

Table 1 W

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

	2008	2007	2006	2005	2004
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$586,175	\$534,439	\$473,791	\$427,661	\$396,916
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)	302	302	302	302	302
3 Other Investments		694	558	3,460	8,789
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments	302	996	860	3,762	9,092
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	1,802	9,460	5,336	10,657	5,944
7 Notes and Accounts Receivables - Net	13,661	13,475	11,824	13,443	13,342
8 Receivables from Associated Companies	1,629		57	(14)	(39)
9 Materials and Supplies	2,658	2,492	2,331	2,825	2,990
10 Prepayments	319	14,285	10,970	17,103	17,536
11 Accrued Utility Revenue	13,114	13,359	13,171	9,558	8,468
12 Misc Current and Accrued Assets	179	169	212	219	607
13 Total Current and Accrued Assets	33,362	53,240	43,901	53,791	48,848
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense	5,534	5,882	6,311	6,664	6,041
15 Other Deferred Debits	78,572	56,984	56,927	42,690	33,766
16 Accumulated Deferred Income Taxes	7,575	9,472	8,162	17,936	18,076
17 Total Deferred Debits	91,680	72,337	71,400	67,289	57,882
18 <b>Total Assets and Other Debits</b>	<b>\$711,520</b>	<b>\$661,013</b>	<b>\$589,952</b>	<b>\$552,503</b>	<b>\$512,738</b>
<b>PROPRIETARY CAPITAL</b>					
19 Common Stock Issued	\$29,375	\$29,375	\$29,375	\$29,375	\$29,375
20 Preferred Stock Issued	1,125	1,125	2,125	2,125	2,125
21 Other Paid-in Capital	177,281	154,503	101,780	71,016	63,016
22 Retained Earnings	162,855	151,690	134,263	123,583	122,218
23 Reacquired Capital Stock	0				
24 Total Proprietary Capital	370,636	336,692	267,542	226,098	216,734
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt	116,795	112,920	115,390	115,640	108,660
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable	42,029	35,150	25,371	30,545	35,678
27 Accounts Payable	11,187	13,182	14,902	7,815	6,728
28 Payables to Associated Companies	9,921	21,162	16,530	18,145	14,030
29 Customer Deposits	15,768	208	199	180	169
30 Taxes Accrued	4,792	5,191	5,532	3,485	354
31 Interest Accrued	4,024	2,659	2,323	2,290	2,196
32 Matured Long-Term Debt	558	1,000	297	250	2,213
33 Misc Current and Accrued Liabilities	7,344	12,915	8,809	8,476	8,288
34 Total Current and Accrued Liabilities	95,622	91,467	73,962	71,187	69,655
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	4,344	6,338	5,920	6,910	7,404
36 Other Deferred Credits	40,264	32,450	38,310	42,027	21,011
37 Accumulated Deferred Investment Tax Credits	1,678	1,787	1,841	1,895	1,948
38 Accumulated Deferred Income Taxes	81,483	78,765	86,210	84,985	82,539
39 Total Deferred Credits	127,769	119,341	132,281	135,817	112,901
<b>OPERATING RESERVES</b>					
40 Operating Reserves	699	593	777	3,762	4,787
41 <b>Total Liabilities and Other Credits</b>	<b>\$711,520</b>	<b>\$661,013</b>	<b>\$589,952</b>	<b>\$552,503</b>	<b>\$512,738</b>

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

	2008	2007	2006	2005	2004	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$179,565	\$163,077	\$154,772	\$146,293	\$136,564	1
Operating Expense:						
Operation Expense	69,162	65,123	61,959	55,927	53,326	2
Maintenance Expense	10,306	10,288	9,683	8,574	7,988	3
Depreciation and Amortization Expense	14,466	13,288	12,545	11,497	11,034	4
Taxes Other than Income Taxes	39,881	38,675	38,350	39,255	39,315	5
Income Taxes	13,357	7,861	7,589	7,795	5,991	6
Total Operating Expenses	147,171	135,235	130,125	123,048	117,654	7
Net Operating Revenues	32,394	27,842	24,647	23,245	18,910	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	<b>32,394</b>	<b>27,842</b>	<b>24,647</b>	<b>23,245</b>	<b>18,910</b>	<b>10</b>
<b>OTHER INCOME</b>						
Interest and Dividend Income	609	602	855	851	436	11
Allowance for Funds Used During Construction	2,107	2,461	2,210	1,358	1,408	12
Miscellaneous Nonoperating Income	93	(245)	1,146	401	341	13
Other Income	490	(22)	891	161	305	14
Total Other Income	3,298	2,796	5,101	2,771	2,489	15
Other Income Deductions	881	143	63	46	245	16
Taxes-Other Income and Deductions	38	936	350	386	331	17
<b>Income Available</b>	<b>34,773</b>	<b>29,560</b>	<b>29,334</b>	<b>25,584</b>	<b>20,823</b>	<b>18</b>
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	7,523	7,704	7,783	7,638	7,165	19
Interest on Debt to Associated Co.	5,684	4,897	3,725	3,037	2,739	20
Other Interest Expense	2,587	3,851	5,414	2,405	1,748	21
Total Interest Charges	15,794	16,451	16,923	13,081	11,652	22
Income Before Extraordinary Items	18,980	13,108	12,411	12,503	9,170	23
Extraordinary Items						24
<b>Net Income</b>	<b>\$18,980</b>	<b>\$13,108</b>	<b>\$12,411</b>	<b>\$12,503</b>	<b>\$9,170</b>	<b>25</b>
<b>RETAINED EARNINGS</b>						
Unappropriated (BOP)	\$151,690	\$134,263	\$123,583	\$121,930	\$117,971	26
Balance Transferred from Income	18,939	13,108	12,411	12,503	9,170	27
Appropriated						28
Dividends Declared-Preferred Stock	4,051	2,927	2,727	2,727	2,727	29
Dividends Declared-Common Stock	2,984		3,797	7,613	3,583	30
Adjustments to Retained Earnings	(739)	7,246	4,793	(511)	1,387	31
Net Change	11,165	17,427	10,680	1,652	4,248	32
Unappropriated (EOP)	162,855	151,690	134,263	123,583	122,218	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	<b>\$162,855</b>	<b>\$151,690</b>	<b>\$134,263</b>	<b>\$123,583</b>	<b>\$122,218</b>	<b>35</b>

Table 3W

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

	2008	2007	2006	2005	2004
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$18,939	\$11,461	\$12,411	\$12,503	\$9,170
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	14,771	13,909	18,743	12,246	12,128
3 Deferred Taxes & ITCs	6,842	(2,543)	7,553	2,805	6,900
4 Receivables and Inventory	(3,945)	(2,366)	(1,700)	(532)	1,425
5 Payables and Accrued Expenses	(5,487)	6,478	6,707	3,263	2,825
6 Capitalized AFUDC - Equity Funds	(2,020)	(2,394)	(2,183)	(1,428)	(1,275)
7 Equity In Loss (Earnings) Of Affiliates		(1,738)	1,230		
8 Other Adjustments	(16,910)	7,235	13,139	4,310	(8,993)
9	2,702	(5,043)	(3,648)	1,166	(515)
10	21,638	(1,583)	(4,563)	(1,936)	893
11 Net Cash From Operating Activities	<u>36,530</u>	<u>23,415</u>	<u>47,689</u>	<u>32,398</u>	<u>22,557</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(64,333)	(76,810)	(56,267)	(35,791)	(33,498)
13 Acquisition Of Other Non-Current Assets	(4,655)	(7,877)	(15,589)	108	47
14 Investments In & Advances to Affiliates.		57	(188)	(138)	18
15 Contributions & Advances from Affiliates	1,390	13,700	160		3,540
Net Proceeds - Sale Or Disposition Of:					
16 Property, Plant & Equipment					
17 Investments in Affiliated Companies	(45)				
18 Other Debt & Equity Investments			2,274	2,057	4,113
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities			54	(171)	
21	137	152	(30)	4,594	(4,594)
22			65		
23 Net Cash From Investing Activities	<u>(67,507)</u>	<u>(70,779)</u>	<u>(69,520)</u>	<u>(29,342)</u>	<u>(30,375)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	23,454	10,679	4,723	4,707	26,725
25 Common Stock		23,700	12,700	8,000	2,900
26 Preferred Stock	3,800	(1,000)	(800)		
27 Short-Term Debt	6,880	7,888	1,568	1,903	(8,657)
28 Dividends Paid	(7,035)	(2,928)	(6,197)	(10,341)	(6,311)
29 Other Cash Flows - Financing Activities	(3,779)	13,148	11,718	(2,614)	(2,090)
30			(7,202)		(1,177)
31					
32 Net Cash From Financing Activities	<u>23,319</u>	<u>51,487</u>	<u>16,510</u>	<u>1,656</u>	<u>11,390</u>
33 Net Increase/(Decrease) In Cash Equivalents	(7,657)	4,124	(5,321)	4,712	3,573
34 Cash & Cash Equivalents At Beginning Of Year	9,460	5,336	10,657	5,944	2,372
35 Cash & Cash Equivalents At End Of Year	\$1,802	\$9,460	\$5,336	\$10,657	\$5,944

Table 4 W

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

	2008	2007	2006	2005	2004	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES (\$000s)</b>						
Sales to General Customers	\$137,533	\$135,265	\$124,767	\$121,509	\$117,644	1
Sales to Other Water Companies	8,838	7,311	7,863	9,751	4,925	2
Other Sales of Water	14,619	12,959	11,779	11,718	11,186	3
Total Revenues from Sales of Water	160,990	155,535	144,409	142,978	133,756	4
Other Water Operating Revenues	18,540	7,297	10,354	3,309	2,795	5
Total Water Operating Revenues	\$179,530	\$162,833	\$154,763	\$146,287	\$136,550	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	32,009,744	30,876,847	31,018,817	32,795,305	30,521,430	8
Sales to Other Water Companies	654,576	1,757,201	2,062,728	690,947	620,537	9
Other Sales of Water	275,097	289,822	303,275	325,581	275,002	10
Total Sales of Water	32,939,417	32,923,870	33,384,820	33,811,833	31,416,968	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	234,814	233,410	232,873	236,020	236,567	13
Sales to Other Water Companies	5,705	5,371	4,978	347	348	14
Other Sales of Water	2,382	2,584	2,834	3,274	3,216	15
Total Customers	242,901	241,365	240,685	239,641	240,131	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$585.71	\$579.52	\$535.77	\$514.82	\$497.30	18
Average Consumption per Customer (T.Gal)	136.32	132.29	133.20	138.95	129.02	19
Average Revenue per T Gallons Sold	\$4.30	\$4.38	\$4.02	\$3.71	\$3.85	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	\$13,169	\$12,240	\$10,841	\$8,758	\$6,949	24
Power and Pumping	13,564	12,921	13,136	11,466	9,850	25
Purification	7,199	6,414	5,847	6,310	4,391	26
Transmission and Distribution	11,740	11,900	10,954	10,029	9,903	27
Customer Accounting and Collecting	6,332	6,604	7,066	7,061	6,400	28
Administrative and General	27,464	25,333	23,796	20,877	23,821	29
<b>Total O &amp; M Expense</b>	<b>\$79,468</b>	<b>\$75,412</b>	<b>\$71,640</b>	<b>\$64,501</b>	<b>\$61,314</b>	<b>30</b>

Table 5 W

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

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
1 Revenues (\$000s)	\$179,530	\$162,833	\$154,763	\$146,287	\$136,550
2 Sales (Thousands of Gallons)	32,939,417	32,923,870	33,384,820	33,811,833	31,416,968
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$23,614	\$21,650	\$20,546	\$16,859	\$13,837
4 Wages and Benefits	25,469	24,984	24,185	23,409	24,390
5 Other Operation and Maintenance Expense	31,159	29,514	27,587	24,270	23,729
6 Depreciation and Amortization Expense	14,466	13,288	12,545	11,171	11,023
7 Income Taxes-Operating	13,357	7,861	7,589	7,795	5,991
8 Other Taxes-Operating	39,881	38,675	38,350	39,255	39,315
9 Capital Costs	31,584	26,861	23,961	23,528	18,267
10 Total	\$179,530	\$162,833	\$154,763	\$146,287	\$136,550
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	13.2	13.3	13.3	11.5	10.1
12 Wages and Benefits	14.2	15.3	15.6	16.0	17.9
13 Other Operation and Maintenance Expense	17.4	18.1	17.8	16.6	17.4
14 Depreciation and Amortization Expense	8.1	8.2	8.1	7.6	8.1
15 Income Taxes-Operating	7.4	4.8	4.9	5.3	4.4
16 Other Taxes-Operating	22.2	23.8	24.8	26.8	28.8
17 Capital Costs	17.6	16.5	15.5	16.1	13.4
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	0.72	0.66	0.62	0.50	0.44
20 Wages and Benefits	0.77	0.76	0.72	0.69	0.78
21 Other Operation and Maintenance Expense	0.95	0.90	0.83	0.72	0.76
22 Depreciation and Amortization Expense	0.44	0.40	0.38	0.33	0.35
23 Income Taxes-Operating	0.41	0.24	0.23	0.23	0.19
24 Other Taxes-Operating	1.21	1.17	1.15	1.16	1.25
25 Capital Costs	0.96	0.82	0.72	0.70	0.58
26 Total	5.45	4.95	4.64	4.33	4.35

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

Purchased Water	12,163,113	10,863,580	9,752,704	8,049,964	6,152,901
Fuel for Pumping	9,101,139	8,531,762	8,578,405	7,214,384	6,241,813
Chemicals	2,350,001	2,254,585	2,214,809	1,959,693	1,441,852
Total PW, Fuel and Chemicals	23,614,253	21,649,927	20,545,918	17,224,042	13,836,566
Total - Ultimate Customers	23,614,253	21,649,927	20,545,918	17,224,042	13,836,566

**Wages and Benefits**

Salaries	17,466,577	17,704,812	16,383,233	16,426,058	17,065,835
Pensions and Benefits	8,002,782	7,279,541	7,801,458	6,668,869	7,323,945
Total Wages and Benefits	25,469,359	24,984,353	24,184,691	23,094,928	24,389,780

**Other Expenses**

Total O&M Expenses	79,467,889	75,411,520	71,639,546	64,501,492	61,313,940
-Total PW, Fuel and Chemicals	23,614,253	21,649,927	20,545,918	17,224,042	13,836,566
-Wages and Benefits	25,469,359	24,984,353	24,184,691	23,094,928	24,389,780
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	30,384,278	28,777,239	26,908,937	24,182,523	23,087,593

**Depreciation and Amortization**

Depreciation Exp	14,465,887	13,287,925	12,544,729	11,496,871	11,033,639
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	14,465,887	13,287,925	12,544,729	11,496,871	11,033,639

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

Total PW, Fuel and Chemicals	23,614,253	21,649,927	20,545,918	17,224,042	13,836,566
divided by Total Gallons	32,939,417	32,923,870	33,384,820	33,811,833	31,416,968
Cost per KWH	0.0007	0.0007	0.0006	0.0005	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)**

	2008	2007	2006	2005	2004	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible	\$506	\$506	\$506	\$240	\$240	1
Source of Supply	36,202	35,702	35,247	33,491	33,027	2
Pumping	55,951	51,158	50,564	47,904	46,803	3
Water Treatment	69,953	67,548	57,475	48,091	40,015	4
Transmission and Distribution	464,031	430,956	401,178	379,463	358,837	5
General	38,632	34,927	40,174	38,254	37,039	6
Purchased or Sold						7
Total Plant in Service	665,275	620,798	585,144	547,442	515,962	8
Plant Leased To Others						9
Construction Work In Progress	97,624	79,312	44,502	25,372	22,978	10
Plant Held For Future Use	8,904	8,904	8,904	8,897	8,863	11
Plant Acquisition Adjustments	874	1,887	1,887	1,887	1,887	12
Accum. Gains & Losses - Utility Land & Land Rights	(1,270)	(1,282)	(1,282)	(1,282)	(1,282)	13
<b>Total Plant</b>	771,407	709,619	639,155	582,316	548,408	14
Accum. Prov. - Depr. & Amort.	185,232	175,180	165,364	154,655	151,492	15
<b>Net Plant</b>	\$586,175	\$534,439	\$473,791	\$427,661	\$396,916	16
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.35	0.58	0.59	0.76	0.70	17
Total Capitalization (\$000s)	\$529,459	\$483,365	\$408,262	\$372,410	\$361,072	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	22.4%	23.8%	28.8%	31.7%	30.8%	19
Preferred Stock	0.2%	0.2%	0.5%	0.6%	0.6%	20
Common Stock & Retained Earnings	69.8%	69.1%	65.0%	60.2%	59.4%	21
Short-Term Debt	7.6%	7.5%	6.3%	8.3%	10.5%	22
Pretax Coverage of Interest Expense	2.7	2.3	2.2	2.6	2.3	23
Com. Stock Dividends as a % of Earnings	40.2%	33.3%	67.2%	104.4%	97.1%	24
Return on Common Equity	5.0%	2.9%	4.0%	4.5%	3.2%	25
Internal Cash Generated as a % of Cash Outflows for Construction	115.2%	92.6%	489.9%	231.7%	117.6%	26
CWIP as a % of Plant	12.7%	11.2%	7.0%	4.4%	4.1%	27
Number of Employees	323	323	303	312	334	28

Current Assets	33,362,019	53,240,027	43,900,940	53,791,453	48,847,982
Current Liabilities	95,621,934	91,466,879	73,940,666	71,060,607	69,655,359
Total Capitalization	529,459,174	483,365,026	408,261,712	372,409,504	361,072,129
Long-Term Debt	118,823,628	115,069,586	117,651,751	118,005,789	111,122,290
Preferred Stock	1,125,000	1,125,000	2,125,000	2,125,000	2,125,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	369,510,546	334,170,440	265,424,592	224,099,535	214,609,291
Short-Term Debt	40,000,000	36,149,586	25,572,120	30,794,969	37,877,838
Pretax Income	42,454,524	37,563,169	37,175,043	33,583,522	27,015,121
Interest Expense	15,793,649	16,451,186	16,922,571	13,080,564	11,652,444
Dividends Paid	7,035,000	2,927,711	6,524,700	10,341,047	6,259,329
Net Income (Excl. Preferred Stock Dividends)	17,483,536	8,796,492	9,705,404	9,902,107	6,443,129
Internal Cash	36,528,873	23,415,099	47,689,386	33,699,134	22,534,613
Cash Outflows for Construction	(31,720,676)	(25,277,462)	(9,733,594)	(14,546,841)	(19,164,745)
CWIP	97,624,483	79,311,852	44,501,679	25,371,751	22,522,902
Total Plant	771,429,048	709,618,756	639,154,912	582,273,773	547,952,903
Number of Employees	323	323	303	312	334
Salaries and Wages					

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

	2008	2007	2006	2005	2004
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$4,995,347	\$5,085,304	\$5,129,057	\$5,196,342	\$5,068,730
<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	115,792	200,933	293,898	137,724	191,823
7 Notes and Accounts Receivables - Net	109,074	105,328	99,691	121,638	117,760
8 Receivables from Associated Companies					
23 Materials and Supplies					
10 Prepayments	7,825	8,190	8,240	8,180	26,493
11 Accrued Utility Revenue					
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	232,691	314,451	401,829	267,542	336,076
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense					
15 Other Deferred Debits	39,065	60,727	122,861	184,995	247,130
16 Accumulated Deferred Income Taxes					
17 Total Deferred Debits	39,065	60,727	122,861	184,995	247,130
18 <b>Total Assets and Other Debits</b>	<b>\$5,267,103</b>	<b>\$5,460,482</b>	<b>\$5,653,747</b>	<b>\$5,648,879</b>	<b>\$5,651,936</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	(1,030,344)	(1,052,206)	(958,626)	(898,845)	(945,797)
23 Reacquired Capital Stock					
24 Total Proprietary Capital	(980,344)	(1,002,206)	(908,626)	(848,845)	(895,797)
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt					
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable	2,029,108	2,149,586	2,261,751	2,365,789	2,462,290
27 Accounts Payable	48,774	78,186	58,866	28,899	528,638
28 Payables to Associated Companies	4,093,686	4,166,730	4,173,707	4,036,611	3,492,198
29 Customer Deposits					
30 Taxes Accrued	411	528	528	378	502
31 Interest Accrued					
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	75,468	67,658	67,521	66,047	64,105
34 Total Current and Accrued Liabilities	6,247,447	6,462,688	6,562,373	6,497,724	6,547,733
<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>\$5,267,103</b>	<b>\$5,460,482</b>	<b>\$5,653,747</b>	<b>\$5,648,879</b>	<b>\$5,651,936</b>

