	32,842	7,445	65,999
35 Cash & Cash Equivalents At End Of Year <sup>1</sup>	\$123,302	\$283,271	\$71,201	\$32,842	\$7,445

<sup>1</sup> Cash and Cash Equivalents are restated to reflect inclusion of Working Funds in Cash and Cash Equivalents. Net changes in Working Funds are shown on Line 29 - Other Cash Flows - Financing Activities.

**UNITED WATER OWEGO  
COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE  
FOR THE YEAR ENDED DECEMBER 31,**

	2005	2004	2003	2002	2001	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$766,641	\$766,186	\$760,205	\$781,502	\$732,871	1
Sales to Other Water Companies	48,940	49,019	47,873	48,274	42,790	2
Other Sales of Water	124,481	118,556	151,435	81,186	91,219	3
Total Revenues from Sales of Water	940,062	933,761	959,513	910,963	866,880	4
Other Water Operating Revenues	13,865	1,730	(24,465)	36,009	(20,576)	5
Total Water Operating Revenues	\$953,927	\$935,491	\$935,048	\$946,972	\$846,304	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	455,763	455,405	428,106	433,375	403,554	8
Sales to Other Water Companies	35,559	35,423	34,758	35,103	34,372	9
Other Sales of Water	7,616	8,605	8,512	6,212	6,653	10
Total Sales of Water	498,938	499,433	471,376	474,690	444,579	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	1,389	1,396	1,381	1,376	1,380	13
Sales to Other Water Companies	2	2	2	2	2	14
Other Sales of Water	64	59	58	57	56	15
Total Customers	1,455	1,457	1,441	1,435	1,438	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$551.94	\$548.84	\$550.47	\$567.95	\$531.07	18
Average Consumption per Customer (T.Gal)	328.12	326.22	310.00	314.95	292.43	19
Average Revenue per T Gallons Sold	\$1.68	\$1.68	\$1.78	\$1.80	\$1.82	20
<b>UNMETERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	---	---	---	---	---	21
Average Consumption per Customer (T.Gal)	---	---	---	---	---	22
Average Revenue per T Gallons Sold	---	---	---	---	---	23
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Source of Supply	15,845	8,082	7,163	\$6,851	\$8,440	24
Power and Pumping	173,266	152,165	148,920	129,588	150,526	25
Purification	35,643	36,067	25,906	24,979	22,272	26
Transmission and Distribution	100,524	109,798	92,644	88,807	79,758	27
Customer Accounting and Collecting	92,860	59,032	51,042	63,613	51,827	28
Administrative and General	126,384	211,674	222,719	575,859	237,421	29
<b>Total O &amp; M Expense</b>	\$544,522	\$576,818	\$548,395	\$889,696	\$550,245	30

**UNITED WATER OWEGO  
DISTRIBUTION OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31,**

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$953,927	\$935,491	\$935,048	\$946,972	\$846,304
2 Sales (Thousands of Gallons)	498,938	499,433	471,376	474,690	444,579
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$123,893	\$118,015	\$115,017	\$90,311	\$118,267
4 Wages and Benefits	212,759	209,009	205,760	511,650	192,947
5 Other Operation and Maintenance Expense	207,870	249,793	227,618	287,735	239,031
6 Depreciation and Amortization Expense	94,623	85,888	93,597	75,116	59,227
7 Income Taxes-Operating	25,272	5,494	2,645	(122,215)	(12,459)
8 Other Taxes-Operating	185,788	185,122	215,201	234,007	218,074
9 Capital Costs	103,722	82,170	75,211	(129,633)	31,217
10 Total	\$953,927	\$935,491	\$935,048	\$946,972	\$846,304
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	13.0	12.6	12.3	9.5	14.0
12 Wages and Benefits	22.3	22.3	22.0	54.0	22.8
13 Other Operation and Maintenance Expense	21.8	26.7	24.3	30.4	28.2
14 Depreciation and Amortization Expense	9.9	9.2	10.0	7.9	7.0
15 Income Taxes-Operating	2.6	0.6	0.3	(12.9)	(1.5)
16 Other Taxes-Operating	19.5	19.8	23.0	24.7	25.8
17 Capital Costs	10.9	8.8	8.0	(13.7)	3.7
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER THOUSAND GALLONS SOLD</b>					
19 Purchased Water, Fuel or Power for Pumping, and Chemicals	0.25	0.24	0.24	0.19	0.27
20 Wages and Benefits	0.43	0.42	0.44	1.08	0.43
21 Other Operation and Maintenance Expense	0.42	0.50	0.48	0.61	0.54
22 Depreciation and Amortization Expense	0.19	0.17	0.20	0.16	0.13
23 Income Taxes-Operating	0.05	0.01	0.01	-0.26	-0.03
24 Other Taxes-Operating	0.37	0.37	0.46	0.49	0.49
25 Capital Costs	0.21	0.16	0.16	-0.27	0.07
26 Total	1.91	1.87	1.98	1.99	1.90

**Purchased Water, Fuel or Power for Pumping  
and Chemicals**

Purchased Water					
Fuel for Pumping	117,926	113,495	111,078	86,684	114,653
Chemicals	5,967	4,520	3,939	3,627	3,614
Total PW, Fuel and Chemicals	123,893	118,015	115,017	90,311	118,267
Total - Ultimate Customers	123,893	118,015	115,017	90,311	118,267

**Wages and Benefits**

Salaries	169,685	165,109	152,381	145,860	131,466
Pensions and Benefits	43,074	43,900	53,379	365,790	61,481
Total Wages and Benefits	212,759	209,009	205,760	511,650	192,947

**Other Expenses**

Total O&M Expenses	544,522	576,818	548,395	889,696	550,245
-Total PW, Fuel and Chemicals	123,893	118,015	115,017	90,311	118,267
-Wages and Benefits	212,759	209,009	205,760	511,650	192,947
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	207,870	249,793	227,618	287,735	239,031

**Depreciation and Amortization**

Depreciation Exp	94,623	85,888	93,597	75,116	59,227
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	94,623	85,888	93,597	75,116	59,227

**Total PW, Fuel and Chemicals related to Sales for Resale (Not Used)**

Total PW, Fuel and Chemicals	123,893	118,015	115,017	90,311	118,267
divided by Total Gallons	498,938	499,433	471,376	474,690	444,579
Cost per KWH	0.0002	0.0002	0.0002	0.0002	0.0003
times Sales for Resale MWHs					
Sales for Resale Cost					

