

Table 1 W

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$534,439	\$473,791	\$427,661	\$396,916	\$372,813
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)	302	302	302	302	302
3 Other Investments	694	558	3,460	8,789	8,267
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments	996	860	3,762	9,092	8,569
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	9,460	5,336	10,657	5,944	2,372
7 Notes and Accounts Receivables - Net	13,475	11,824	13,443	13,342	12,406
8 Receivables from Associated Companies		57	(14)	(39)	110
9 Materials and Supplies	2,492	2,331	2,825	2,990	2,441
10 Prepayments	14,285	10,970	17,103	17,536	18,014
11 Accrued Utility Revenue	13,359	13,171	9,558	8,468	8,309
12 Misc Current and Accrued Assets	169	212	219	607	143
13 Total Current and Accrued Assets	53,240	43,901	53,791	48,848	43,794
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense	5,882	6,311	6,664	6,041	5,173
15 Other Deferred Debits	56,984	56,927	42,690	33,766	32,528
16 Accumulated Deferred Income Taxes	9,685	8,162	17,936	18,076	18,305
17 Total Deferred Debits	72,551	71,400	67,289	57,882	56,005
18 <b>Total Assets and Other Debits</b>	<b>\$661,226</b>	<b>\$589,952</b>	<b>\$552,503</b>	<b>\$512,738</b>	<b>\$481,182</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	2,125	2,125	2,125	2,125
21 Other Paid-in Capital	154,503	101,780	71,016	63,016	46,576
22 Retained Earnings	150,138	134,263	123,583	122,218	117,971
23 Reacquired Capital Stock					
24 Total Proprietary Capital	335,140	267,542	226,098	216,734	196,047
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt	112,920	115,390	115,640	108,660	95,100
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable	35,150	25,371	30,545	35,678	43,636
27 Accounts Payable	13,182	14,902	7,815	6,728	5,312
28 Payables to Associated Companies	21,162	16,530	18,145	14,030	15,379
29 Customer Deposits	208	199	180	169	193
30 Taxes Accrued	5,347	5,532	3,485	354	(653)
31 Interest Accrued	2,659	2,323	2,290	2,196	2,201
32 Matured Long-Term Debt	1,000	297	250	2,213	14
33 Misc Current and Accrued Liabilities	12,915	8,809	8,476	8,288	6,017
34 Total Current and Accrued Liabilities	91,623	73,962	71,187	69,655	72,099
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	6,338	5,920	6,910	7,404	7,305
36 Other Deferred Credits	32,450	38,310	42,027	21,011	26,433
37 Accumulated Deferred Investment Tax Credits	1,787	1,841	1,895	1,948	2,003
38 Accumulated Deferred Income Taxes	80,375	86,210	84,985	82,539	76,188
39 Total Deferred Credits	120,950	132,281	135,817	112,901	111,930
<b>OPERATING RESERVES</b>					
40 Operating Reserves	593	777	3,762	4,787	6,006
41 <b>Total Liabilities and Other Credits</b>	<b>\$661,226</b>	<b>\$589,952</b>	<b>\$552,503</b>	<b>\$512,738</b>	<b>\$481,182</b>

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

	2007	2006	2005	2004	2003	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$163,077	\$154,772	\$146,293	\$136,564	\$135,930	1
Operating Expense:						
Operation Expense	65,123	61,959	55,927	53,326	49,758	2
Maintenance Expense	10,288	9,683	8,574	7,988	7,274	3
Depreciation and Amortization Expense	13,288	12,545	11,497	11,034	10,629	4
Taxes Other than Income Taxes	38,675	38,350	39,255	39,315	38,848	5
Income Taxes	9,413	7,589	7,795	5,991	7,970	6
Total Operating Expenses	136,788	130,125	123,048	117,654	114,479	7
Net Operating Revenues	26,290	24,647	23,245	18,910	21,452	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	26,290	24,647	23,245	18,910	21,452	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	602	855	851	436	940	11
Allowance for Funds Used During Construction	2,461	2,210	1,358	1,408	1,832	12
Miscellaneous Nonoperating Income	(245)	1,146	401	341	881	13
Other Income	(22)	891	161	305	247	14
Total Other Income	2,796	5,101	2,771	2,489	3,901	15
Other Income Deductions	143	63	46	245	228	16
Taxes-Other Income and Deductions	936	350	386	331	479	17
<b>Income Available</b>	28,007	29,334	25,584	20,823	24,646	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	7,704	7,783	7,638	7,165	7,087	19
Interest on Debt to Associated Co.	4,897	3,725	3,037	2,739	2,447	20
Other Interest Expense	3,851	5,414	2,405	1,748	1,987	21
Total Interest Charges	16,451	16,923	13,081	11,652	11,520	22
Income Before Extraordinary Items	11,556	12,411	12,503	9,170	13,126	23
Extraordinary Items						24
<b>Net Income</b>	\$11,556	\$12,411	\$12,503	\$9,170	\$13,126	25
<b>RETAINED EARNINGS</b>						
Unappropriated (BOP)	\$134,263	\$123,583	\$121,930	\$117,971	\$110,725	26
Balance Transferred from Income	11,556	12,411	12,503	9,170	13,126	27
Appropriated						28
Dividends Declared-Preferred Stock	2,927	2,727	2,727	2,727	127	29
Dividends Declared-Common Stock		3,797	7,613	3,583	8,432	30
Adjustments to Retained Earnings	7,246	4,793	(511)	1,387	2,680	31
Net Change	15,875	10,680	1,652	4,248	7,246	32
Unappropriated (EOP)	150,138	134,263	123,583	122,218	117,971	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$150,138	\$134,263	\$123,583	\$122,218	\$117,971	35