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

	2008	2007	2006	2005	2004	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$1,347,689	\$1,355,260	\$1,305,067	\$1,323,835	\$1,162,423	1
Operating Expense:						
Operation Expense	418,233	433,226	378,627	387,366	330,777	2
Maintenance Expense	56,796	62,353	53,719	40,974	88,949	3
Depreciation and Amortization Expense	128,646	125,975	118,620	122,139	113,699	4
Taxes Other than Income Taxes	386,556	371,031	352,098	327,949	318,469	5
Income Taxes						6
Total Operating Expenses	990,231	992,585	903,064	878,428	851,894	7
Net Operating Revenues	357,458	362,675	402,003	445,407	310,529	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	<b>357,458</b>	<b>362,675</b>	<b>402,003</b>	<b>445,407</b>	<b>310,529</b>	<b>10</b>
<b>OTHER INCOME</b>						
Interest and Dividend Income	5,249	9,679	11,495	4,327		11
Allowance for Funds Used During Construction						12
Miscellaneous Nonoperating Income						13
Other Income						14
Total Other Income	5,249	9,679	11,495	4,327		15
Other Income Deductions						16
Taxes-Other Income and Deductions						17
<b>Income Available</b>	<b>362,707</b>	<b>372,354</b>	<b>413,498</b>	<b>449,734</b>	<b>310,529</b>	<b>18</b>
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	160,572	168,887	177,013	184,550	219,835	19
Interest on Debt to Associated Co.	180,273	297,047	296,266	218,232	137,461	20
Other Interest Expense						21
Total Interest Charges	340,845	465,934	473,279	402,782	357,296	22
Income Before Extraordinary Items	21,862	(93,580)	(59,781)	46,952	(46,767)	23
Extraordinary Items						24
<b>Net Income</b>	<b>\$21,862</b>	<b>(\$93,580)</b>	<b>(\$59,781)</b>	<b>\$46,952</b>	<b>(\$46,767)</b>	<b>25</b>
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	(\$1,052,206)	(\$958,626)	(\$898,845)	(\$945,797)	(\$899,030)	26
Balance Transferred from Income	21,862	(93,580)	(59,781)	46,952	(46,767)	27
Appropriated						28
Dividends Declared-Preferred Stock						29
Dividends Declared-Common Stock						30
Adjustments to Retained Earnings						31
Net Change	21,862	(93,580)	(59,781)	46,952	(46,767)	32
Unappropriated (EOP)	(1,030,344)	(1,052,206)	(958,626)	(898,845)	(945,797)	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	<b>(\$1,030,344)</b>	<b>(\$1,052,206)</b>	<b>(\$958,626)</b>	<b>(\$898,845)</b>	<b>(\$945,797)</b>	<b>35</b>

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

	2008	2007	2006	2005	2004
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$21,862	(\$93,580)	(\$59,781)	\$46,952	(\$46,767)
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	167,478	188,109	180,754	184,274	139,588
3 Deferred Taxes & ITCs	864				
4 Receivables and Inventory	(3,746)	(7,088)	21,748	(4,685)	(29,060)
5 Payables and Accrued Expenses	(29,529)	19,320	30,117	(34,248)	5,495
6 Capitalized AFUDC - Equity Funds					
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	(73,488)	1,451	104,153	(138,290)	107,286
9	(8,971)	(6,414)	1,673	2,749	(176,860)
10		187	(60)	18,313	12,316
11 Net Cash From Operating Activities	<u>74,470</u>	<u>101,985</u>	<u>278,604</u>	<u>75,065</u>	<u>11,998</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(38,689)	(82,222)	(51,335)	(249,751)	(731,088)
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>(38,689)</u>	<u>(82,222)</u>	<u>(51,335)</u>	<u>(249,751)</u>	<u>(731,088)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	(444)	(563)	32,943	217,088	913,612
25 Common Stock					
26 Preferred Stock					
27 Short-Term Debt	(120,478)	(112,165)	(104,038)	(96,501)	(77,058)
28 Dividends Paid					
29 Other Cash Flows - Financing Activities					
30					
31					
32 Net Cash From Financing Activities	<u>(120,922)</u>	<u>(112,728)</u>	<u>(71,095)</u>	<u>120,587</u>	<u>836,554</u>
33 Net Increase/(Decrease) In Cash Equivalents	(85,141)	(92,965)	156,174	(54,099)	117,464
34 Cash & Cash Equivalents At Beginning Of Year	200,933	293,898	137,724	191,823	74,359
35 Cash & Cash Equivalents At End Of Year	\$115,792	\$200,933	\$293,898	\$137,724	\$191,823

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

	2008	2007	2006	2005	2004	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$1,347,689	\$1,355,260	\$1,305,067	\$1,323,835	\$1,161,243	1
Sales to Other Water Companies						2
Other Sales of Water						3
Total Revenues from Sales of Water	1,347,689	1,355,260	1,305,067	1,323,835	1,161,243	4
Other Water Operating Revenues						5
Total Water Operating Revenues	\$1,347,689	\$1,355,260	\$1,305,067	\$1,323,835	\$1,161,243	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	97,518	93,622	91,170	99,192	93,802	8
Sales to Other Water Companies						9
Other Sales of Water						10
Total Sales of Water	97,518	93,622	91,170	99,192	93,802	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	2,643	2,487	2,612	2,559	2,487	12
Sales to Other Water Companies						13
Other Sales of Water						14
Total Customers	2,643	2,487	2,612	2,559	2,487	15
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$509.91	\$544.94	\$499.64	\$517.33	\$466.93	16
Average Consumption per Customer (T.Gal)	36.90	37.64	34.90	38.76	37.72	17
Average Revenue per T Gallons Sold	\$13.82	\$14.48	\$14.31	\$13.35	\$12.38	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	\$52,367	\$44,655	\$41,293	\$18,612	\$55,737	22
Power and Pumping	137,424	132,808	119,716	144,546	148,252	23
Purification	31,286	23,814	14,823	29,169	22,850	24
Transmission and Distribution	792	7,082	538	6,297	7,668	25
Customer Accounting and Collecting	864	1,451	199	807		26
Administrative and General	252,296	285,769	255,777	228,909	185,219	27
<b>Total O &amp; M Expense</b>	<b>\$475,029</b>	<b>\$495,579</b>	<b>\$432,346</b>	<b>\$428,340</b>	<b>\$419,726</b>	28

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

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
1 Revenues	\$1,347,689	\$1,355,260	\$1,305,067	\$1,323,835	\$1,161,243
2 Sales (Thousands of Gallons)	97,518	93,622	91,170	99,192	93,802
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$114,499	108,224	102,416	105,389	\$107,342
4 Wages and Benefits					
5 Other Operation and Maintenance Expense	360,530	387,355	329,930	322,951	312,384
6 Depreciation and Amortization Expense	128,646	125,975	118,620	122,139	113,699
7 Income Taxes-Operating					
8 Other Taxes-Operating	386,556	371,031	352,098	327,949	318,469
9 Capital Costs	357,458	362,675	402,003	445,407	309,349
10 Total	\$1,347,689	\$1,355,260	\$1,305,067	\$1,323,835	\$1,161,243
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	8.5	8.0	7.8	8.0	9.2
12 Wages and Benefits					
13 Other Operation and Maintenance Expense	26.8	28.6	25.3	24.4	26.9
14 Depreciation and Amortization Expense	9.5	9.3	9.1	9.2	9.8
15 Income Taxes-Operating					
16 Other Taxes-Operating	28.7	27.4	27.0	24.8	27.4
17 Capital Costs	26.5	26.8	30.8	33.6	26.6
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	1.17	1.16	1.12	1.06	1.14
20 Wages and Benefits					
21 Other Operation and Maintenance Expense	3.70	4.14	3.62	3.26	3.33
22 Depreciation and Amortization Expense	1.32	1.35	1.30	1.23	1.21
23 Income Taxes-Operating					
24 Other Taxes-Operating	3.96	3.96	3.86	3.31	3.40
25 Capital Costs	3.67	3.87	4.41	4.49	3.30
26 Total	13.82	14.48	14.31	13.35	12.38

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

Purchased Water					
Fuel for Pumping	89,603	95,906	90,018	93,296	92,567
Chemicals	24,896	12,318	12,398	12,093	14,775
Total PW, Fuel and Chemicals	114,499	108,224	102,416	105,389	107,342
Total - Ultimate Customers					

**Wages and Benefits**

Salaries					
Pensions and Benefits					
Total Wages and Benefits					

**Other Expenses**

Total O&M Expenses	475,029	495,579	432,346	428,340	419,726
-Total PW, Fuel and Chemicals	114,499	108,224	102,416	105,389	107,342
-Wages and Benefits					
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	360,530	387,355	329,930	322,951	312,384

**Depreciation and Amortization**

Depreciation Exp	128,646	125,975	118,620	122,139	113,699
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	128,646	125,975	118,620	122,139	113,699

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

	2008	2007	2006	2005	2004	
<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	683,787	658,017	575,795	529,518	529,518	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	6,209,691	6,196,772	6,196,772	6,191,714	5,487,126	5
General	11,765	11,765	11,765	11,765	11,765	6
Purchased or Sold						7
Total Plant in Service	7,640,192	7,601,503	7,519,281	7,467,946	6,763,358	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>	7,640,192	7,601,503	7,519,281	7,467,946	7,218,195	14
Accum. Prov. - Depr. & Amort.	2,644,845	2,516,199	2,390,224	2,271,604	2,149,465	15
<b>Net Plant</b>	\$4,995,347	\$5,085,304	\$5,129,057	\$5,196,342	\$5,068,730	16
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.04	0.05	0.06	0.04	0.05	17
Total Capitalization	\$1,048,764	\$1,147,380	\$1,353,125	\$1,516,944	\$1,566,493	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	193.5%	187.3%	167.2%	156.0%	157.2%	19
Preferred Stock						20
Common Stock & Retained Earnings	-93.5%	-87.3%	-67.2%	-56.0%	-57.2%	21
Short-Term Debt		187.3%	167.2%	156.0%	157.2%	22
Pretax Coverage of Interest Expense	1.1	0.8	0.9	1.1	0.9	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	192.5%	124.0%	542.7%	30.1%	1.6%	26
CWIP as a % of Plant						27
Number of Employees						28

Current Assets	232,691	314,451	401,829	267,542	336,076
Current Liabilities	6,247,447	6,462,688	6,562,373	6,497,724	6,547,733
Total Capitalization	1,048,764	1,147,380	1,353,125	1,516,944	1,566,493
Long-Term Debt	2,029,108	2,149,586	2,261,751	2,365,789	2,462,290
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	(980,344)	(1,002,206)	(908,626)	(848,845)	(895,797)
Short-Term Debt		2,149,586	2,261,751	2,365,789	2,462,290
Pretax Income	362,707	372,354	413,498	449,734	310,529
Interest Expense	340,845	465,934	473,279	402,782	357,296
Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	21,862	(93,580)	(59,781)	46,952	(46,767)
* Internal Cash	74,470	101,985	278,604	75,065	11,998
Cash Outflows for Construction	38,689	82,222	51,335	249,751	731,088
CWIP					
Total Plant	7,640,192	7,601,503	7,519,281	7,467,946	6,763,358
Number of Employees					
Salaries and Wages					

**JAMAICA WATER SUPPLY COMPANY  
COMPARATIVE BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31,**

	2008	2007	2006	2005	2004
<b>UTILITY PLANT</b>					
1	Net Utility Plant				
<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				
7	Notes and Accounts Receivables - Net				
8	Receivables from Associated Companies				
23	Materials and Supplies				
10	Prepayments				
11	Accrued Utility Revenue				
12	Misc Current and Accrued Assets				
13	Total Current and Accrued Assets				
<b>DEFERRED DEBITS</b>					
14	Unamort. Debt Expense				
15	Other Deferred Debits				
16	Accumulated Deferred Income Taxes				
17	Total Deferred Debits				
18	<b>Total Assets and Other Debits</b>				
<b>PROPRIETARY CAPITAL</b>					
19	Common Stock Issued				
20	Preferred Stock Issued				
21	Other Paid-in Capital				
22	Retained Earnings				
23	Reacquired Capital Stock				
24	Total Proprietary Capital				
<b>LONG-TERM DEBT</b>					
25	Long-Term Debt				
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26	Notes Payable				
27	Accounts Payable				
28	Payables to Associated Companies				
29	Customer Deposits				
30	Taxes Accrued				
31	Interest Accrued				
32	Matured Long-Term Debt				
33	Misc Current and Accrued Liabilities				
34	Total Current and Accrued Liabilities				
<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>				

**Note:**

Jamaica Water was acquired by the City of New York on May 31, 1996. The company was not required to file a 1996 PSC annual report.

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

<b>UTILITY OPERATING INCOME</b>	
Operating Revenues	1
Operating Expense:	
Operation Expense	2
Maintenance Expense	3
Depreciation and Amortization Expense	4
Taxes Other than Income Taxes	5
Income Taxes	6
Total Operating Expenses	7
Net Operating Revenues	8
Other Utility Operating Income	9
<b>Total Utility Operating Income</b>	<b>10</b>
<b>OTHER INCOME</b>	
Interest and Dividend Income	11
Allowance for Funds Used During Construction	12
Miscellaneous Nonoperating Income	13
Other Income	14
Total Other Income	15
Other Income Deductions	16
Taxes-Other Income and Deductions	17
<b>Income Available</b>	<b>18</b>
<b>INTEREST CHARGES</b>	
Interest on Long-Term Debt	19
Interest on Debt to Associated Co.	20
Other Interest Expense	21
Total Interest Charges	22
Income Before Extraordinary Items	23
Extraordinary Items	24
<b>Net Income</b>	<b>25</b>
<hr/>	
<b>RETAINED EARNINGS</b>	
Unappropriated (Beginning)	26
Balance Transferred from Income	27
Appropriated	28
Dividends Declared-Preferred Stock	29
Dividends Declared-Common Stock	30
Adjustments to Retained Earnings	31
Net Change	32
Unappropriated (EOP)	33
Appropriated (EOP)	34
<b>Total Retained Earnings</b>	<b>35</b>

**Note:**

Jamaica Water was acquired by the City of New York on May 31, 1996. The company was not required to file a 1996 PSC annual report.

**JAMAICA WATER SUPPLY COMPANY  
STATEMENT OF CASH FLOWS  
FOR YEAR ENDED DECEMBER 31**

**Cash Flows From Operating Activities**

1	Net Income
	Adjustments to reconcile net income to net cash provided by operating activities:
2	Depreciation, Depletion & Amortization
3	Deferred Taxes & ITCs
4	Receivables and Inventory
5	Payables and Accrued Expenses
6	Capitalized AFUDC - Equity Funds
7	Equity In Loss (Earnings) Of Affiliates
8	Other Adjustments
9	
10	
11	Net Cash From Operating Activities

**Cash Flows From Investing Activities**

12	Cash Outflows For Construction
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

**Cash Flows From Financing Activities**

	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
30	
31	
32	Net Cash From Financing Activities
33	Net Increase/(Decrease) In Cash Equivalents
34	Cash & Cash Equivalents At Beginning Of Year
35	Cash & Cash Equivalents At End Of Year

**Note:**

Jamaica Water was acquired by the City of New York on May 31, 1996. The company was not required to file a 1996 PSC annual report.

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

**SALES AND CUSTOMER DATA**

**REVENUES**

Unmetered Sales to General Customers	1
Metered Sales to General Customers	2
Sales to Other Water Companies	3
Other Sales of Water	4
Total Revenues from Sales of Water	5
Other Water Operating Revenues	6
 Total Water Operating Revenues	 7

**WATER SALES (Thousands of Gallons)**

Unmetered Sales to General Customers	8
Metered Sales to General Customers	9
Sales to Other Water Companies	10
Other Sales of Water	11
 Total Sales of Water	 12

**AVG CUSTOMERS PER MONTH**

Unmetered Sales to General Customers	13
Metered Sales to General Customers	14
Sales to Other Water Companies	15
Other Sales of Water	16
 Total Customers	 17

**OPERATING REVENUE RELATIONSHIP**

**METERED GENERAL CUSTOMERS**

Average Annual Bill per Customer	18
Average Consumption per Customer (T.Gal)	19
Average Revenue per T Gallons Sold	20

**UNMETERED GENERAL CUSTOMERS**

Average Annual Bill per Customer	21
Average Consumption per Customer (T.Gal)	22
Average Revenue per T Gallons Sold	23

**OPERATION AND MAINTENANCE EXPENSES**

Source of Supply	24
Power and Pumping	25
Purification	26
Transmission and Distribution	27
Customer Accounting and Collecting	28
Administrative and General	29
 <b>Total O &amp; M Expense</b>	 30

**Note:**

Jamaica Water was acquired by the City of New York on May 31, 1996. The company was not required to file a 1996 PSC annual report.

**JAMAICA WATER SUPPLY COMPANY  
DISTRIBUTION OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31,**

1 Revenues

2 Sales (Thousands of Gallons)

**DOLLAR AMOUNTS**

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

4 Wages and Benefits

5 Other Operation and Maintenance Expense

6 Depreciation and Amortization Expense

7 Income Taxes-Operating

8 Other Taxes-Operating

9 Capital Costs

10 Total

**PERCENT OF REVENUES**

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

12 Wages and Benefits

13 Other Operation and Maintenance Expense

14 Depreciation and Amortization Expense

15 Income Taxes-Operating

16 Other Taxes-Operating

17 Capital Costs

18 Total

**DOLLARS PER THOUSAND GALLONS SOLD**

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

20 Wages and Benefits

21 Other Operation and Maintenance Expense

22 Depreciation and Amortization Expense

23 Income Taxes-Operating

24 Other Taxes-Operating

25 Capital Costs

26 Total

**Note:**

Jamaica Water was acquired by the City of New York on May 31, 1996. The company was not required to file a 1996 PSC annual report.

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

Purchased Water  
Fuel for Pumping  
Chemicals

Total PW, Fuel and Chemicals

Total - Ultimate Customers

**Wages and Benefits**

Salaries  
Pensions and Benefits  
Total Wages and Benefits

**Other Expenses**

Total O&M Expenses  
-Total PW, Fuel and Chemicals  
-Wages and Benefits  
-Other Gains  
+Other Losses  
-Other Revenues  
Other Expenses

**Depreciation and Amortization**

Depreciation Exp  
Amort of Utility Plant  
Amort of Other Utility Plant  
Amort of Property Losses

Total Depre and Amort

**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

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

**WATER UTILITY PLANT**

<b>Plant in Service</b>	
Intangible	1
Source of Supply	2
Pumping	3
Water Treatment	4
Transmission and Distribution	5
General	6
Purchased or Sold	7
 Total Plant in Service	 8
Plant Leased To Others	9
Construction Work In Progress	10
Plant Held For Future Use	11
Plant Acquisition Adjustments	12
Accum. Gains & Losses - Utility Land & Land Rights	13
 <b>Total Plant</b>	 14
 Accum. Prov. - Depr. & Amort.	 15
 <b>Net Plant</b>	 16

**SELECTED RATIOS AND STATISTICS**

Current Assets / Current Liabilities	17
Total Capitalization	18
<u>Percent Of Capitalization (incl S-T Debt)</u>	
Long-Term Debt	19
Preferred Stock	20
Common Stock & Retained Earnings	21
Short-Term Debt	22
Pretax Coverage of Interest Expense	23
Com. Stock Dividends as a % of Earnings	24
Return on Common Equity	25
Internal Cash Generated as a % of Cash Outflows for Construction	26
CWIP as a % of Plant	27
Number of Employees	28

**Note:**

Jamaica Water was acquired by the City of New York on May 31, 1996. The company was not required to file a 1996 PSC annual report.

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Current Assets

Current Liabilities

Total Capitalization

Long-Term Debt

Preferred Stock

Common Stock and Retained Earnings  
(Excl. Preferred Stock)

Short-Term Debt

Pretax Income

Interest Expense

Dividends Paid

Net Income  
(Excl. Preferred Stock Dividends)

Internal Cash

Cash Outflows for Construction

CWIP

Total Plant

Number of Employees

Salaries and Wages

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

	2008	2007	2006	2005	2004
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$106,721,698	\$97,577,597	\$92,998,336	\$87,543,144	\$76,855,843
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)	63,368	63,368	63,368	63,368	63,368
3 Other Investments					4,594,000
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments	63,368	63,368	63,368	63,368	4,657,368
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	105,621	156,227	465,472	448,239	441,315
7 Notes and Accounts Receivables - Net	1,398,610	3,426,062	4,061,781	4,784,635	6,049,507
8 Receivables from Associated Companies	99	-	-	-	
23 Materials and Supplies	658,066	586,464	491,414	516,420	593,848
10 Prepayments	643,281	603,093	592,064	584,473	539,960
11 Accrued Utility Revenue	2,338,989	4,023,883	3,873,634	4,138,711	3,542,439
12 Misc Current and Accrued Assets	179,377	169,019	198,659	154,772	507,589
13 Total Current and Accrued Assets	5,324,043	8,964,748	9,683,024	10,627,251	11,674,657
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense	1,923,188	2,024,469	2,125,749	2,228,166	2,274,037
15 Other Deferred Debits	2,575,361	1,820,231	2,243,974	7,141,048	1,776,307
16 Accumulated Deferred Income Taxes	6,423,327	6,634,280	6,871,224	6,927,931	6,975,194
17 Total Deferred Debits	10,921,876	10,478,980	11,240,947	16,297,145	11,025,539
18 <b>Total Assets and Other Debits</b>	<b>\$123,030,986</b>	<b>\$117,084,693</b>	<b>\$113,985,675</b>	<b>\$114,530,908</b>	<b>\$104,213,407</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	10,517,585	10,500,000	10,500,000	10,500,000	10,500,000
22 Retained Earnings	16,911,972	15,982,258	16,454,836	17,310,000	18,075,289
23 Reacquired Capital Stock	0				
24 Total Proprietary Capital	38,554,557	37,607,258	38,079,836	28,435,000	29,200,289
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt	38,920,000	38,920,000	38,930,000	38,930,000	38,930,000
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable			60,369	7,179,180	13,315,548
27 Accounts Payable	(0)	894,647	547,437	1,595,939	2,643,034
28 Payables to Associated Companies	1,462,363	14,102,445	656,811	144,560	717,040
29 Customer Deposits	15,584,345			3,767	3,792
30 Taxes Accrued		(432,074)	2,322,115	91,016	61,970
31 Interest Accrued	2,210,387	557,629	557,845	546,057	487,257
32 Matured Long-Term Debt	557,627				12,656
33 Misc Current and Accrued Liabilities	1,249,428	1,233,279	1,343,637	1,884,280	2,538,241
34 Total Current and Accrued Liabilities	21,064,151	16,355,926	5,488,214	11,444,799	19,779,538
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	398,667	261,553	109,553	44,553	18,953
36 Other Deferred Credits	9,171,618	7,746,457	11,592,615	17,841,963	(623,286)
37 Accumulated Deferred Investment Tax Credits	298,822	313,822	328,822	343,822	358,822
38 Accumulated Deferred Income Taxes	14,623,171	15,879,677	19,456,635	17,490,772	16,549,091
39 Total Deferred Credits	24,492,278	24,201,509	31,487,625	35,721,110	16,303,580
<b>OPERATING RESERVES</b>					
40 Operating Reserves					
41 <b>Total Liabilities and Other Credits</b>	<b>\$123,030,986</b>	<b>\$117,084,693</b>	<b>\$113,985,675</b>	<b>\$114,530,909</b>	<b>\$104,213,407</b>

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

	2008	2007	2006	2005	2004	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$46,327,201	\$39,562,110	\$39,587,326	\$40,521,137	\$37,564,640	1
Operating Expense:						
Operation Expense	18,004,431	17,797,545	17,482,305	15,826,316	15,207,756	2
Maintenance Expense	2,834,269	3,066,944	3,096,332	2,706,451	2,710,050	3
Depreciation and Amortization Expense	3,330,738	2,995,213	2,654,965	1,846,032	1,911,473	4
Taxes Other than Income Taxes	12,570,215	12,689,517	12,774,373	15,088,367	15,268,328	5
Income Taxes	2,956,643	(1,011,194)	(550,519)	827,450	279,723	6
Total Operating Expenses	39,696,295	35,538,025	35,457,456	36,294,616	35,377,330	7
Net Operating Revenues	6,630,906	4,024,085	4,129,870	4,226,521	2,187,310	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	6,630,906	4,024,085	4,129,870	4,226,521	2,187,310	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	105,272	251,356	269,802	47,072		11
Allowance for Funds Used During Construction	179,460	169,583	76,139	413,794	472,095	12
Miscellaneous Nonoperating Income					(48,954)	13
Other Income	515,716	12,362	883,558	(9,581)		14
Total Other Income	800,448	433,301	1,229,499	451,284	423,141	15
Other Income Deductions		(2,654)			44,279	16
Taxes-Other Income and Deductions	38,006	935,776	82,004	147,316	88,861	17
<b>Income Available</b>	7,393,348	3,524,264	5,277,365	4,530,489	2,477,311	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	2,377,478	2,377,789	2,390,929	2,378,411	1,696,352	19
Interest on Debt to Associated Co.						20
Other Interest Expense	1,052,031	1,568,426	3,694,131	565,078	264,813	21
Total Interest Charges	3,429,509	3,946,216	6,085,060	2,943,489	1,961,166	22
Income Before Extraordinary Items	3,963,839	(421,951)	(807,695)	1,587,000	516,145	23
Net Extraordinary Items						24
<b>Net Income</b>	\$3,963,839	(\$421,951)	(\$807,695)	\$1,587,000	\$516,145	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$15,982,258	\$16,454,836	\$17,310,000	\$17,787,238	\$18,334,269	26
Balance Transferred from Income	3,963,839	(421,951)	(807,695)	1,587,000	516,145	27
Appropriated						28
Dividends Declared-Preferred Stock	50,625	50,625	50,484	50,625	50,625	29
Dividends Declared-Common Stock	2,983,500			2,013,753	724,500	30
Adjustments to Retained Earnings		(2)	3,015	140		31
Net Change	929,714	(472,578)	(855,164)	(477,238)	(258,980)	32
Unappropriated (EOP)	16,911,972	15,982,258	16,454,836	17,310,000	18,075,289	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$16,911,972	\$15,982,258	\$16,454,836	\$17,310,000	\$18,075,289	35

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

	2008	2007	2006	2005	2004
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$3,963,839	(\$421,951)	(\$807,695)	\$1,587,000	\$516,145
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	3,397,000	3,328,000	3,247,000	2,522,000	1,911,473
3 Deferred Taxes & ITCs	1,256,000	2,103,000	(332,000)	1,349,000	3,444,000
4 Receivables and Inventory	53,000	32,706	549,000	796,000	251,000
5 Payables and Accrued Expenses		(296,000)	(1,049,000)	(2,342,000)	1,830,000
6 Capitalized AFUDC - Equity Funds	(120,000)	(103,000)	(54,000)	(297,000)	(340,000)
7 Equity In Loss (Earnings) Of Affiliates		(505,000)			
8 Other Adjustments	(774,000)	671,000	3,138,000	6,315,000	(5,536,512)
9	(1,776,000)	(1,943,000)	439,000	(76)	
10	8,101,555	(4,085,000)	(460,072)		
11 Net Cash From Operating Activities	<u>14,101,394</u>	<u>(1,219,245)</u>	<u>4,670,233</u>	<u>9,929,924</u>	<u>2,076,106</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(12,644,000)	(13,046,000)	(7,989,000)	(7,378,000)	(12,327,000)
13 Acquisition Of Other Non-Current Assets					
14 Investments In & Advances to Affiliates.					
15 Contributions & Advances from Affiliates	1,390,000	13,865,000			
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			54,000	(171,000)	
21	137,000	152,000	(30,000)	4,594,000	(4,594,000)
22			65,000		
23 Net Cash From Investing Activities	<u>(11,117,000)</u>	<u>971,000</u>	<u>(7,900,000)</u>	<u>(2,955,000)</u>	<u>(16,921,000)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt		(10,000)		(56,000)	16,000,000
25 Common Stock					
26 Preferred Stock					
27 Short-Term Debt					820,000
28 Dividends Paid	(3,035,000)	(51,000)	(51,000)	(2,065,000)	(776,000)
29 Other Cash Flows - Financing Activities			10,500,000	(4,847,000)	(48,000)
30			(7,202,000)		(1,177,000)
31					
32 Net Cash From Financing Activities	<u>(3,035,000)</u>	<u>(61,000)</u>	<u>3,247,000</u>	<u>(6,968,000)</u>	<u>14,819,000</u>
33 Net Increase/(Decrease) In Cash Equivalents	(50,606)	(309,245)	17,233	6,924	(25,894)
34 Cash & Cash Equivalents At Beginning Of Year	156,227	465,472	448,239	441,315	467,209
35 Cash & Cash Equivalents At End Of Year	\$105,621	\$156,227	\$465,472	\$448,239	\$441,315

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

	2008	2007	2006	2005	2004	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$34,314,402	\$29,653,695	\$29,486,946	\$30,453,005	\$33,432,861	1
Sales to Other Water Companies	6,028,988	4,982,865	5,290,637	5,549,807	985,840	2
Other Sales of Water	3,900,940	3,611,193	3,129,886	3,112,439	2,800,140	3
Total Revenues from Sales of Water	44,244,330	38,247,753	37,907,469	39,115,251	37,218,841	4
Other Water Operating Revenues	2,082,871	1,086,338	1,679,858	1,405,886	345,799	5
Total Water Operating Revenues	\$46,327,201	\$39,334,091	\$39,587,327	\$40,521,137	\$37,564,640	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	9,471,600	7,985,616	8,211,236	9,539,089	8,783,973	8
Sales to Other Water Companies	521,083	1,621,344	1,805,621	357,289	377,893	9
Other Sales of Water						10
Total Sales of Water	9,992,683	9,606,960	10,016,857	9,896,378	9,161,865	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	67,886	67,834	67,508	72,482	73,178	13
Sales to Other Water Companies	5,701	5,367	4,974	343	344	14
Other Sales of Water	340	672	1,013	675	709	15
Total Customers	73,927	73,873	73,495	73,500	74,231	17
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$505.47	\$437.15	\$436.79	\$453.28	\$456.87	18
Average Consumption per Customer (T.Gal)	139.52	117.72	121.63	115.51	120.04	19
Average Revenue per T Gallons Sold	\$3.62	\$3.71	\$3.59	\$3.92	\$3.81	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	\$191,572	\$211,026	\$247,612	\$207,762	\$216,831	24
Power and Pumping	4,367,329	4,168,792	4,132,691	3,415,365	3,143,087	25
Purification	1,741,845	1,570,693	1,755,707	2,206,011	1,303,263	26
Transmission and Distribution	2,892,307	3,411,162	3,175,275	2,757,993	2,942,453	27
Customer Accounting and Collecting	1,392,285	1,410,834	1,105,489	1,209,524	1,202,526	28
Administrative and General	10,253,362	10,091,982	10,161,862	8,736,585	9,109,646	29
<b>Total O &amp; M Expense</b>	<b>\$20,838,699</b>	<b>\$20,864,489</b>	<b>\$20,578,636</b>	<b>\$18,533,240</b>	<b>\$17,917,805</b>	<b>30</b>

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

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
1 Revenues	\$46,327,201	\$39,334,091	\$39,587,327	\$40,521,137	\$37,564,640
2 Sales (Thousands of Gallons)	9,992,683	9,606,960	10,016,857	9,896,378	9,161,865
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$3,084,516	\$2,997,782	\$3,104,948	\$2,293,844	\$2,293,844
4 Wages and Benefits	8,769,535	8,123,182	7,513,230	7,706,801	7,706,801
5 Other Operation and Maintenance Expense	8,984,648	9,743,525	9,960,459	7,917,160	7,917,160
6 Depreciation and Amortization Expense	3,330,738	2,995,213	2,654,965	1,846,032	1,911,473
7 Income Taxes-Operating	2,956,643	(1,011,194)	(550,519)	827,450	279,723
8 Other Taxes-Operating	12,570,215	12,689,517	12,774,373	15,088,367	15,268,328
9 Capital Costs	6,630,906	3,796,066	4,129,871	4,841,483	2,187,310
10 Total	\$46,327,201	\$39,334,091	\$39,587,327	\$40,521,137	\$37,564,640
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	6.7	7.6	7.8	5.7	6.1
12 Wages and Benefits	18.9	20.7	19.0	19.0	20.5
13 Other Operation and Maintenance Expense	19.4	24.8	25.2	19.5	21.1
14 Depreciation and Amortization Expense	7.2	7.6	6.7	4.6	5.1
15 Income Taxes-Operating	6.4	(2.6)	(1.4)	2.0	0.7
16 Other Taxes-Operating	27.1	32.3	32.3	37.2	40.6
17 Capital Costs	14.3	9.7	10.4	11.9	5.8
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	0.31	0.31	0.31	0.23	0.25
20 Wages and Benefits	0.88	0.85	0.75	0.78	0.84
21 Other Operation and Maintenance Expense	0.90	1.01	0.99	0.80	0.86
22 Depreciation and Amortization Expense	0.33	0.31	0.27	0.19	0.21
23 Income Taxes-Operating	0.30	-0.11	-0.05	0.08	0.03
24 Other Taxes-Operating	1.26	1.32	1.28	1.52	1.67
25 Capital Costs	0.66	0.40	0.41	0.49	0.24
26 Total	4.64	4.09	3.95	4.09	4.10

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

Purchased Water					
Fuel for Pumping	2,319,771	2,306,729	2,421,348	2,052,195	1,790,714
Chemicals	764,746	691,053	683,601	606,355	503,130
Total PW, Fuel and Chemicals	3,084,516	2,997,782	3,104,948	2,658,550	2,293,844

Total - Ultimate Customers

**Wages and Benefits**

Salaries	6,295,469	5,789,732	5,312,192	5,252,872	5,346,351
Pensions and Benefits	2,474,066	2,333,450	2,201,038	2,139,618	2,360,450
Total Wages and Benefits	8,769,535	8,123,182	7,513,230	7,392,490	7,706,801

**Other Expenses**

Total O&M Expenses	20,838,699	20,864,489	20,578,637	18,533,240	17,917,805
-Total PW, Fuel and Chemicals	3,084,516	2,997,782	3,104,948	2,658,550	2,293,844
-Wages and Benefits	8,769,535	8,123,182	7,513,230	7,392,490	7,706,801
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	8,984,648	9,743,525	9,960,459	8,482,200	7,917,160

**Depreciation and Amortization**

Depreciation Exp	3,330,738	2,995,213	2,654,965	1,846,032	1,911,473
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	3,330,738	2,995,213	2,654,965	1,846,032	1,911,473

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

Total PW, Fuel and Chemicals	3,084,516	2,997,782	3,104,948	2,658,550	2,293,844
divided by Total Gallons	9,992,683	9,606,960	10,016,857	9,896,378	9,161,865
Cost per KWH	0.0003	0.0003	0.0003	0.0003	0.0003
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,**

	2008	2007	2006	2005	2004	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible	\$257,232	\$257,232	\$257,232	\$669	\$669	1
Source of Supply	6,203,915	6,203,915	6,203,914	6,048,910	6,048,910	2
Pumping	10,028,257	9,664,848	9,598,830	9,125,446	8,501,927	3
Water Treatment	20,893,500	20,846,253	18,004,952	16,986,761	8,980,411	4
Transmission and Distribution	101,142,849	90,555,677	82,479,365	76,582,103	68,880,969	5
General	8,015,938	8,102,720	7,901,319	7,884,844	7,440,361	6
Purchased or Sold						7
<b>Total Plant in Service</b>	<b>146,541,691</b>	<b>135,630,647</b>	<b>124,445,612</b>	<b>116,628,733</b>	<b>99,853,247</b>	<b>8</b>
Plant Leased To Others						9
Construction Work In Progress	2,586,939	2,426,053	797,233	1,256,367	10,646,483	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	885,558	885,558	12
Accum. Gains & Losses - Utility Land & Land Rights						13
<b>Total Plant</b>	<b>150,125,121</b>	<b>139,053,191</b>	<b>126,239,336</b>	<b>118,881,591</b>	<b>111,496,221</b>	<b>14</b>
Accum. Prov. - Depr. & Amort.	43,403,423	41,475,594	33,241,000	31,338,447	34,640,378	15
<b>Net Plant</b>	<b>\$106,721,698</b>	<b>\$97,577,597</b>	<b>\$92,998,336</b>	<b>\$87,543,144</b>	<b>\$76,855,843</b>	<b>16</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.25	0.55	1.76	0.94	0.59	17
Total Capitalization	\$77,474,557	\$76,527,258	\$77,070,205	\$74,670,267	\$81,445,837	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	50.2%	50.9%	50.5%	52.1%	47.8%	19
Preferred Stock	1.5%	1.5%	1.5%	1.5%	1.4%	20
Common Stock & Retained Earnings	48.3%	47.7%	47.9%	36.7%	34.5%	21
Short-Term Debt	0.0%		0.1%	9.6%	16.3%	22
Pretax Coverage of Interest Expense	1.1	0.6	0.8	1.9	1.4	23
Com. Stock Dividends as a % of Earnings	123.0%	-10.8%	-5.9%	124.2%	155.6%	24
Return on Common Equity	6.7%	-1.3%	-2.7%	6.0%	1.7%	25
Internal Cash Generated as a % of Cash Outflows for Construction	111.5%	-9.3%	58.5%	134.6%	16.8%	26
CWIP as a % of Plant	1.7%	1.7%	0.6%	1.1%	9.5%	27
Number of Employees	90	90	89	95	123	28

Current Assets	5,324,043	8,964,748	9,683,024	10,627,250	11,674,657
Current Liabilities	21,064,151	16,355,926	5,488,215	11,318,711	19,779,538
Total Capitalization	77,474,557	76,527,258	77,070,205	74,670,267	81,445,837
Long-Term Debt	38,920,000	38,920,000	38,930,000	38,930,000	38,930,000
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)	37,429,557	36,482,258	36,954,836	27,436,087	28,075,289
Short-Term Debt	(0)		60,369	7,179,180	13,315,548
Pretax Income	3,793,097	2,510,416	4,726,846	5,516,466	2,757,034
Interest Expense	3,429,509	3,946,216	6,085,060	2,943,489	1,961,166
Dividends Paid	3,035,000	51,000	51,000	2,065,000	724,500
Net Income (Excl. Preferred Stock Dividends)	2,467,650	(472,576)	(858,179)	1,662,602	465,520
Internal Cash	14,101,394	(1,219,245)	4,670,233	9,929,924	2,076,106
Cash Outflows for Construction	12,644,000	13,046,000	7,989,000	7,378,000	12,327,000
CWIP	2,586,939	2,426,053	797,233	1,256,367	10,646,483
Total Plant	150,125,121	139,053,191	126,239,336	118,839,592	111,496,221
Number of Employees	90	90	89	95	123
Salaries and Wages					

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

	2008	2007	2006	2005	2004
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$29,241,561	\$29,120,048	\$27,567,795	\$26,572,273	\$25,338,523
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)	239,001	239,001	239,001	239,001	239,001
3 Other Investments					
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments	239,001	239,001	239,001	239,001	239,001
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	24,789	159,321			
7 Notes and Accounts Receivables - Net	550,947	1,031,097	748,065	618,625	684,931
8 Receivables from Associated Companies				7,250	
9 Materials and Supplies			193,582	330,651	394,361
10 Prepayments	274,468	197,327	242,198	232,643	318,450
11 Accrued Utility Revenue	1,514,563	1,422,745	1,292,569	1,414,172	1,162,439
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	2,364,767	2,810,490	2,476,413	2,603,341	2,560,181
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense			81,095	91,953	102,811
15 Other Deferred Debits	1,853,424	1,465,393	2,548,779	1,931,084	1,669,132
16 Accumulated Deferred Income Taxes	48,158	151,699			
17 Total Deferred Debits	1,901,582	1,617,092	2,629,874	2,023,037	1,771,943
18 <b>Total Assets and Other Debits</b>	<b>\$33,746,911</b>	<b>\$33,786,632</b>	<b>\$32,913,083</b>	<b>\$31,437,652</b>	<b>\$29,909,648</b>
<b>PROPRIETARY CAPITAL</b>					
19 Common Stock Issued	\$1,685,000	\$1,685,000	\$1,685,000	\$1,685,000	\$1,685,000
20 Preferred Stock Issued			1,000,000	1,000,000	1,000,000
21 Other Paid-in Capital	20,399,495	19,299,495	6,400,000	6,400,000	6,400,000
22 Retained Earnings	5,287,710	4,335,046	3,601,505	3,308,151	2,629,590
23 Reacquired Capital Stock					
24 Total Proprietary Capital	27,372,204	25,319,541	12,686,505	12,393,151	11,714,590
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt			2,000,000	2,250,000	2,500,000
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable					
27 Accounts Payable	706,296	941,471	234,763	474,560	211,530
28 Payables to Associated Companies			11,016,247	10,100,000	7,459,582
29 Customer Deposits	1,100	100		150	150
30 Taxes Accrued	85,609	675,129	144,607	9,016	6,075
31 Interest Accrued			36,875	36,875	112,225
32 Matured Long-Term Debt		1,000,000	250,000	250,000	2,200,000
33 Misc Current and Accrued Liabilities	500,900	366,319	67,549	39,195	32,690
34 Total Current and Accrued Liabilities	1,293,905	2,983,019	11,750,041	10,909,796	10,022,252
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	303,284	1,175,693	1,173,164	1,217,798	1,268,836
36 Other Deferred Credits	55,530	217,471	1,450,420	835,180	791,139
37 Accumulated Deferred Investment Tax Credits	80,341	82,445	84,549	86,653	88,757
38 Accumulated Deferred Income Taxes	4,639,588	4,006,404	3,768,404	3,745,074	3,524,074
39 Total Deferred Credits	5,078,744	5,482,014	6,476,537	5,884,705	5,672,806
<b>OPERATING RESERVES</b>					
40 Operating Reserves	2,058	2,058			
41 <b>Total Liabilities and Other Credits</b>	<b>\$33,746,911</b>	<b>\$33,786,632</b>	<b>\$32,913,083</b>	<b>\$31,437,652</b>	<b>\$29,909,648</b>

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

	2008	2007	2006	2005	2004	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$11,390,205	\$11,515,451	\$11,536,291	\$11,411,989	\$10,376,589	1
Operating Expense:						
Operation Expense	6,499,783	6,639,313	5,803,092	5,504,266	5,204,296	2
Maintenance Expense	301,122	223,659	377,757	377,094	284,150	3
Depreciation and Amortization Expense	692,959	681,825	588,619	589,632	575,695	4
Taxes Other than Income Taxes	1,554,411	1,486,168	1,516,519	1,774,272	2,393,836	5
Income Taxes	639,361	471,330	1,034,497	1,062,477	583,657	6
Total Operating Expenses	9,687,637	9,502,295	9,320,483	9,307,741	9,041,634	7
Net Operating Revenues	1,702,567	2,013,156	2,215,808	2,104,249	1,334,955	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	<b>1,702,567</b>	<b>2,013,156</b>	<b>2,215,808</b>	<b>2,104,249</b>	<b>1,334,955</b>	<b>10</b>
<b>OTHER INCOME</b>						
Interest and Dividend Income	17,866		2,739	3,433	14,226	11
Allowance for Funds Used During Construction	5,568	3,674	15,714	28,016	14,449	12
Miscellaneous Nonoperating Income	31,457	(287,941)			90,330	13
Other Income		260	39,052	8,547	104,649	14
Total Other Income	54,890	(284,007)	57,504	39,996	223,654	15
Other Income Deductions	4,455	2,169	6,302	2,305	2,305	16
Taxes-Other Income and Deductions			20,500	15,100	88,500	17
<b>Income Available</b>	<b>1,753,003</b>	<b>1,726,980</b>	<b>2,246,510</b>	<b>2,126,840</b>	<b>1,467,804</b>	<b>18</b>
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt		171,682	229,804	229,804	396,567	19
Interest on Debt to Associated Co.	800,262	710,728	536,273	348,047	153,153	20
Other Interest Expense	77	34,317	1,380	28,631	4,704	21
Total Interest Charges	800,339	916,727	767,456	606,481	554,424	22
Income Before Extraordinary Items	952,663	810,252	1,479,054	1,520,358	913,380	23
Net Extraordinary Items						24
<b>Net Income</b>	<b>\$952,663</b>	<b>\$810,252</b>	<b>\$1,479,054</b>	<b>\$1,520,358</b>	<b>\$913,380</b>	<b>25</b>
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$4,335,046	\$3,601,505	\$3,308,151	\$2,629,590	\$2,552,789	26
Balance Transferred from Income	952,663	810,252	1,479,054	1,520,358	913,380	27
Appropriated						28
Dividends Declared-Preferred Stock		76,711	76,700	76,692	76,697	29
Dividends Declared-Common Stock			1,109,000	765,106	759,884	30
Adjustments to Retained Earnings						31
Net Change	952,663	733,541	293,354	678,561	76,799	32
Unappropriated (EOP)	5,287,710	4,335,046	3,601,505	3,308,151	2,629,588	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	<b>\$5,287,710</b>	<b>\$4,335,046</b>	<b>\$3,601,505</b>	<b>\$3,308,151</b>	<b>\$2,629,588</b>	<b>35</b>

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

	2008	2007	2006	2005	2004
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$952,663	\$810,252	\$1,479,054	\$1,520,358	\$913,380
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	692,959	691,258	721,080	349,258	789,797
3 Deferred Taxes & ITCs	734,621	84,197	21,226	218,896	93,584
4 Receivables and Inventory	388,332	(219,626)	7,589	130,016	21,499
5 Payables and Accrued Expenses	(99,594)	952,496	539,388	240,675	(534,347)
6 Capitalized AFUDC - Equity Funds	(5,568)	(3,674)	15,714	(28,016)	(14,449)
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	(388,031)	1,155,049			
9 Accounts Payable	(161,941)	(1,232,949)	122,580	(91,034)	235,447
10 Other Current Liabilities	(666,660)	577,450	(726,342)	(151,951)	(153,267)
11 Net Cash From Operating Activities	<u>1,446,782</u>	<u>2,814,452</u>	<u>2,180,289</u>	<u>2,188,202</u>	<u>1,351,644</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(808,904)	(2,230,445)	(1,644,589)	(1,846,404)	(1,615,063)
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>(808,904)</u>	<u>(2,230,445)</u>	<u>(1,644,589)</u>	<u>(1,846,404)</u>	<u>1,484,937</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	(772,409)	652,024	(250,000)	(2,200,000)	
25 Common Stock					
26 Preferred Stock		(1,000,000)			
27 Short-Term Debt					
28 Dividends Paid		(76,711)	(1,185,700)	(841,798)	(836,581)
29 Other Cash Flows - Financing Activities			900,000	2,700,000	(2,000,000)
30					
31					
32 Net Cash From Financing Activities	<u>(772,409)</u>	<u>(424,687)</u>	<u>(535,700)</u>	<u>(341,798)</u>	<u>(2,836,581)</u>
33 Net Increase/(Decrease) In Cash Equivalents	(134,531)	159,321	(0)	0	
34 Cash & Cash Equivalents At Beginning Of Year	159,321	0	0	0	0
35 Cash & Cash Equivalents At End Of Year	\$24,789	\$159,321	\$0	\$0	\$0

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

	2008	2007	2006	2005	2004	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$9,345,991	\$10,601,095	\$10,233,939	\$10,058,066	\$9,073,344	1
Sales to Other Water Companies						2
Other Sales of Water	2,044,214	914,356	1,302,353	1,352,865	1,303,245	3
Total Revenues from Sales of Water	11,390,205	11,515,451	11,536,291	11,410,931	10,376,589	4
Other Water Operating Revenues				1,059		5
Total Water Operating Revenues	\$11,390,205	\$11,515,451	\$11,536,291	\$11,411,990	\$10,376,589	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	1,887,234	2,003,849	2,001,444	2,024,742	1,953,405	8
Sales to Other Water Companies						9
Other Sales of Water	91,549	97,425	113,421	132,951	102,478	10
Total Sales of Water	1,978,783	2,101,274	2,114,865	2,157,693	2,055,883	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	12,115	12,132	12,160	11,849	11,831	13
Sales to Other Water Companies						14
Other Sales of Water	111	111	108	401	383	15
Total Customers	12,226	12,243	12,268	12,250	12,214	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$771.44	\$873.81	\$841.61	\$848.85	\$766.91	18
Average Consumption per Customer (T.Gal)	155.78	165.17	164.59	170.88	165.11	19
Average Revenue per T Gallons Sold	\$4.95	\$5.29	\$5.11	\$4.97	\$4.64	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	\$4,444,128	\$4,242,719	\$4,201,923	\$3,734,719	\$3,147,413	24
Power and Pumping	272,766	170,294	64,632	69,515	58,087	25
Purification	83,967	53,690	114,247	165,063	47,398	26
Transmission and Distribution	565,744	458,265	651,362	707,839	672,921	27
Customer Accounting and Collecting	483,670	178,866	253,057	233,963	520,476	28
Administrative and General	950,630	1,759,137	895,628	970,261	1,042,151	29
<b>Total O &amp; M Expense</b>	<b>\$6,800,905</b>	<b>\$6,862,972</b>	<b>\$6,180,849</b>	<b>\$5,881,360</b>	<b>\$5,488,446</b>	<b>30</b>

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

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
1 Revenues	\$11,390,205	\$11,515,451	\$11,536,291	\$11,411,990	\$10,376,589
2 Sales (Thousands of Gallons)	1,978,783	2,101,274	2,114,865	2,157,693	2,055,883
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$4,448,733	\$4,245,870	\$4,224,062	\$3,769,535	\$3,182,799
4 Wages and Benefits	754,585	466,472	602,652	747,396	1,372,729
5 Other Operation and Maintenance Expense	1,597,587	2,150,629	1,354,134	1,364,429	932,918
6 Depreciation and Amortization Expense	692,959	681,825	588,619	589,632	575,695
7 Income Taxes-Operating	639,361	471,330	1,034,497	1,062,477	583,657
8 Other Taxes-Operating	1,554,411	1,486,168	1,516,519	1,774,272	2,393,836
9 Capital Costs	1,702,568	2,013,156	2,215,808	2,104,249	1,334,955
10 Total	\$11,390,205	\$11,515,451	\$11,536,291	\$11,411,990	\$10,376,589
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	39.1	36.9	36.6	33.0	30.7
12 Wages and Benefits	6.6	4.1	5.2	6.5	13.2
13 Other Operation and Maintenance Expense	14.0	18.7	11.7	12.0	9.0
14 Depreciation and Amortization Expense	6.1	5.9	5.1	5.2	5.5
15 Income Taxes-Operating	5.6	4.1	9.0	9.3	5.6
16 Other Taxes-Operating	13.6	12.9	13.1	15.5	23.1
17 Capital Costs	14.9	17.5	19.2	18.4	12.9
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	2.25	2.02	2.00	1.75	1.55
20 Wages and Benefits	0.38	0.22	0.28	0.35	0.67
21 Other Operation and Maintenance Expense	0.81	1.02	0.64	0.63	0.45
22 Depreciation and Amortization Expense	0.35	0.32	0.28	0.27	0.28
23 Income Taxes-Operating	0.32	0.22	0.49	0.49	0.28
24 Other Taxes-Operating	0.79	0.71	0.72	0.82	1.16
25 Capital Costs	0.86	0.96	1.05	0.98	0.65
26 Total	5.76	5.48	5.45	5.29	5.05

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

Purchased Water	4,395,321	4,221,511	4,193,876	3,733,745	3,147,009
Fuel for Pumping	53,413	24,359	30,187	35,790	35,790
Chemicals					
Total PW, Fuel and Chemicals	4,448,733	4,245,870	4,224,062	3,769,535	3,182,799
Total - Ultimate Customers	4,448,733	4,245,870	4,224,062	3,769,535	3,182,799

**Wages and Benefits**

Salaries	754,585	410,426	352,111	496,359	1,034,149
Pensions and Benefits		56,046	250,541	251,037	338,580
Total Wages and Benefits	754,585	466,472	602,652	747,396	1,372,729

**Other Expenses**

Total O&M Expenses	6,800,905	6,862,972	6,180,849	5,881,360	5,488,446
-Total PW, Fuel and Chemicals	4,448,733	4,245,870	4,224,062	3,769,535	3,182,799
-Wages and Benefits	754,585	466,472	602,652	747,396	1,372,729
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	1,597,587	2,150,629	1,354,134	1,364,429	932,918

**Depreciation and Amortization**

Depreciation Exp	692,959	681,825	588,619	589,632	575,695
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	692,959	681,825	588,619	589,632	575,695

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

Total PW, Fuel and Chemicals	4,448,733	4,245,870	4,224,062	3,769,535	3,182,799
divided by Total Gallons	1,978,783	2,101,274	2,114,865	2,157,693	2,055,883
Cost per KWH	0.0022	0.0020	0.0020	0.0017	0.0015
times Sales for Resale MWHs					
Sales for Resale Cost					

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

	2008	2007	2006	2005	2004	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible						1
Source of Supply	\$71,288	\$71,288	\$71,288	\$71,288	\$71,288	2
Pumping	1,416,752	1,413,754	1,390,097	1,367,536	1,353,886	3
Water Treatment						4
Transmission and Distribution	35,085,028	34,411,429	33,284,604	31,608,095	30,622,773	5
General	1,569,643	1,118,017	1,118,017	938,090	1,035,565	6
Purchased or Sold						7
Total Plant in Service	38,142,712	37,014,488	35,864,006	33,985,009	33,083,512	8
Plant Leased To Others						9
Construction Work In Progress	739,357	1,107,308	29,928	455,561	439,196	10
Plant Held For Future Use						11
Plant Acquisition Adjustments						12
Accum. Gains & Losses - Utility Land & Land Rights						13
<b>Total Plant</b>	38,882,068	38,121,796	35,893,934	34,440,570	33,522,708	14
Accum. Prov. - Depr. & Amort.	9,640,508	9,001,748	8,326,139	7,868,297	8,184,185	15
<b>Net Plant</b>	\$29,241,561	\$29,120,048	\$27,567,795	\$26,572,273	\$25,338,523	16
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.83	0.94	0.21	0.24	0.26	17
Total Capitalization	\$27,372,204	\$25,319,541	\$14,686,505	\$14,643,151	\$14,214,590	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	50.1%	50.1%	13.6%	15.4%	17.6%	19
Preferred Stock	4.5%	4.5%	6.8%	6.8%	7.0%	20
Common Stock & Retained Earnings	35.3%	35.3%	79.6%	77.8%	75.4%	21
Short-Term Debt	10.1%	10.1%	1.7%	1.7%	15.5%	22
Pretax Coverage of Interest Expense	3.0	2.4	4.3	5.3	#REF!	23
Com. Stock Dividends as a % of Earnings		10.3%	84.6%	58.3%	100.0%	24
Return on Common Equity	3.6%	4.0%	12.2%	13.1%	9.2%	25
Internal Cash Generated as a % of Cash Outflows for Construction	178.9%	126.2%	132.6%	121.5%	85.5%	26
CWIP as a % of Plant	1.9%	2.9%	0.1%	1.3%	1.3%	27
Number of Employees						28

Current Assets	2,364,767	2,810,490	2,476,413	2,603,341	2,560,181
Current Liabilities	1,293,905	2,983,019	11,750,041	10,909,796	10,022,252
Total Capitalization	27,372,204	25,319,541	14,686,505	14,643,151	14,214,590
Long-Term Debt			2,000,000	2,250,000	2,500,000
Preferred Stock			1,000,000	1,000,000	1,000,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	27,372,204	25,319,541	11,686,505	11,393,151	10,714,590
Short-Term Debt		1,000,000	250,000	250,000	2,200,000
Pretax Income	2,396,819	2,200,479	3,287,309	3,191,622	2,053,766
Interest Expense	800,339	916,727	767,456	606,481	554,424
Dividends Paid		76,711	1,185,700	841,798	836,581
Net Income (Excl. Preferred Stock Dividends)	952,663	745,851	1,402,354	1,443,666	836,683
Internal Cash	1,446,781	2,814,453	2,180,290	2,244,234	1,380,542
Cash Outflows for Construction	808,904	2,230,445	1,644,589	1,846,404	1,615,063
CWIP	739,357	1,107,308	29,928	455,561	439,196
Total Plant	38,882,068	38,121,797	35,893,934	34,440,570	33,522,708
Number of Employees					
Salaries and Wages					

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

	2008	2007	2006	2005	2004
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$44,597,092	\$42,821,647	\$42,056,816	\$37,221,434	\$35,977,858
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)				1,767,285	3,823,943
3 Other Investments					
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments				1,767,285	3,823,943
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	1,717,945	6,100,303	3,965,470	8,717,834	4,668,711
7 Notes and Accounts Receivables - Net	2,743,237	2,655,750	2,555,353	2,520,856	2,080,238
8 Receivables from Associated Companies	1,629,087				
9 Materials and Supplies	289,104	284,288	280,304	339,745	315,764
10 Prepayments	1,481,924	1,205,058	1,430,451	580,836	545,358
11 Accrued Utility Revenue	1,302,395	1,490,753	1,260,683	1,185,462	1,136,089
12 Misc Current and Accrued Assets				40,082	79,438
13 Total Current and Accrued Assets	9,163,692	11,736,152	9,492,261	13,384,815	8,825,598
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense	1,239,035	1,332,208	1,425,381	1,511,466	678,928
15 Other Deferred Debits	29,553,327	24,987,329	17,199,317	1,699,537	1,272,248
16 Accumulated Deferred Income Taxes				1,129,589	797,356
17 Total Deferred Debits	30,792,362	26,319,537	18,624,698	4,340,592	2,748,532
18 <b>Total Assets and Other Debits</b>	<b>\$84,553,146</b>	<b>\$80,877,336</b>	<b>\$70,173,775</b>	<b>\$56,714,126</b>	<b>\$51,375,931</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	2,016,078	1,994,753	1,984,857	1,984,857	1,984,857
22 Retained Earnings	27,750,909	25,761,600	13,626,383	13,210,453	16,648,083
23 Reacquired Capital Stock					
24 Total Proprietary Capital	33,441,457	31,430,823	19,285,710	18,869,780	22,307,410
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt	23,074,520	23,000,000	23,460,000	23,460,000	16,230,000
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable					
27 Accounts Payable	489,740	420,708	444,362	797,011	475,000
28 Payables to Associated Companies		639,299		18,000	80,814
29 Customer Deposits		35,845	30,273	28,813	29,479
30 Taxes Accrued	(57,865)	(67,331)	28,000	7,173	(210,892)
31 Interest Accrued	326,645	685,736	364,881	353,977	325,688
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	1,784,472	1,790,812	72,641	216,455	201,452
34 Total Current and Accrued Liabilities	2,542,992	3,505,069	940,157	1,421,429	901,541
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction					
36 Other Deferred Credits	17,038,672	15,161,501	14,245,991	5,195,530	4,256,801
37 Accumulated Deferred Investment Tax Credits					
38 Accumulated Deferred Income Taxes	8,455,505	7,779,943	11,993,180	7,611,180	7,551,718
39 Total Deferred Credits	25,494,177	22,941,444	26,239,171	12,806,710	11,808,519
<b>OPERATING RESERVES</b>					
40 Operating Reserves			248,737	156,207	128,461
41 <b>Total Liabilities and Other Credits</b>	<b>\$84,553,146</b>	<b>\$80,877,336</b>	<b>\$70,173,775</b>	<b>\$56,714,126</b>	<b>\$51,375,931</b>

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

	2008	2007	2006	2005	2004	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$23,553,737	\$23,419,974	\$22,701,869	\$21,772,713	\$21,274,910	1
Operating Expense:						
Operation Expense	8,774,981	7,471,638	9,206,400	9,041,460	8,810,330	2
Maintenance Expense	1,647,236	1,710,898	1,363,071	1,291,050	1,375,446	3
Depreciation and Amortization Expense	1,888,135	1,817,511	1,643,481	1,509,999	1,463,668	4
Taxes Other than Income Taxes	6,470,050	6,460,595	6,483,109	6,098,848	5,907,394	5
Income Taxes	1,350,675	1,502,216	999,096	1,123,546	1,009,532	6
Total Operating Expenses	20,131,077	18,962,858	19,695,157	19,064,903	18,566,370	7
Net Operating Revenues	3,422,660	4,457,116	3,006,712	2,707,810	2,708,540	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	3,422,660	4,457,116	3,006,712	2,707,810	2,708,540	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	40,199	188,854	264,164	195,395	244,940	11
Allowance for Funds Used During Construction	20,527	60,144	117,194	89,697	51,905	12
Miscellaneous Nonoperating Income	13,658		180,190	102,325	118,578	13
Other Income	(25,274)	(34,131)	(31,675)	(24,941)	(14,626)	14
Total Other Income	49,110	214,867	529,873	362,476	400,797	15
Other Income Deductions	89,268	89,268				16
Taxes-Other Income and Deductions			190,900	131,693	141,208	17
<b>Income Available</b>	3,382,502	4,582,715	3,345,685	2,938,593	2,968,129	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	1,393,193	1,393,193	1,393,313	1,253,386	1,260,189	19
Interest on Debt to Associated Co.						20
Other Interest Expense		634,604	726	963	12,323	21
Total Interest Charges	1,393,193	2,027,797	1,394,039	1,254,349	1,272,512	22
Income Before Extraordinary Items	1,989,309	2,554,918	1,951,646	1,684,244	1,695,617	23
Net Extraordinary Items						24
<b>Net Income</b>	\$1,989,309	\$2,554,918	\$1,951,646	\$1,684,244	\$1,695,617	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$25,761,600	\$13,626,383	\$13,210,453	\$16,648,083	\$16,894,814	26
Balance Transferred from Income	1,989,309	2,554,918	1,951,646	1,684,244	1,695,617	27
Appropriated						28
Dividends Declared-Preferred Stock						29
Dividends Declared-Common Stock			2,360,000	4,655,000	1,900,000	30
Adjustments to Retained Earnings		9,580,299	824,284	(466,874)	(42,348)	31
Net Change	1,989,309	12,135,217	415,930	(3,437,630)	(246,731)	32
Unappropriated (EOP)	27,750,909	25,761,600	13,626,383	13,210,453	16,648,083	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$27,750,909	\$25,761,600	\$13,626,383	\$13,210,453	\$16,648,083	35

**Notes:**

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

	2008	2007	2006	2005	2004
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$1,989,309	\$2,554,918	\$1,951,646	\$1,684,244	\$1,695,617
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	2,045,523	1,978,859	1,795,649	1,619,004	1,552,823
3 Deferred Taxes & ITCs	675,562	(4,213,237)	5,511,589	(272,771)	335,130
4 Receivables and Inventory	(160,423)	(176,461)	(38,256)	(520,799)	(130,194)
5 Payables and Accrued Expenses	(962,077)	2,564,912	(481,272)	519,889	81,033
6 Capitalized AFUDC - Equity Funds	(20,527)	(60,144)	(117,194)	(89,697)	(51,905)
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	252,749	755,269	8,344,322	(499,409)	(1,811,271)
9					
10					
11 Net Cash From Operating Activities	<u>3,820,116</u>	<u>3,404,116</u>	<u>16,966,484</u>	<u>2,440,461</u>	<u>1,671,233</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(3,643,053)	(2,522,198)	(6,361,669)	(2,663,877)	(1,427,628)
13 Acquisition Of Other Non-Current Assets	(4,655,266)	(7,877,280)	(15,588,748)	107,755	46,865
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			2,273,764	2,056,658	4,112,568
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities					
21					
22					
23 Net Cash From Investing Activities	<u>(8,298,319)</u>	<u>(10,399,478)</u>	<u>(19,676,653)</u>	<u>(499,464)</u>	<u>2,731,805</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	74,520	(460,000)		7,230,000	(240,000)
25 Common Stock					
26 Preferred Stock					
27 Short-Term Debt					
28 Dividends Paid			(2,360,000)	(4,655,000)	(1,900,000)
29 Other Cash Flows - Financing Activities	21,325	9,590,195	317,805	(466,874)	(42,348)
30					
31					
32 Net Cash From Financing Activities	<u>95,845</u>	<u>9,130,195</u>	<u>(2,042,195)</u>	<u>2,108,126</u>	<u>(2,182,348)</u>
33 Net Increase/(Decrease) In Cash Equivalents	(4,382,358)	2,134,833	(4,752,364)	4,049,123	2,220,690
34 Cash & Cash Equivalents At Beginning Of Year	6,100,303	3,965,470	8,717,834	4,668,711	2,448,021
35 Cash & Cash Equivalents At End Of Year	\$1,717,945	\$6,100,303	\$3,965,470	\$8,717,834	\$4,668,711

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

	2008	2007	2006	2005	2004	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$19,786,204	\$19,617,958	\$19,002,311	\$18,234,928	\$17,861,846	1
Sales to Other Water Companies	1,995,670	1,938,704	2,100,246	1,970,607	1,890,349	2
Other Sales of Water	1,614,931	1,605,824	1,580,132	1,556,359	1,515,350	3
Total Revenues from Sales of Water	23,396,805	23,162,486	22,682,689	21,761,894	21,267,545	4
Other Water Operating Revenues	156,932	257,488	19,180	10,819	7,365	5
Total Water Operating Revenues	\$23,553,737	\$23,419,974	\$22,701,869	\$21,772,713	\$21,274,910	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	5,585,387	5,231,585	5,330,973	5,296,093	4,944,594	8
Sales to Other Water Companies						9
Other Sales of Water						10
Total Sales of Water	5,585,387	5,231,585	5,330,973	5,296,093	4,944,594	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	43,876	43,816	44,515	44,303	44,876	13
Sales to Other Water Companies						14
Other Sales of Water	274	269	254	251	246	15
Total Customers	44,150	44,085	44,769	44,554	45,122	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$450.96	\$447.74	\$426.87	\$411.60	\$398.03	18
Average Consumption per Customer (T.Gal)	127.30	119.40	119.76	119.54	110.18	19
Average Revenue per T Gallons Sold	\$3.54	\$3.75	\$3.56	\$3.44	\$3.61	20
<b>UNMETERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	---	---	\$1,863.57	---	---	21
Average Consumption per Customer (T.Gal)	---	---	720.64	---	---	22
Average Revenue per T Gallons Sold	---	---	\$2.59	---	---	23
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Source of Supply	\$179,843	\$186,016	\$62,337	\$50,084	\$50,676	24
Power and Pumping	1,830,784	1,870,657	2,052,170	1,898,402	1,615,137	25
Purification	1,254,947	1,225,990	1,123,811	1,063,827	832,705	26
Transmission and Distribution	1,375,150	1,429,040	1,017,760	1,133,988	1,339,999	27
Customer Accounting and Collecting	908,691	930,607	1,447,543	1,316,502	1,299,235	28
Administrative and General	4,872,802	3,540,226	4,865,850	4,869,707	5,048,024	29
<b>Total O &amp; M Expense</b>	<b>\$10,422,217</b>	<b>\$9,182,536</b>	<b>\$10,569,471</b>	<b>\$10,332,510</b>	<b>\$10,185,776</b>	<b>30</b>

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

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
1 Revenues	\$23,553,737	\$23,419,974	\$22,701,869	\$21,772,713	\$21,274,910
2 Sales (Thousands of Gallons)	5,585,387	5,231,585	5,330,973	5,296,093	4,944,594
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$2,118,263	\$2,140,769	\$2,078,349	\$1,932,593	\$1,466,499
4 Wages and Benefits	5,305,476	4,772,822	6,204,035	6,319,452	6,543,734
5 Other Operation and Maintenance Expense	2,998,478	2,268,945	2,287,087	2,080,465	2,175,543
6 Depreciation and Amortization Expense	1,888,135	1,817,511	1,643,481	1,509,999	1,463,668
7 Income Taxes-Operating	1,350,675	1,502,216	999,096	1,123,546	1,009,532
8 Other Taxes-Operating	6,470,050	6,460,595	6,483,109	6,098,848	5,907,394
9 Capital Costs	3,422,660	4,457,116	3,006,712	2,707,810	2,708,540
10 Total	\$23,553,737	\$23,419,974	\$22,701,869	\$21,772,713	\$21,274,910
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	9.0	9.1	9.2	8.9	6.9
12 Wages and Benefits	22.5	20.4	27.3	29.0	30.8
13 Other Operation and Maintenance Expense	12.7	9.7	10.1	9.6	10.2
14 Depreciation and Amortization Expense	8.0	7.8	7.2	6.9	6.9
15 Income Taxes-Operating	5.7	6.4	4.4	5.2	4.7
16 Other Taxes-Operating	27.5	27.6	28.6	28.0	27.8
17 Capital Costs	14.5	19.0	13.2	12.4	12.7
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	0.38	0.41	0.39	0.36	0.30
20 Wages and Benefits	0.95	0.91	1.16	1.19	1.32
21 Other Operation and Maintenance Expense	0.54	0.43	0.43	0.39	0.44
22 Depreciation and Amortization Expense	0.34	0.35	0.31	0.29	0.30
23 Income Taxes-Operating	0.24	0.29	0.19	0.21	0.20
24 Other Taxes-Operating	1.16	1.23	1.22	1.15	1.19
25 Capital Costs	0.61	0.85	0.56	0.51	0.55
26 Total	4.22	4.48	4.26	4.11	4.30

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

Purchased Water					
Fuel for Pumping	1,472,681	1,492,979	1,450,474	1,322,463	1,058,078
Chemicals	645,582	647,790	627,875	610,130	408,421
Total PW, Fuel and Chemicals	2,118,263	2,140,769	2,078,349	1,932,593	1,466,499
Total - Ultimate Customers	2,118,263	2,140,769	2,078,349	1,932,593	1,466,499

**Wages and Benefits**

Salaries	3,375,797	3,534,308	3,396,461	3,540,823	3,750,851
Pensions and Benefits	1,929,679	1,238,514	2,807,574	2,778,629	2,792,883
Total Wages and Benefits	5,305,476	4,772,822	6,204,035	6,319,452	6,543,734

**Other Expenses**

Total O&M Expenses	10,422,217	9,182,536	10,569,471	10,332,510	10,185,776
-Total PW, Fuel and Chemicals	2,118,263	2,140,769	2,078,349	1,932,593	1,466,499
-Wages and Benefits	5,305,476	4,772,822	6,204,035	6,319,452	6,543,734
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	2,998,478	2,268,945	2,287,087	2,080,465	2,175,543

**Depreciation and Amortization**

Depreciation Exp	1,888,135	1,817,511	1,643,481	1,509,999	1,463,668
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	1,888,135	1,817,511	1,643,481	1,509,999	1,463,668

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

Total PW, Fuel and Chemicals	2,118,263	2,140,769	2,078,349	1,932,593	1,466,499
divided by Total Gallons	5,585,387	5,231,585	5,330,973	5,296,093	4,944,594
Cost per KWH	0.0004	0.0004	0.0004	0.0004	0.0003
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,**

	2008	2007	2006	2005	2004	
<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	2,422,964	2,312,551	2,056,836	2,035,976	2,035,976	2
Pumping	14,438,718	14,438,718	14,438,718	13,911,122	13,479,272	3
Water Treatment	10,047,332	9,959,199	9,931,361	6,343,463	6,342,517	4
Transmission and Distribution	42,827,628	40,339,798	38,404,436	36,248,304	34,755,008	5
General	4,083,903	3,615,326	3,618,947	3,421,613	3,037,718	6
Purchased or Sold						7
Total Plant in Service	73,851,697	70,696,744	68,481,450	61,991,630	59,681,643	8
Plant Leased To Others						9
Construction Work In Progress	589,366	369,064	216,247	310,759	158,323	10
Plant Held For Future Use						11
Plant Acquisition Adjustments						12
Accum. Gains & Losses - Utility Land & Land Rights						13
<b>Total Plant</b>	74,441,063	71,065,808	68,697,697	62,302,389	59,839,966	14
Accum. Prov. - Depr. & Amort.	29,843,971	28,244,161	26,640,881	25,080,955	23,862,108	15
<b>Net Plant</b>	\$44,597,092	\$42,821,647	\$42,056,816	\$37,221,434	\$35,977,858	16
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	3.60	3.35	10.10	9.42	9.79	17
Total Capitalization	\$56,515,977	\$54,430,823	\$42,745,710	\$42,329,780	\$38,537,410	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	40.8%	42.3%	54.9%	55.4%	42.1%	19
Preferred Stock						20
Common Stock & Retained Earnings	59.2%	57.7%	45.1%	44.6%	57.9%	21
Short-Term Debt						22
Pretax Coverage of Interest Expense	3.5	3.0	3.1	3.2	3.1	23
Com. Stock Dividends as a % of Earnings			120.9%	276.4%	112.1%	24
Return on Common Equity	6.1%	10.1%	10.2%	8.2%	7.6%	25
Internal Cash Generated as a % of Cash Outflows for Construction	104.9%	135.0%	266.7%	91.6%	117.1%	26
CWIP as a % of Plant	0.8%	0.5%	0.3%	0.5%	0.3%	27
Number of Employees	58	61	59	61	60	28

Current Assets	9,163,692	11,736,152	9,492,261	13,384,815	8,825,598
Current Liabilities	2,542,992	3,505,069	940,157	1,421,429	901,541
Total Capitalization	56,515,977	54,430,823	42,745,710	42,329,780	38,537,410
Long-Term Debt	23,074,520	23,000,000	23,460,000	23,460,000	16,230,000
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	33,441,457	31,430,823	19,285,710	18,869,780	22,307,410
Short-Term Debt					
Pretax Income	4,822,445	6,174,199	4,344,781	4,062,139	3,977,661
Interest Expense	1,393,193	2,027,797	1,394,039	1,254,349	1,272,512
Dividends Paid			2,360,000	4,655,000	1,900,000
Net Income (Excl. Preferred Stock Dividends)	1,989,309	2,554,918	1,951,646	1,684,244	1,695,617
Internal Cash	3,820,116	3,404,116	16,966,484	2,440,461	1,671,233
Cash Outflows for Construction	3,643,053	2,522,198	6,361,669	2,663,877	1,427,628
CWIP	589,366	369,064	216,247	310,759	158,323
Total Plant	74,463,090	71,065,808	68,697,697	62,302,389	59,839,966
Number of Employees	58	61	59	61	60
Salaries and Wages					

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

	2008	2007	2006	2005	2004
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$7,266,722	\$7,034,608	\$6,961,634	\$6,732,518	\$5,651,228
<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	4,336,561	1,621,870	200	980	200
7 Notes and Accounts Receivables - Net	408,172	469,368	(396,992)	511,785	382,017
8 Receivables from Associated Companies			57,034	(20,837)	(39,087)
9 Materials and Supplies	59,228	65,528	71,105	62,082	48,379
10 Prepayments	39,552	44,530	41,835	41,732	(1,913)
11 Accrued Utility Revenue	203,006	190,348	198,647	191,624	204,000
12 Misc Current and Accrued Assets			13,255	24,309	19,745
13 Total Current and Accrued Assets	5,046,519	2,391,644	(14,916)	811,675	613,341
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense					
15 Other Deferred Debits	1,682,538	1,688,975	456,193	419,353	459,332
16 Accumulated Deferred Income Taxes					
17 Total Deferred Debits	1,682,538	1,688,975	456,193	419,353	459,332
18 <b>Total Assets and Other Debits</b>	<b>\$13,995,779</b>	<b>\$11,115,227</b>	<b>\$7,402,911</b>	<b>\$9,193,947</b>	<b>\$6,723,901</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	2,017,959	5,817,959	319,496	319,496	319,496
22 Retained Earnings	1,926,957	1,603,066	2,976,288	2,852,663	2,632,826
23 Reacquired Capital Stock					
24 Total Proprietary Capital	3,969,866	7,445,975	3,320,734	3,197,109	2,977,272
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt	3,800,000				
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable			49,227		
27 Accounts Payable	5,371	57,015	2,000,000	99,303	68,992
28 Payables to Associated Companies	3,795,229	1,422,666	10,500	2,800,000	1,900,000
29 Customer Deposits			22,612	10,500	10,500
30 Taxes Accrued	299,868	289,527	944	8,659	(34,000)
31 Interest Accrued				944	944
32 Matured Long-Term Debt			47,075		
33 Misc Current and Accrued Liabilities	378,893	329,799		248,253	196,910
34 Total Current and Accrued Liabilities	4,479,361	2,099,007	2,130,358	3,167,659	2,143,346
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	63,438	34,741	34,741	34,741	108,080
36 Other Deferred Credits	137,473	118,705	707,648	1,530,089	242,854
37 Accumulated Deferred Investment Tax Credits	46,300	46,300	46,300	46,300	46,300
38 Accumulated Deferred Income Taxes	1,499,341	1,370,499	1,163,130	1,218,049	1,206,049
39 Total Deferred Credits	1,746,552	1,570,245	1,951,819	2,829,179	1,603,283
<b>OPERATING RESERVES</b>					
40 Operating Reserves					
41 <b>Total Liabilities and Other Credits</b>	<b>\$13,995,779</b>	<b>\$11,115,227</b>	<b>\$7,402,911</b>	<b>\$9,193,947</b>	<b>\$6,723,901</b>

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

	2008	2007	2006	2005	2004	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$2,630,873	\$2,782,802	\$2,327,252	\$2,413,586	\$2,147,837	1
Operating Expense:						
Operation Expense	926,823	869,618	926,337	824,762	788,320	2
Maintenance Expense	127,785	98,666	144,494	141,626	182,268	3
Depreciation and Amortization Expense	175,316	184,872	176,548	167,134	129,710	4
Taxes Other than Income Taxes	615,018	612,672	755,317	777,347	845,616	5
Income Taxes	211,894	348,560	(52,624)	170,770	137,910	6
Total Operating Expenses	2,056,836	2,114,388	1,950,072	2,081,638	2,083,824	7
Net Operating Revenues	574,037	668,414	377,180	331,948	64,013	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	<b>574,037</b>	<b>668,414</b>	<b>377,180</b>	<b>331,948</b>	<b>64,013</b>	<b>10</b>
<b>OTHER INCOME</b>						
Interest and Dividend Income			18,452	1,159		11
Allowance for Funds Used During Construction	20,943	12,678	10,008	27,437		12
Miscellaneous Nonoperating Income	(5,060)		244,574	1,640		13
Other Income			(260)	199,869	181,132	14
Total Other Income	15,883	12,678	272,774	230,104	181,139	15
Other Income Deductions	1,176	784	188			16
Taxes-Other Income and Deductions			57,046	92,230	12,090	17
<b>Income Available</b>	<b>588,744</b>	<b>680,308</b>	<b>592,720</b>	<b>469,822</b>	<b>233,062</b>	<b>18</b>
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt						19
Interest on Debt to Associated Co.	246,085	113,129	141,095	70,735	47,558	20
Other Interest Expense	18,768					21
Total Interest Charges	264,853	113,129	141,095	70,735	47,558	22
Income Before Extraordinary Items	323,891	567,179	451,625	399,087	185,504	23
Net Extraordinary Items						24
<b>Net Income</b>	<b>\$323,891</b>	<b>\$567,179</b>	<b>\$451,625</b>	<b>\$399,087</b>	<b>\$185,504</b>	<b>25</b>
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$1,603,066	\$2,976,288	\$2,852,663	\$2,632,825	\$2,645,569	26
Balance Transferred from Income	323,891	567,179	451,625	399,087	185,504	27
Appropriated						28
Dividends Declared-Preferred Stock						29
Dividends Declared-Common Stock			328,000	179,249	198,248	30
Adjustments to Retained Earnings		(1,940,401)				31
Net Change	323,891	(1,373,222)	123,625	219,838	(12,744)	32
Unappropriated (EOP)	1,926,957	1,603,066	2,976,288	2,852,663	2,632,825	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	<b>\$1,926,957</b>	<b>\$1,603,066</b>	<b>\$2,976,288</b>	<b>\$2,852,663</b>	<b>\$2,632,825</b>	<b>35</b>

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

	2008	2007	2006	2005	2004
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$323,891	\$567,179	\$451,625	\$399,087	\$185,504
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	175,316	184,872	176,548	167,134	129,710
3 Deferred Taxes & ITCs	147,610	(381,574)	(1,107,075)	12,000	176,677
4 Receivables and Inventory	60,612	(836,655)	900,036	(135,755)	17,293
5 Payables and Accrued Expenses	2,409,051	1,968,649	(7,585)	1,338,209	47,571
6 Capitalized AFUDC - Equity Funds	6,437	(12,678)	(36,840)	(27,437)	7
7 Equity In Loss (Earnings) Of Affiliates		(1,232,782)	1,230,400		
8 Other Adjustments	(20,943)	(2,573)	(10,008)	(1,190,423)	51,600
9	(5,774)	(2,695)	3,750	96	(44,613)
10	4,978		(103)	(43,646)	34,276
11 Net Cash From Operating Activities	<u>3,101,178</u>	<u>251,743</u>	<u>1,600,748</u>	<u>519,266</u>	<u>598,025</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(386,487)	(245,168)	(395,656)	(1,220,987)	(177,378)
13 Acquisition Of Other Non-Current Assets					
14 Investments In & Advances to Affiliates		57,033	(77,872)	(18,250)	77,601
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>(386,487)</u>	<u>(188,135)</u>	<u>(473,528)</u>	<u>(1,239,237)</u>	<u>(99,777)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt					
25 Common Stock					
26 Preferred Stock	3,800,000		(800,000)		
27 Short-Term Debt		(2,000,000)	(328,000)	900,000	(300,000)
28 Dividends Paid				(179,249)	(198,248)
29 Other Cash Flows - Financing Activities	(3,800,000)	3,558,062			
30					
31					
32 Net Cash From Financing Activities	<u></u>	<u>1,558,062</u>	<u>(1,128,000)</u>	<u>720,751</u>	<u>(498,248)</u>
33 Net Increase/(Decrease) In Cash Equivalents	2,714,691	1,621,670	(780)	779	(0)
34 Cash & Cash Equivalents At Beginning Of Year	1,621,870	200	980	200	200
35 Cash & Cash Equivalents At End Of Year	\$4,336,561	\$1,621,870	\$200	\$980	\$200

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

	2008	2007	2006	2005	2004	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$1,729,251	\$2,250,303	\$1,989,497	\$2,074,000	\$1,803,388	1
Sales to Other Water Companies	378,691					2
Other Sales of Water	301,383	301,294	314,496	316,932	306,068	3
Total Revenues from Sales of Water	2,409,325	2,551,597	2,303,993	2,390,932	2,109,456	4
Other Water Operating Revenues	221,548	231,205	23,259	22,654	38,381	5
Total Water Operating Revenues	\$2,630,873	\$2,782,802	\$2,327,252	\$2,413,586	\$2,147,837	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	472,539	480,959	442,713	495,378	438,088	8
Sales to Other Water Companies						9
Other Sales of Water						10
Total Sales of Water	472,539	480,959	442,713	495,378	438,088	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	4,325	4,227	4,305	4,298	4,286	13
Sales to Other Water Companies						14
Other Sales of Water	17	17	49	47	45	15
Total Customers	4,342	4,244	4,354	4,345	4,331	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$399.83	\$532.36	\$462.14	\$482.55	\$420.76	18
Average Consumption per Customer (T.Gal)	109.26	113.78	102.84	115.26	102.21	19
Average Revenue per T Gallons Sold	\$3.66	\$4.68	\$4.49	\$4.19	\$4.12	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	\$8,143	\$10,021	\$16,093	\$11,277	\$60,942	24
Power and Pumping	187,879	177,569	204,537	178,440	148,451	25
Purification	100,920	103,027	113,935	113,635	92,024	26
Transmission and Distribution	135,068	125,527	138,044	127,530	179,063	27
Customer Accounting and Collecting	49,682	84,171	147,278	136,028	134,862	28
Administrative and General	572,916	467,969	450,944	399,478	355,246	29
<b>Total O &amp; M Expense</b>	<b>\$1,054,608</b>	<b>\$968,284</b>	<b>\$1,070,831</b>	<b>\$966,388</b>	<b>\$970,588</b>	<b>30</b>

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

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
1 Revenues	\$2,630,873	\$2,782,802	\$2,327,252	\$2,413,586	\$2,147,837
2 Sales (Thousands of Gallons)	472,539	480,959	442,713	495,378	438,088
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$236,734	\$237,637	\$204,713	\$199,631	\$161,840
4 Wages and Benefits	537,923	499,053	473,817	452,460	479,089
5 Other Operation and Maintenance Expense	1,054,608	968,284	1,070,831	966,388	970,588
6 Depreciation and Amortization Expense	175,316	184,872	176,548	167,134	129,710
7 Income Taxes-Operating	211,894	348,560	(52,624)	170,770	137,910
8 Other Taxes-Operating	615,018	612,672	755,317	777,347	845,616
9 Capital Costs	(200,620)	(68,276)	(301,349)	(320,143)	(576,916)
10 Total	\$2,630,873	\$2,782,802	\$2,327,252	\$2,413,586	\$2,147,837
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	9.0	8.5	8.8	8.3	7.5
12 Wages and Benefits	20.4	17.9	20.4	18.7	22.3
13 Other Operation and Maintenance Expense	40.1	34.8	16.9	40.0	45.2
14 Depreciation and Amortization Expense	6.7	6.6	7.6	6.9	6.0
15 Income Taxes-Operating	8.1	12.5	5.9	7.1	6.4
16 Other Taxes-Operating	23.4	22.0	32.5	32.2	39.4
17 Capital Costs	(7.6)	(2.5)	8.1	(13.3)	(26.9)
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	0.49	0.46	0.40	0.37
20 Wages and Benefits	1.14	1.04	1.07	0.91	1.09
21 Other Operation and Maintenance Expense	2.23	2.01	0.89	1.95	2.22
22 Depreciation and Amortization Expense	0.37	0.38	0.40	0.34	0.30
23 Income Taxes-Operating	0.45	0.72	0.31	0.34	0.31
24 Other Taxes-Operating	1.30	1.27	1.71	1.57	1.93
25 Capital Costs	-0.42	-0.14	0.42	-0.65	-1.32
26 Total	5.57	5.79	5.26	4.87	4.90

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

Purchased Water					8,645
Fuel for Pumping	160,674	157,663	148,404	136,294	105,095
Chemicals	76,060	79,974	56,309	63,337	48,100
Total PW, Fuel and Chemicals	236,734	237,637	204,713	199,631	161,840
Total - Ultimate Customers					

**Wages and Benefits**

Salaries	436,711	397,084	313,875	334,619	357,148
Pensions and Benefits	101,212	101,969	159,942	117,841	121,941
Total Wages and Benefits	537,923	499,053	473,817	452,460	479,089

**Other Expenses**

Total O&M Expenses	1,054,608	968,284	1,070,831	966,388	970,588
-Total PW, Fuel and Chemicals	236,734	237,637	204,713	199,631	161,840
-Wages and Benefits	537,923	499,053	473,817	452,460	479,089
Other Expenses	279,951	231,594	392,301	314,297	329,659

**Depreciation and Amortization**

Depreciation Exp	175,316	184,872	176,548	167,134	129,710
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	175,316	184,872	176,548	167,134	129,710

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

	2008	2007	2006	2005	2004	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible						1
Source of Supply	\$150,892	\$150,892	\$150,892	\$151,923	\$151,280	2
Pumping	979,376	979,376	979,377	1,002,398	990,794	3
Water Treatment	340,157	340,157	340,157	335,853	335,853	4
Transmission and Distribution	7,043,939	6,926,824	6,820,166	6,627,614	5,525,345	5
General	697,521	639,152	629,591	586,773	526,877	6
Purchased or Sold						7
<b>Total Plant in Service</b>	<b>9,211,885</b>	<b>9,036,401</b>	<b>8,920,183</b>	<b>8,704,560</b>	<b>7,530,149</b>	<b>8</b>
Plant Leased To Others						9
Construction Work In Progress	633,899	401,954	260,326	163,139	89,795	10
Plant Held For Future Use						11
Plant Acquisition Adjustments						12
Accum. Gains & Losses - Utility Land & Land Rights						13
<b>Total Plant</b>	<b>9,845,784</b>	<b>9,438,355</b>	<b>9,180,509</b>	<b>8,867,699</b>	<b>7,619,944</b>	<b>14</b>
Accum. Prov. - Depr. & Amort.	2,579,062	2,403,747	2,218,875	2,135,181	1,968,716	15
<b>Net Plant</b>	<b>\$7,266,722</b>	<b>\$7,034,608</b>	<b>\$6,961,634</b>	<b>\$6,732,518</b>	<b>\$5,651,228</b>	<b>16</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.13	1.14	(0.01)	0.26	0.29	17
Total Capitalization	\$7,769,866	\$7,445,975	\$3,320,734	\$3,197,109	\$2,977,272	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	48.9%					19
Preferred Stock						20
Common Stock & Retained Earnings	51.1%	100.0%	100.0%	100.0%	100.0%	21
Short-Term Debt						22
Pretax Coverage of Interest Expense	3.0	9.1	5.2	9.1	7.8	23
Com. Stock Dividends as a % of Earnings			72.6%	44.9%	106.9%	24
Return on Common Equity	5.7%	10.5%	13.9%	12.9%	6.2%	25
Internal Cash Generated as a % of Cash Outflows for Construction	802.4%	102.7%	404.6%	144.5%	308.1%	26
CWIP as a % of Plant	6.4%	4.3%	2.8%	1.8%	1.2%	27
Number of Employees	5	6	6	6	6	28

Current Assets	5,046,519	2,391,644	(14,916)	811,675	613,341
Current Liabilities	4,479,361	2,099,007	2,130,358	3,167,659	2,143,346
Total Capitalization	7,769,866	7,445,975	3,320,734	3,197,109	2,977,272
Long-Term Debt	3,800,000				
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,969,866	7,445,975	3,320,734	3,197,109	2,977,272
Short-Term Debt					
Pretax Income	801,814	1,029,652	729,667	640,592	370,972
Interest Expense	264,853	113,129	141,095	70,735	47,558
Dividends Paid			328,000	179,249	198,248
Net Income (Excl. Preferred Stock Dividends)	323,891	567,179	451,625	399,087	185,504
Internal Cash	3,101,178	251,743	1,600,749	1,764,562	546,425
Cash Outflows for Construction	386,487	245,168	395,656	1,220,987	177,378
CWIP	633,899	401,953	260,326	163,139	89,795
Total Plant	9,845,784	9,438,354	9,180,508	8,867,697	7,619,943
Number of Employees	5	6	6	6	6
Salaries and Wages					

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

	2008	2007	2006	2005	2004
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$144,908,338	\$129,890,384	\$104,114,355	\$80,779,225	\$71,064,230
<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	362,562	184,354	52,161	48,390	(509,758)
7 Notes and Accounts Receivables - Net	4,857,995	2,111,833	1,673,199	1,778,836	1,233,019
8 Receivables from Associated Companies					
9 Materials and Supplies	526,793	500,950	468,466	366,620	341,114
10 Prepayments	(2,647,071)	1,809,498	799,562	2,158,123	2,228,391
11 Accrued Utility Revenue	2,955,208	2,721,716	2,902,200	2,536,038	2,339,068
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	6,055,488	7,328,351	5,895,588	6,888,007	5,631,834
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense					
15 Other Deferred Debits	23,727,736	19,926,265	22,846,796	17,876,766	14,959,398
16 Accumulated Deferred Income Taxes	(1,652,134)	1,428,432	21,372	787,288	980,134
17 Total Deferred Debits	22,075,602	21,354,697	22,868,168	18,664,054	15,939,532
18 <b>Total Assets and Other Debits</b>	<b>\$173,039,429</b>	<b>\$158,573,431</b>	<b>\$132,878,111</b>	<b>\$106,331,286</b>	<b>\$92,635,596</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	89,186,250	70,186,250	46,486,250	33,786,250	25,786,250
22 Retained Earnings	55,961,706	51,653,658	48,801,080	41,292,817	39,129,736
23 Reacquired Capital Stock					
24 Total Proprietary Capital	145,197,956	121,889,908	95,337,330	75,129,067	64,965,986
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt					
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable					
27 Accounts Payable	3,136,396	5,262,996	7,445,222	1,517,792	1,098,802
28 Payables to Associated Companies	175,888	272,264	320,646	427,996	116,212
29 Customer Deposits	18,160	27,150	21,043	16,042	10,743
30 Taxes Accrued	1,099,552	1,892,643	2,515,186	248,971	(708,957)
31 Interest Accrued					
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	1,748,669	7,672,044	6,420,898	5,561,718	4,497,518
34 Total Current and Accrued Liabilities	6,178,665	15,127,097	16,722,995	7,772,519	5,014,318
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	486,633	575,688	559,081	873,987	785,334
36 Other Deferred Credits	3,587,785	2,896,043	2,510,902	1,723,197	1,694,799
37 Accumulated Deferred Investment Tax Credits	525,472	542,164	558,856	575,548	592,240
38 Accumulated Deferred Income Taxes	17,062,917	17,542,531	17,188,947	18,916,239	17,695,950
39 Total Deferred Credits	21,662,807	21,556,426	20,817,786	22,088,971	20,768,323
<b>OPERATING RESERVES</b>					
40 Operating Reserves				1,340,729	1,886,969
41 <b>Total Liabilities and Other Credits</b>	<b>\$173,039,429</b>	<b>\$158,573,431</b>	<b>\$132,878,111</b>	<b>\$106,331,286</b>	<b>\$92,635,596</b>

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

	2008	2007	2006	2005	2004	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$36,208,830	\$29,520,521	\$28,399,901	\$23,293,318	\$19,792,594	1
Operating Expense:						
Operation Expense	15,515,577	14,395,889	12,528,414	9,828,104	8,991,939	2
Maintenance Expense	1,061,365	929,528	887,609	816,609	804,907	3
Depreciation and Amortization Expense	1,679,896	1,752,080	1,697,647	1,793,549	1,640,256	4
Taxes Other than Income Taxes	6,474,979	5,997,343	5,734,770	5,286,886	5,154,622	5
Income Taxes	3,474,475	1,571,780	3,825,367	1,701,897	725,904	6
Total Operating Expenses	28,206,292	24,646,620	24,673,807	19,427,045	17,317,628	7
Net Operating Revenues	8,002,538	4,873,901	3,726,094	3,866,273	2,474,966	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	<b>8,002,538</b>	<b>4,873,901</b>	<b>3,726,094</b>	<b>3,866,273</b>	<b>2,474,966</b>	<b>10</b>
<b>OTHER INCOME</b>						
Interest and Dividend Income	432,375	147,434	166,572	292,546	85,672	11
Allowance for Funds Used During Construction	391,634	1,554,155	1,558,765	679,008	785,100	12
Miscellaneous Nonoperating Income			(4,025)	(145)	37,040	13
Other Income				(12,855)	25,882	14
Total Other Income	824,009	1,701,589	1,721,312	958,554	933,694	15
Other Income Deductions	61,316	(3,152)	23,503	1,573	111,833	16
Taxes-Other Income and Deductions						18
<b>Income Available</b>	<b>8,765,231</b>	<b>6,578,642</b>	<b>5,423,903</b>	<b>4,823,254</b>	<b>3,296,810</b>	<b>18</b>
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt						19
Interest on Debt to Associated Co.	4,355,206	3,703,764	2,688,363	2,332,160	2,340,902	20
Other Interest Expense	101,977	22,300	4,397	1,773	72,358	21
Total Interest Charges	4,457,183	3,726,064	2,692,760	2,333,933	2,413,260	22
Income Before Extraordinary Items	4,308,048	2,852,578	2,731,143	2,489,321	883,550	23
Net Extraordinary Items						24
<b>Net Income</b>	<b>\$4,308,048</b>	<b>\$2,852,578</b>	<b>\$2,731,143</b>	<b>\$2,489,321</b>	<b>\$883,550</b>	<b>25</b>
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$51,653,658	\$48,801,080	\$41,292,817	\$39,129,736	\$37,436,374	26
Balance Transferred from Income	4,308,048	2,852,578	2,731,143	2,489,321	883,550	27
Appropriated						28
Dividends Declared-Preferred Stock						29
Dividends Declared-Common Stock						30
Adjustments to Retained Earnings			4,777,120	(326,240)	809,812	31
Net Change	4,308,048	2,852,578	7,508,263	2,163,081	1,693,362	32
Unappropriated (EOP)	55,961,706	51,653,658	48,801,080	41,292,817	39,129,736	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	<b>\$55,961,706</b>	<b>\$51,653,658</b>	<b>\$48,801,080</b>	<b>\$41,292,817</b>	<b>\$39,129,736</b>	<b>35</b>

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

	2008	2007	2006	2005	2004
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$4,308,048	\$2,601,580	\$2,731,143	\$2,489,321	\$883,550
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	1,679,896	1,752,080	5,855,586	1,467,309	1,629,204
3 Deferred Taxes & ITCs	2,584,259	(1,070,166)	(978,067)	1,396,441	1,733,294
4 Receivables and Inventory	(3,005,498)	(471,117)	3,791	(571,324)	618,623
5 Payables and Accrued Expenses	(8,155,340)	(985,005)	6,681,439	1,793,370	1,551,549
6 Capitalized AFUDC - Equity Funds	(391,634)	(1,554,155)	(1,558,765)	(679,008)	(785,100)
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	(3,801,471)	180,484	(366,162)	(196,970)	(706,869)
9	691,742	(366,004)	2,883,217	959,532	(839,610)
10	3,663,478	2,110,896	(4,681,954)	(3,478,544)	(231,516)
11 Net Cash From Operating Activities	<u>(2,426,520)</u>	<u>2,198,593</u>	<u>10,570,228</u>	<u>3,180,127</u>	<u>3,853,125</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(16,306,217)	(25,766,400)	(23,266,457)	(10,621,981)	(7,166,430)
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>(16,306,217)</u>	<u>(25,766,400)</u>	<u>(23,266,457)</u>	<u>(10,621,981)</u>	<u>(7,166,430)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	18,910,945				(173,248)
25 Common Stock		23,700,000	12,700,000	8,000,000	2,900,000
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>18,910,945</u>	<u>23,700,000</u>	<u>12,700,000</u>	<u>8,000,000</u>	<u>2,726,752</u>
33 Net Increase/(Decrease) In Cash Equivalents	178,208	132,193	3,771	558,146	(586,553)
34 Cash & Cash Equivalents At Beginning Of Year	184,354	52,161	48,390	(509,756)	76,797
35 Cash & Cash Equivalents At End Of Year	\$362,562	\$184,354	\$52,161	\$48,390	(\$509,756)

**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,**

	2008	2007	2006	2005	2004	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$24,290,074	\$24,779,301	\$23,482,477	\$19,300,740	\$16,519,925	1
Sales to Other Water Companies	372,198	340,556	420,820	2,181,619	1,999,899	2
Other Sales of Water	384,071	419,116	393,944	352,458	282,500	3
Total Revenues from Sales of Water	25,046,343	25,538,974	24,297,241	21,834,817	18,802,324	4
Other Water Operating Revenues	11,162,487	3,981,547	4,102,659	1,458,501	990,270	5
Total Water Operating Revenues	\$36,208,830	\$29,520,521	\$28,399,900	\$23,293,318	\$19,792,594	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	5,283,550	5,523,283	5,425,644	5,696,689	5,096,469	8
Sales to Other Water Companies	100,643	99,622	220,142	298,099	207,221	9
Other Sales of Water	94,649	105,655	102,332	109,628	90,226	10
Total Sales of Water	5,478,842	5,728,560	5,748,118	6,104,416	5,393,916	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	31,353	31,276	31,094	30,402	30,262	13
Sales to Other Water Companies	2	2	2	2	2	14
Other Sales of Water	195	195	192	726	707	15
Total Customers	31,550	31,473	31,288	31,130	30,971	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$774.73	\$792.28	\$755.21	\$634.85	\$545.90	18
Average Consumption per Customer (T.Gal)	168.52	176.60	174.49	187.38	168.41	19
Average Revenue per T Gallons Sold	\$4.60	\$4.49	\$4.33	\$3.39	\$3.24	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	\$7,580,147	\$6,556,070	\$5,643,787	\$4,294,280	\$3,044,157	24
Power and Pumping	1,883,961	1,627,725	1,726,260	1,572,847	1,211,314	25
Purification	435,801	471,191	343,970	401,175	322,701	26
Transmission and Distribution	1,982,620	1,950,020	1,775,282	1,347,101	1,351,434	27
Customer Accounting and Collecting	1,282,341	1,363,515	1,454,120	1,500,999	958,112	28
Administrative and General	3,412,072	3,356,896	2,472,604	1,528,311	2,909,128	29
<b>Total O &amp; M Expense</b>	\$16,576,942	\$15,325,417	\$13,416,023	\$10,644,713	\$9,796,845	30

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

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
1 Revenues	\$36,208,830	\$29,520,521	\$28,399,901	\$23,293,318	\$19,792,594
2 Sales (Thousands of Gallons)	5,478,842	5,728,560	5,748,118	6,104,416	5,393,916
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$8,933,597	\$7,776,899	\$6,608,674	\$5,175,765	\$3,795,750
4 Wages and Benefits	2,568,695	3,720,911	3,303,274	2,448,703	2,673,145
5 Other Operation and Maintenance Expense	5,074,650	3,827,607	3,504,076	3,020,245	3,327,950
6 Depreciation and Amortization Expense	1,679,896	1,752,080	1,697,647	1,467,309	1,629,204
7 Income Taxes-Operating	3,474,475	1,571,780	3,825,367	1,701,897	725,904
8 Other Taxes-Operating	6,474,979	5,997,343	5,734,770	5,286,886	5,154,622
9 Capital Costs	8,002,538	4,873,901	3,726,094	4,192,513	2,486,019
10 Total	\$36,208,830	\$29,520,521	\$28,399,901	\$23,293,318	\$19,792,594
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	24.7	26.3	23.3	22.2	19.2
12 Wages and Benefits	7.1	12.6	11.6	10.5	13.5
13 Other Operation and Maintenance Expense	14.0	13.0	12.3	13.0	16.8
14 Depreciation and Amortization Expense	4.6	5.9	6.0	6.3	8.2
15 Income Taxes-Operating	9.6	5.3	13.5	7.3	3.7
16 Other Taxes-Operating	17.9	20.3	20.2	22.7	26.0
17 Capital Costs	22.1	16.5	13.1	18.0	12.6
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	1.63	1.36	1.15	0.85	0.70
20 Wages and Benefits	0.47	0.65	0.57	0.40	0.50
21 Other Operation and Maintenance Expense	0.93	0.67	0.61	0.49	0.62
22 Depreciation and Amortization Expense	0.31	0.31	0.30	0.24	0.30
23 Income Taxes-Operating	0.63	0.27	0.67	0.28	0.13
24 Other Taxes-Operating	1.18	1.05	1.00	0.87	0.96
25 Capital Costs	1.46	0.85	0.65	0.69	0.46
26 Total	6.61	5.15	4.94	3.82	3.67

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

Purchased Water	7,491,824	6,506,682	5,553,746	4,216,188	2,978,845
Fuel for Pumping	1,214,762	1,002,895	904,776	808,682	701,783
Chemicals	227,012	267,322	150,151	150,895	115,123
Total PW, Fuel and Chemicals	8,933,597	7,776,899	6,608,674	5,175,765	3,795,750
Total - Ultimate Customers	8,933,597	7,776,899	6,608,674	5,175,765	3,795,750

**Wages and Benefits**

Salaries	1,223,386	2,021,912	2,165,543	1,944,580	2,033,693
Pensions and Benefits	1,345,309	1,698,999	1,137,731	504,123	639,452
Total Wages and Benefits	2,568,695	3,720,911	3,303,274	2,448,703	2,673,145

**Other Expenses**

Total O&M Expenses	16,576,942	15,325,417	13,416,023	10,644,713	9,796,845
-Total PW, Fuel and Chemicals	8,933,597	7,776,899	6,608,674	5,175,765	3,795,750
-Wages and Benefits	2,568,695	3,720,911	3,303,274	2,448,703	2,673,145
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	5,074,650	3,827,607	3,504,076	3,020,245	3,327,950

**Depreciation and Amortization**

Depreciation Exp	1,679,896	1,752,080	1,697,647	1,793,549	1,640,256
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	1,679,896	1,752,080	1,697,647	1,793,549	1,640,256

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

Total PW, Fuel and Chemicals	8,933,597	7,776,899	6,608,674	5,175,765	3,795,750
divided by Total Gallons	5,478,842	5,728,560	5,748,118	6,104,416	5,393,916
Cost per KWH	0.0016	0.0014	0.0011	0.0008	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,**

	2008	2007	2006	2005	2004	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible	\$47,428	\$47,428	\$47,428	\$47,428	\$47,428	1
Source of Supply	249,512	249,512	249,512	244,548	244,548	2
Pumping	2,465,537	2,451,753	2,662,296	2,662,296	2,605,219	3
Water Treatment	839,825	839,825	858,206	858,206	1,110,499	4
Transmission and Distribution	89,291,104	83,267,937	78,828,079	73,386,776	69,464,563	5
General	5,054,764	4,326,825	5,815,712	5,671,380	5,606,405	6
Purchased or Sold						7
Total Plant in Service	97,948,170	91,183,280	88,461,233	82,870,634	79,078,662	8
Plant Leased To Others						9
Construction Work In Progress	64,816,720	55,874,663	33,860,365	14,970,982	8,713,763	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>	162,674,044	146,967,097	122,230,752	97,750,770	87,701,579	14
Accum. Prov. - Depr. & Amort.	17,765,706	17,076,712	18,116,397	16,971,545	16,637,349	15
<b>Net Plant</b>	\$144,908,338	\$129,890,384	\$104,114,355	\$80,779,225	\$71,064,230	16
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.98	0.48	0.35	0.89	1.12	17
Total Capitalization	\$145,197,956	\$121,889,908	\$95,337,330	\$75,129,067	\$64,965,986	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	2.2	3.4	2.8	#REF!	23
Com. Stock Dividends as a % of Earnings						24
Return on Common Equity	3.2%	2.6%	3.2%	3.6%	1.4%	25
Internal Cash Generated as a % of Cash Outflows for Construction	14.9%	-8.5%	-45.4%	-29.9%	-53.8%	26
CWIP as a % of Plant	39.8%	38.0%	27.7%	15.3%	9.9%	27
Number of Employees	59	57	47	49	49	28

Current Assets	6,055,488	7,328,351	5,895,588	6,888,007	5,631,834
Current Liabilities	6,178,665	15,127,097	16,722,995	7,772,519	5,014,318
Total Capitalization	145,197,956	121,889,908	95,337,330	75,129,067	64,965,986
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	145,197,956	121,889,908	95,337,330	75,129,067	64,965,986
Short-Term Debt					
Pretax Income	12,301,022	8,147,269	9,272,773	6,526,724	4,134,546
Interest Expense	4,457,183	3,726,064	2,692,760	2,333,933	2,413,260
Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	4,308,048	2,852,578	2,731,143	2,489,321	883,550
Internal Cash	(2,426,520)	2,198,593	10,570,228	3,180,127	3,853,125
Cash Outflows for Construction	(16,306,217)	(25,766,400)	(23,266,457)	(10,621,981)	(7,166,430)
CWIP	64,816,720	55,874,663	33,860,365	14,970,982	8,713,763
Total Plant	162,674,044	146,967,097	122,230,752	97,750,770	87,701,579
Number of Employees	59	57	47	49	49
Salaries and Wages					

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

	2008	2007	2006	2005	2004
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$244,386,492	\$219,885,524	\$192,085,851	\$180,898,806	\$174,391,378
<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	(4,909,086)	1,014,181	555,193	1,180,163	868,824
7 Notes and Accounts Receivables - Net	3,363,658	3,588,600	2,985,186	3,017,911	2,697,931
8 Receivables from Associated Companies					
9 Materials and Supplies	1,059,664	1,001,323	788,883	1,180,650	1,271,123
10 Prepayments	1,072,424	10,839,599	8,278,020	13,826,690	14,157,546
11 Accrued Utility Revenue	4,679,510	3,417,699	3,553,958		
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	5,266,170	19,861,402	16,161,240	19,205,414	18,995,424
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense	2,371,728	2,525,124	2,678,520	2,831,916	2,985,312
15 Other Deferred Debits	18,061,593	7,173,966	11,638,186	13,583,980	13,604,165
16 Accumulated Deferred Income Taxes	2,725,682	1,177,212	1,193,484	9,026,995	9,249,668
17 Total Deferred Debits	23,159,003	10,876,302	15,510,190	25,442,891	25,839,145
18 <b>Total Assets and Other Debits</b>	<b>\$272,811,665</b>	<b>\$250,623,228</b>	<b>\$223,757,281</b>	<b>\$225,547,111</b>	<b>\$219,225,947</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	49,278,053	44,278,053	34,278,053	26,874,603	26,874,603
22 Retained Earnings	56,335,198	53,033,864	49,147,002	45,978,014	43,540,806
23 Reacquired Capital Stock					
24 Total Proprietary Capital	119,469,741	111,168,407	97,281,545	86,709,107	84,271,899
<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	40,000,000	33,000,000	23,000,000	21,000,000	19,900,000
27 Accounts Payable	6,024,878	5,458,042	4,075,600	3,266,317	1,641,861
28 Payables to Associated Companies	390,283	555,680	327,544	602,588	256,678
29 Customer Deposits	164,344	144,687	124,612	121,096	114,211
30 Taxes Accrued	3,760,681	2,895,896	565,436	3,021,863	1,234,596
31 Interest Accrued	1,486,498	1,415,929	1,363,011	1,352,480	1,270,311
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	1,560,158	1,431,102	815,173	438,188	732,884
34 Total Current and Accrued Liabilities	53,386,842	44,901,336	30,271,376	29,802,532	25,150,541
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	2,849,167	4,047,268	3,800,184	4,495,740	4,979,329
36 Other Deferred Credits	10,374,149	6,306,610	7,785,441	14,820,355	14,517,422
37 Accumulated Deferred Investment Tax Credits	702,994	785,703	805,203	824,703	842,578
38 Accumulated Deferred Income Taxes	34,332,194	31,822,974	32,284,896	35,755,834	35,852,793
39 Total Deferred Credits	48,258,504	42,962,555	44,675,724	55,896,632	56,192,122
<b>OPERATING RESERVES</b>					
40 Operating Reserves	696,578	590,930	528,636	2,138,840	2,611,385
41 <b>Total Liabilities and Other Credits</b>	<b>\$272,811,665</b>	<b>\$250,623,228</b>	<b>\$223,757,281</b>	<b>\$225,547,111</b>	<b>\$219,225,947</b>

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

	2008	2007	2006	2005	2004	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$56,918,029	\$53,989,753	\$47,968,223	\$44,602,191	\$43,309,503	1
Operating Expense:						
Operation Expense	18,270,563	16,855,573	15,155,245	14,064,043	13,504,614	2
Maintenance Expense	4,165,230	4,080,932	3,670,250	3,106,377	2,453,321	3
Depreciation and Amortization Expense	6,430,649	5,631,325	5,574,781	5,373,763	5,113,250	4
Taxes Other than Income Taxes	11,516,597	10,855,895	10,493,399	9,715,123	9,241,656	5
Income Taxes	4,969,035	4,982,559	2,362,502	2,883,810	3,248,890	6
Total Operating Expenses	45,352,074	42,406,284	37,256,177	35,143,116	33,561,731	7
Net Operating Revenues	11,565,955	11,583,469	10,712,046	9,459,075	9,747,772	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	11,565,955	11,583,469	10,712,046	9,459,075	9,747,772	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	7,754	4,251	121,608	306,582	88,635	11
Allowance for Funds Used During Construction	1,488,147	658,013	431,839	120,359	83,991	12
Miscellaneous Nonoperating Income	52,503	43,171	724,853	297,219	143,555	13
Other Income					7,822	14
Total Other Income	1,548,404	705,435	1,278,300	724,160	324,003	15
Other Income Deductions	724,231	55,661	36,694	42,031	86,870	16
Taxes-Other Income and Deductions						17
<b>Income Available</b>	12,390,128	12,233,243	11,953,652	10,141,204	9,984,905	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	3,591,996	3,591,996	3,591,996	3,591,996	3,591,996	19
Interest on Debt to Associated Co.						20
Other Interest Expense	1,455,598	1,589,887	1,712,539	1,808,953	1,393,868	21
Total Interest Charges	5,047,594	5,181,883	5,304,535	5,400,949	4,985,864	22
Income Before Extraordinary Items	7,342,534	7,051,360	6,649,117	4,740,255	4,999,041	23
Net Extraordinary Items						24
<b>Net Income</b>	\$7,342,534	\$7,051,360	\$6,649,117	\$4,740,255	\$4,999,041	25
<hr/>						
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$53,033,864	\$49,147,002	\$45,978,014	\$43,540,806	\$40,536,360	26
Balance Transferred from Income	7,301,334	7,051,360	6,649,117	4,740,255	4,999,041	27
Appropriated						28
Dividends Declared-Preferred Stock	4,000,000	2,800,000	2,600,000	2,600,000	2,600,000	29
Dividends Declared-Common Stock						30
Adjustments to Retained Earnings		(364,498)	(880,129)	296,953	605,405	31
Net Change	3,301,334	3,886,862	3,168,988	2,437,208	3,004,446	32
Unappropriated (EOP)	56,335,198	53,033,864	49,147,002	45,978,014	43,540,806	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$56,335,198	\$53,033,864	\$49,147,002	\$45,978,014	\$43,540,806	35

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

	2008	2007	2006	2005	2004
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$7,301,334	\$5,654,564	\$6,649,117	\$4,740,255	\$4,999,041
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	6,473,272	5,686,703	6,593,474	5,815,171	5,863,111
3 Deferred Taxes & ITCs	878,041	931,646	4,343,074	107,839	1,058,225
4 Receivables and Inventory	(1,095,210)	(679,595)	(3,129,466)	(229,507)	713,845
5 Payables and Accrued Expenses	620,721	2,299,500	925,271	1,764,724	(31,018)
6 Capitalized AFUDC - Equity Funds	(1,488,147)	(658,013)	(431,839)	(306,582)	(83,991)
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	(10,887,627)	4,464,220	1,945,793	20,185	(1,097,365)
9	4,067,539	(1,478,831)	(7,034,914)	302,933	305,974
10	10,737,608	(168,825)	1,482,039	1,645,578	1,235,316
11 Net Cash From Operating Activities	<u>16,607,531</u>	<u>16,051,369</u>	<u>11,342,549</u>	<u>13,860,596</u>	<u>12,963,138</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(29,332,697)	(32,674,967)	(16,307,723)	(11,565,668)	(9,853,042)
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>(29,332,697)</u>	<u>(32,674,967)</u>	<u>(16,307,723)</u>	<u>(11,565,668)</u>	<u>(9,853,042)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	3,801,899	9,882,586	4,940,204	(483,589)	10,224,929
25 Common Stock					
26 Preferred Stock					
27 Short-Term Debt	7,000,000	10,000,000	2,000,000	1,100,000	(9,100,000)
28 Dividends Paid	(4,000,000)	(2,800,000)	(2,600,000)	(2,600,000)	(2,600,000)
29 Other Cash Flows - Financing Activities					
30					
31					
32 Net Cash From Financing Activities	<u>6,801,899</u>	<u>17,082,586</u>	<u>4,340,204</u>	<u>(1,983,589)</u>	<u>(1,475,071)</u>
33 Net Increase/(Decrease) In Cash Equivalents	(5,923,267)	458,988	(624,970)	311,339	1,635,025
34 Cash & Cash Equivalents At Beginning Of Year	1,014,181	555,193	1,180,163	868,824	(766,201)
35 Cash & Cash Equivalents At End Of Year	(\$4,909,086)	\$1,014,181	\$555,193	\$1,180,163	\$868,824

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

	2008	2007	2006	2005	2004	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$45,659,578	\$46,162,639	\$38,402,902	\$39,297,646	\$37,025,495	1
Sales to Other Water Companies						2
Other Sales of Water	6,333,957	6,077,200	5,030,636	4,902,746	4,860,272	3
Total Revenues from Sales of Water	51,993,535	52,239,839	43,433,538	44,200,392	41,885,767	4
Other Water Operating Revenues*	4,915,770	1,740,727	4,525,851	395,960	1,411,200	5
						6
Total Water Operating Revenues	\$56,909,305	\$53,980,566	\$47,959,389	\$44,596,352	\$43,296,967	7
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	8,786,943	9,106,923	9,023,418	9,188,359	8,755,694	8
Sales to Other Water Companies						9
Other Sales of Water	80,172	79,982	81,912	75,386	73,693	10
						11
Total Sales of Water	8,867,115	9,186,905	9,105,330	9,263,745	8,829,387	12
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	70,984	70,230	69,265	68,738	68,251	13
Sales to Other Water Companies						14
Other Sales of Water	1,415	1,284	1,182	1,110	1,067	15
						16
Total Customers	72,399	71,514	70,447	69,848	69,318	17
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$643.24	\$657.31	\$554.43	\$571.70	\$542.49	18
Average Consumption per Customer (T.Gal)	123.79	129.67	130.27	133.67	128.29	19
Average Revenue per T Gallons Sold	\$5.20	\$5.07	\$4.26	\$4.28	\$4.23	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	\$698,655	\$967,327	\$615,545	\$425,435	\$364,967	24
Power and Pumping	4,665,987	4,567,623	4,664,995	4,014,012	3,373,437	25
Purification	3,507,332	2,923,471	2,340,522	2,295,731	1,733,840	26
Transmission and Distribution	4,664,024	4,393,635	4,088,773	3,847,470	3,299,643	27
Customer Accounting and Collecting	2,101,339	2,544,850	2,572,028	2,570,402	2,226,023	28
Administrative and General	6,798,456	5,539,597	4,541,637	4,017,370	4,960,025	29
						30
Total O & M Expense	\$22,435,793	\$20,936,504	\$18,823,501	\$17,170,420	\$15,957,935	30

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

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
1 Revenues	\$56,909,305	\$53,980,566	\$47,959,389	\$44,596,352	\$43,296,967
2 Sales (Thousands of Gallons)	8,867,115	9,186,905	9,105,330	9,263,745	8,829,387
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$4,527,967	\$3,994,587	\$4,102,479	\$3,258,686	\$2,710,477
4 Wages and Benefits	7,190,505	7,074,472	5,859,854	5,521,668	5,405,272
5 Other Operation and Maintenance Expense	10,717,321	9,867,445	8,861,167	8,390,066	7,842,186
6 Depreciation and Amortization Expense	6,430,649	5,631,325	5,574,781	5,373,763	5,113,250
7 Income Taxes-Operating	4,969,035	4,982,559	2,362,502	2,883,810	3,248,890
8 Other Taxes-Operating	11,516,597	10,855,895	10,493,399	9,715,123	9,241,656
9 Capital Costs	11,557,231	11,574,282	10,705,207	9,453,236	9,735,236
10 Total	\$56,909,305	\$53,980,566	\$47,959,389	\$44,596,352	\$43,296,967
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	8.0	7.4	8.6	7.3	6.3
12 Wages and Benefits	12.6	13.1	12.2	12.4	12.5
13 Other Operation and Maintenance Expense	18.8	18.3	18.5	18.8	18.1
14 Depreciation and Amortization Expense	11.3	10.4	11.6	12.0	11.8
15 Income Taxes-Operating	8.7	9.2	4.9	6.5	7.5
16 Other Taxes-Operating	20.2	20.1	21.9	21.8	21.3
17 Capital Costs	20.3	21.4	22.3	21.2	22.5
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	0.51	0.43	0.45	0.35	0.31
20 Wages and Benefits	0.81	0.77	0.64	0.60	0.61
21 Other Operation and Maintenance Expense	1.21	1.07	0.97	0.91	0.89
22 Depreciation and Amortization Expense	0.73	0.61	0.61	0.58	0.58
23 Income Taxes-Operating	0.56	0.54	0.26	0.31	0.37
24 Other Taxes-Operating	1.30	1.18	1.15	1.05	1.05
25 Capital Costs	1.30	1.26	1.18	1.02	1.10
26 Total	6.42	5.88	5.27	4.81	4.90

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

Purchased Water	275,969	135,387	5,082	100,031	18,402
Fuel for Pumping	3,649,435	3,310,483	3,421,309	2,647,739	2,344,291
Chemicals	602,563	548,717	676,088	510,916	347,784
Total PW, Fuel and Chemicals	4,527,967	3,994,587	4,102,479	3,258,686	2,710,477
Total - Ultimate Customers	4,527,967	3,994,587	4,102,479	3,258,686	2,710,477

**Wages and Benefits**

Salaries	5,164,746	5,350,264	4,662,616	4,687,120	4,378,534
Pensions and Benefits	2,025,759	1,724,208	1,197,238	834,548	1,026,738
Total Wages and Benefits	7,190,505	7,074,472	5,859,854	5,521,668	5,405,272

**Other Expenses**

Total O&M Expenses	22,435,793	20,936,505	18,823,501	17,170,420	15,957,935
-Total PW, Fuel and Chemicals	4,527,967	3,994,587	4,102,479	3,258,686	2,710,477
-Wages and Benefits	7,190,505	7,074,472	5,859,854	5,521,668	5,405,272
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	10,717,321	9,867,445	8,861,167	8,390,066	7,842,186

**Depreciation and Amortization**

Depreciation Exp	6,430,649	5,631,325	5,574,781	5,373,763	5,113,250
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	6,430,649	5,631,325	5,574,781	5,373,763	5,113,250

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

Total PW, Fuel and Chemicals	4,527,967	3,994,587	4,102,479	3,258,686	2,710,477
divided by Total Gallons	8,867,115	9,186,905	9,105,330	9,263,745	8,829,387
Cost per Gallon	0.0005	0.0004	0.0005	0.0004	0.0003

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

	2008	2007	2006	2005	2004	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible	\$89,248	\$89,248	\$89,248	\$80,005	\$80,005	1
Source of Supply	26,281,295	26,003,004	25,886,067	24,355,628	23,892,857	2
Pumping	25,857,277	21,558,617	20,843,121	19,183,492	19,220,215	3
Water Treatment	37,197,404	34,940,135	27,722,121	22,950,472	22,621,378	4
Transmission and Distribution	178,932,673	166,387,769	152,470,329	146,328,914	141,667,531	5
General	18,445,915	16,475,884	20,372,239	19,097,729	18,741,057	6
Purchased or Sold						7
Plant In Service	286,803,812	265,454,657	247,383,125	231,996,240	226,223,043	8
Plant Leased To Others						9
Construction Work In Progress	27,662,879	18,982,277	9,195,921	8,033,943	2,462,225	10
Plant Held For Future Use	8,792,615	8,792,615	8,792,615	8,785,612	8,751,908	11
Plant Acquisition Adjustments		1,001,391	1,001,391	1,001,391	1,001,391	12
Accum. Gains & Losses - Utility Land & Land Rights	(1,179,412)	(1,179,412)	(1,179,409)	(1,179,408)	(1,179,408)	13
<b>Total Plant</b>	<b>322,079,894</b>	<b>293,051,528</b>	<b>265,193,644</b>	<b>248,637,778</b>	<b>237,259,159</b>	<b>14</b>
Accum. Prov. - Depr. & Amort.	77,693,402	73,166,004	73,107,793	67,738,972	62,867,781	15
<b>Net Plant</b>	<b>\$244,386,492</b>	<b>\$219,885,524</b>	<b>\$192,085,851</b>	<b>\$180,898,806</b>	<b>\$174,391,378</b>	<b>16</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.10	0.44	0.53	0.64	0.76	17
Total Capitalization	\$210,469,741	\$193,771,611	\$171,281,545	\$158,709,107	\$155,171,899	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	24.2%	26.3%	29.8%	32.1%	32.9%	19
Preferred Stock						20
Common Stock & Retained Earnings	56.8%	56.6%	56.8%	54.6%	54.3%	21
Short-Term Debt	19.0%	17.0%	13.4%	13.2%	12.8%	22
Pretax Coverage of Interest Expense	3.6	3.3	2.7	2.4	2.7	23
Com. Stock Dividends as a % of Earnings	54.5%	98.1%	64.2%	121.5%	108.4%	24
Return on Common Equity	6.4%	2.8%	4.4%	2.5%	3.1%	25
Internal Cash Generated as a % of Cash Outflows for Construction	56.6%	49.1%	69.6%	119.8%	131.6%	26
CWIP as a % of Plant	8.6%	6.5%	3.5%	3.2%	1.0%	27
Number of Employees	106	104	97	96	91	28

Current Assets	5,266,170	19,861,402	16,161,240	19,205,414	18,995,424
Current Liabilities	53,386,842	44,901,336	30,271,376	29,802,532	25,150,541
Total Capitalization	210,469,741	193,771,611	171,281,545	158,709,107	155,171,899
Long-Term Debt	51,000,000	51,000,000	51,000,000	51,000,000	51,000,000
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	119,469,741	109,771,611	97,281,545	86,709,107	84,271,899
Short-Term Debt	40,000,000	33,000,000	23,000,000	21,000,000	19,900,000
Pretax Income	18,083,394	17,271,463	14,352,848	13,067,045	13,320,665
Interest Expense	5,047,594	5,181,883	5,304,535	5,400,949	4,985,864
Dividends Paid	4,000,000	2,800,000	2,600,000	2,600,000	2,600,000
Net Income (Excl. Preferred Stock Dividends)	7,342,534	2,854,564	4,049,117	2,140,255	2,399,041
Internal Cash	16,607,531	16,051,369	11,342,549	13,860,596	12,963,138
Cash Outflows for Construction	29,332,697	32,674,967	16,307,723	11,565,668	9,853,042
CWIP	27,662,879	18,982,277	9,195,921	8,033,943	2,462,225
Total Plant	322,079,894	293,051,529	265,193,645	248,637,778	237,259,159
Number of Employees	106	104	97	96	91
Salaries and Wages					

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

	2008	2007	2006	2005	2004
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$4,057,821	\$3,023,860	\$2,877,339	\$2,717,331	\$2,567,820
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)					
3 Other Investments		693,771	557,894	461,998	371,439
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments		693,771	557,894	461,998	371,439
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	47,326	22,696	3,472	123,303	283,272
7 Notes and Accounts Receivables - Net	229,585	86,661	97,690	88,614	97,036
8 Receivables from Associated Companies					
9 Materials and Supplies	64,664	53,491	37,389	29,315	25,256
10 Prepayments	(553,088)	(421,909)	(422,143)	(329,700)	(278,661)
11 Accrued Utility Revenue	120,162	91,850	89,092	91,877	83,968
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	(91,351)	(167,211)	(194,500)	3,409	210,871
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense					
15 Other Deferred Debits	1,078,711	(139,170)	(129,415)	(146,968)	(222,185)
16 Accumulated Deferred Income Taxes	29,581	80,336	76,152	63,801	73,378
17 Total Deferred Debits	1,108,292	(58,834)	(53,263)	(83,167)	(148,807)
18 <b>Total Assets and Other Debits</b>	<b>\$5,074,763</b>	<b>\$3,491,586</b>	<b>\$3,187,470</b>	<b>\$3,099,571</b>	<b>\$3,001,323</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	3,865,181	2,426,181	1,811,181	1,651,181	1,651,181
22 Retained Earnings	(288,674)	372,749	614,314	529,298	507,860
23 Reacquired Capital Stock					
24 Total Proprietary Capital	3,610,107	2,832,530	2,459,095	2,214,079	2,192,642
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt					
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable					
27 Accounts Payable	775,898	68,585	95,308	35,165	60,033
28 Payables to Associated Companies	3,233	2,703	25,006	15,144	7,256
29 Customer Deposits					
30 Taxes Accrued	(396,712)	(62,840)	(44,964)	97,739	4,653
31 Interest Accrued					
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	46,152	24,289	21,092	22,189	24,149
34 Total Current and Accrued Liabilities	428,571	32,737	96,442	170,237	96,091
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	242,968	242,967	242,967	242,968	242,968
36 Other Deferred Credits	(100,834)	3,697	16,896	80,394	130,922
37 Accumulated Deferred Investment Tax Credits	24,133	16,731	17,439	18,147	18,855
38 Accumulated Deferred Income Taxes	869,817	362,923	354,631	247,688	159,175
39 Total Deferred Credits	1,036,084	626,318	631,933	589,197	551,920
<b>OPERATING RESERVES</b>					
40 Operating Reserves				126,058	160,671
41 <b>Total Liabilities and Other Credits</b>	<b>\$5,074,763</b>	<b>\$3,491,586</b>	<b>\$3,187,470</b>	<b>\$3,099,571</b>	<b>\$3,001,323</b>

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

	2008	2007	2006	2005	2004	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$1,188,779	\$931,450	\$945,640	\$953,927	\$935,492	1
Operating Expense:						
Operation Expense	751,158	660,387	478,312	450,284	488,134	2
Maintenance Expense	112,539	115,350	89,577	94,239	88,683	3
Depreciation and Amortization Expense	139,548	99,124	90,068	94,623	85,888	4
Taxes Other than Income Taxes	292,753	202,035	240,365	185,788	185,122	5
Income Taxes	(245,179)	(4,664)	(29,547)	25,272	5,494	6
Total Operating Expenses	1,050,819	1,072,233	868,775	850,206	853,321	7
Net Operating Revenues	137,960	(140,783)	76,865	103,721	82,171	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	137,960	(140,783)	76,865	103,721	82,171	10
<b>OTHER INCOME</b>						
Interest and Dividend Income				208	2,206	11
Allowance for Funds Used During Construction	445	2,783	3			12
Miscellaneous Nonoperating Income						13
Other Income						14
Total Other Income	445	2,783	3	208	2,206	15
Other Income Deductions	694	1,006	(3,668)	104	109	16
Taxes-Other Income and Deductions					(77)	17
<b>Income Available</b>	137,711	(139,006)	80,536	103,825	84,345	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt						19
Interest on Debt to Associated Co.	101,903	71,970	63,204	67,966	60,275	20
Other Interest Expense	(41,768)	1,466	1,143	(121)	89	21
Total Interest Charges	60,135	73,436	64,347	67,845	60,364	22
Income Before Extraordinary Items	77,576	(212,442)	16,189	35,980	23,981	23
Net Extraordinary Items						24
<b>Net Income</b>	\$77,576	(\$212,442)	\$16,189	\$35,980	\$23,981	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$372,749	\$614,314	\$529,298	\$507,860	\$469,619	26
Balance Transferred from Income	77,576	(212,442)	16,189	35,980	23,981	27
Appropriated						28
Dividends Declared-Preferred Stock						29
Dividends Declared-Common Stock						30
Adjustments to Retained Earnings	(739,000)	(29,123)	68,827	(14,542)	14,260	31
Net Change	(661,424)	(241,565)	85,016	21,438	38,241	32
Unappropriated (EOP)	(288,674)	372,749	614,314	529,298	507,860	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	(\$288,674)	\$372,749	\$614,314	\$529,298	\$507,860	35

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

	2008	2007	2006	2005	2004
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$77,576	(\$212,442)	\$16,189	\$35,980	\$23,981
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	139,548	99,124	172,999	121,404	112,437
3 Deferred Taxes & ITCs	565,051	3,400	93,884	(6,243)	58,627
4 Receivables and Inventory	(182,409)	(7,831)	(14,365)	4,364	(38,377)
5 Payables and Accrued Expenses	729,706	(45,829)	68,908	(17,813)	(125,302)
6 Capitalized AFUDC - Equity Funds	(446)	(2,783)	3		
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	(1,217,881)	9,755	(17,553)		
9	(104,531)	(13,199)	(63,498)	(7,909)	4,493
10	(202,691)	(18,110)	(176,318)	74,384	(3,813)
11 Net Cash From Operating Activities	<u>(196,077)</u>	<u>(187,914)</u>	<u>80,249</u>	<u>204,167</u>	<u>32,046</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(1,173,063)	(242,862)	(250,079)	(244,135)	(199,976)
13 Acquisition Of Other Non-Current Assets					
14 Investments In & Advances to Affiliates.			(110,000)	(120,000)	(60,000)
15 Contributions & Advances from Affiliates		(165,000)	160,000		440,000
Net Proceeds - Sale Or Disposition Of:					
16 Property, Plant & Equipment					
17 Investments in Affiliated Companies	(45,229)				
18 Other Debt & Equity Investments					
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities					
21					
22 Reduction in Working Funds					
23 Net Cash From Investing Activities	<u>(1,218,292)</u>	<u>(407,862)</u>	<u>(200,079)</u>	<u>(364,135)</u>	<u>180,024</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	1,438,999	615,000			
25 Common Stock			(1)		
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>1,438,999</u>	<u>615,000</u>	<u>(1)</u>		
33 Net Increase/(Decrease) In Cash Equivalents	24,630	19,224	(119,831)	(159,968)	212,070
34 Cash & Cash Equivalents At Beginning Of Year	22,696	3,472	123,303	283,271	71,201
35 Cash & Cash Equivalents At End Of Year 1	\$47,326	\$22,696	\$3,472	\$123,303	\$283,271

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

	2008	2007	2006	2005	2004	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$1,060,102	\$844,594	\$863,959	\$766,641	\$766,186	1
Sales to Other Water Companies	62,807	49,271	51,106	48,940	49,019	2
Other Sales of Water	39,168	30,023	27,235	124,481	118,556	3
Total Revenues from Sales of Water	1,162,077	923,888	942,300	940,062	933,761	4
Other Water Operating Revenues			3,339	13,865	1,730	5
Total Water Operating Revenues	\$1,162,077	\$923,888	\$945,639	\$953,927	\$935,491	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	424,973	451,010	492,219	455,763	455,405	8
Sales to Other Water Companies	32,850	36,235	36,965	35,559	35,423	9
Other Sales of Water	8,727	6,760	5,610	7,616	8,605	10
Total Sales of Water	466,550	494,005	534,794	498,938	499,433	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	1,632	1,408	1,414	1,389	1,396	13
Sales to Other Water Companies	2	2	2	2	2	14
Other Sales of Water	30	36	36	64	59	15
Total Customers	1,664	1,446	1,452	1,455	1,457	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$649.57	\$599.85	\$611.00	\$551.94	\$548.84	18
Average Consumption per Customer (T.Gal)	260.40	320.32	348.10	328.12	326.22	19
Average Revenue per T Gallons Sold	\$2.49	\$1.87	\$1.76	\$1.68	\$1.68	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	\$14,642	\$22,275	\$12,540	15,845	8,082	24
Power and Pumping	217,653	205,486	171,349	173,266	152,165	25
Purification	42,413	42,107	39,865	35,643	36,067	26
Transmission and Distribution	124,123	124,886	106,709	100,524	109,798	27
Customer Accounting and Collecting	113,476	89,366	86,125	92,860	59,032	28
Administrative and General	351,390	291,617	151,301	126,384	211,674	29
<b>Total O &amp; M Expense</b>	<b>\$863,697</b>	<b>\$775,738</b>	<b>\$567,889</b>	<b>\$544,522</b>	<b>\$576,818</b>	<b>30</b>

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

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
1 Revenues	\$1,162,077	\$923,888	\$945,639	\$953,927	\$935,491
2 Sales (Thousands of Gallons)	466,550	494,005	534,794	498,938	499,433
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$149,943	\$148,159	\$120,276	\$123,893	\$118,015
4 Wages and Benefits	342,641	327,441	227,829	212,759	209,009
5 Other Operation and Maintenance Expense	371,113	300,138	219,783	207,870	249,793
6 Depreciation and Amortization Expense	139,548	99,124	90,068	94,623	85,888
7 Income Taxes-Operating	(245,179)	(4,664)	(29,547)	25,272	5,494
8 Other Taxes-Operating	292,753	202,035	240,365	185,788	185,122
9 Capital Costs	111,258	(148,345)	76,864	103,722	82,170
10 Total	\$1,162,077	\$923,888	\$945,639	\$953,927	\$935,491
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	12.9	16.0	12.7	13.0	12.6
12 Wages and Benefits	29.5	35.4	24.1	22.3	22.3
13 Other Operation and Maintenance Expense	31.9	32.5	23.2	21.8	26.7
14 Depreciation and Amortization Expense	12.0	10.7	9.5	9.9	9.2
15 Income Taxes-Operating	(21.1)	(0.5)	(3.1)	2.6	0.6
16 Other Taxes-Operating	25.2	21.9	25.4	19.5	19.8
17 Capital Costs	9.6	(16.1)	8.1	10.9	8.8
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	0.32	0.30	0.22	0.25	0.24
20 Wages and Benefits	0.73	0.66	0.43	0.43	0.42
21 Other Operation and Maintenance Expense	0.80	0.61	0.41	0.42	0.50
22 Depreciation and Amortization Expense	0.30	0.20	0.17	0.19	0.17
23 Income Taxes-Operating	-0.53	-0.01	-0.06	0.05	0.01
24 Other Taxes-Operating	0.63	0.41	0.45	0.37	0.37
25 Capital Costs	0.24	-0.30	0.14	0.21	0.16
26 Total	2.49	1.87	1.77	1.91	1.87

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

Purchased Water					
Fuel for Pumping	140,801	140,748	111,889	117,926	113,495
Chemicals	9,142	7,411	8,387	5,967	4,520
Total PW, Fuel and Chemicals	149,943	148,159	120,276	123,893	118,015
Total - Ultimate Customers	149,943	148,159	120,276	123,893	118,015

**Wages and Benefits**

Salaries	215,884	201,086	180,435	169,685	165,109
Pensions and Benefits	126,757	126,355	47,394	43,074	43,900
Total Wages and Benefits	342,641	327,441	227,829	212,759	209,009

**Other Expenses**

Total O&M Expenses	863,697	775,738	567,889	544,522	576,818
-Total PW, Fuel and Chemicals	149,943	148,159	120,276	123,893	118,015
-Wages and Benefits	342,641	327,441	227,829	212,759	209,009
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	371,113	300,138	219,783	207,870	249,793

**Depreciation and Amortization**

Depreciation Exp	139,548	99,124	90,068	94,623	85,888
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	139,548	99,124	90,068	94,623	85,888

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

Total PW, Fuel and Chemicals	149,943	148,159	120,276	123,893	118,015
divided by Total Gallons	466,550	494,005	534,794	498,938	499,433
Cost per KWH	0.0003	0.0003	0.0002	0.0002	0.0002
times Sales for Resale MWHs					
Sales for Resale Cost					



Current Assets	(91,351)	(167,211)	(194,500)	3,409	210,871
Current Liabilities	428,571	32,737	75,152	170,237	96,091
Total Capitalization	3,610,107	2,832,530	2,466,558	2,214,079	2,192,642
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,610,107	2,832,530	2,466,558	2,214,079	2,192,642
Short-Term Debt					
Pretax Income	(106,773)	(142,664)	47,321	129,201	89,948
Interest Expense	60,133	73,436	64,347	67,845	60,364
Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	77,579	(212,442)	37,479	35,980	23,981
Internal Cash	(196,077)	(187,915)	80,249	204,166	32,046
Cash Outflows for Construction	1,173,063	242,862	250,079	244,135	199,976
CWIP	595,323	150,535	141,660	181,000	13,117
Total Plant	5,718,854	4,319,478	4,199,760	3,967,031	3,749,969
Number of Employees	5	5	5	5	5
Salaries and Wages					