Table 3W

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$11,556	\$12,411	\$12,503	\$9,170	\$13,126
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	13,909	18,743	12,246	12,128	11,207
3 Deferred Taxes & ITCs	(2,543)	7,553	2,805	6,900	12,135
4 Receivables and Inventory	(2,366)	(1,700)	(532)	1,425	(529)
5 Payables and Accrued Expenses	6,478	6,707	3,263	2,825	(833)
6 Capitalized AFUDC - Equity Funds	(2,394)	(2,183)	(1,428)	(1,275)	(1,736)
7 Equity In Loss (Earnings) Of Affiliates	(1,738)	1,230			
8 Other Adjustments	7,235	13,139	4,310	(8,993)	(5,195)
9	(5,043)	(3,648)	1,166	(515)	(3,518)
10	(1,679)	(4,563)	(1,936)	893	(6,495)
11 Net Cash From Operating Activities	<u>23,415</u>	<u>47,689</u>	<u>32,398</u>	<u>22,557</u>	<u>18,162</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(76,810)	(56,267)	(35,791)	(33,498)	(30,415)
13 Acquisition Of Other Non-Current Assets	(7,877)	(15,589)	108	47	(148)
14 Investments In & Advances to Affiliates.	57	(188)	(138)	18	6
15 Contributions & Advances from Affiliates	13,700	160		3,540	
Net Proceeds - Sale Or Disposition Of:					
16 Property, Plant & Equipment					
17 Investments in Affiliated Companies					
18 Other Debt & Equity Investments		2,274	2,057	4,113	3,148
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities		54	(171)		
21	152	(30)	4,594	(4,594)	
22		65			
23 Net Cash From Investing Activities	<u>(70,779)</u>	<u>(69,520)</u>	<u>(29,342)</u>	<u>(30,375)</u>	<u>(27,408)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	10,064	4,723	4,707	26,725	891
25 Common Stock	23,700	12,700	8,000	2,900	1,000
26 Preferred Stock	(1,000)	(800)			
27 Short-Term Debt	7,888	1,568	1,903	(8,657)	8,900
28 Dividends Paid	(2,928)	(6,197)	(10,341)	(6,311)	(8,210)
29 Other Cash Flows - Financing Activities	13,763	11,718	(2,614)	(2,090)	3,689
30		(7,202)		(1,177)	(8)
31					
32 Net Cash From Financing Activities	<u>51,487</u>	<u>16,510</u>	<u>1,656</u>	<u>11,390</u>	<u>6,262</u>
33 Net Increase/(Decrease) In Cash Equivalents	4,124	(5,321)	4,712	3,573	(2,985)
34 Cash & Cash Equivalents At Beginning Of Year	5,336	10,657	5,944	2,372	5,357
35 Cash & Cash Equivalents At End Of Year	\$9,460	\$5,336	\$10,657	\$5,944	\$2,372

Table 4 W

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

	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES (\$000s)</b>						
Sales to General Customers	\$135,265	\$124,767	\$121,509	\$117,644	\$117,110	1
Sales to Other Water Companies	7,311	7,863	9,751	4,925	5,033	2
Other Sales of Water	12,959	11,779	11,718	11,186	11,139	3
Total Revenues from Sales of Water	155,535	144,409	142,978	133,756	133,281	4
Other Water Operating Revenues	7,297	10,354	3,309	2,795	2,649	5
Total Water Operating Revenues	\$162,833	\$154,763	\$146,287	\$136,550	\$135,930	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	30,876,847	31,018,817	32,795,305	30,521,430	30,011,403	8
Sales to Other Water Companies	1,757,201	2,062,728	690,947	620,537	580,380	9
Other Sales of Water	289,822	303,275	325,581	275,002	284,244	10
Total Sales of Water	32,923,870	33,384,820	33,811,833	31,416,968	30,876,027	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	233,410	232,873	236,020	236,567	234,750	13
Sales to Other Water Companies	5,371	4,978	347	348	343	14
Other Sales of Water	2,584	2,834	3,274	3,216	3,146	15
Total Customers	241,365	240,685	239,641	240,131	238,239	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$579.52	\$535.77	\$514.82	\$497.30	\$498.87	18
Average Consumption per Customer (T.Gal)	132.29	133.20	138.95	129.02	127.84	19
Average Revenue per T Gallons Sold	\$4.38	\$4.02	\$3.71	\$3.85	\$3.90	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	\$12,240	\$10,841	\$8,758	\$6,949	\$6,838	24
Power and Pumping	12,921	13,136	11,466	9,850	9,242	25
Purification	6,414	5,847	6,310	4,391	4,401	26
Transmission and Distribution	11,900	10,954	10,029	9,903	9,355	27
Customer Accounting and Collecting	6,604	7,066	7,061	6,400	5,968	28
Administrative and General	25,333	23,796	20,877	23,821	21,229	29
Total O & M Expense	\$75,412	\$71,640	\$64,501	\$61,314	\$57,032	30

Table 5 W

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

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
1 Revenues (\$000s)	\$162,833	\$154,763	\$146,287	\$136,550	\$135,930
2 Sales (Thousands of Gallons)	32,923,870	33,384,820	33,811,833	31,416,968	30,876,027
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$21,650	\$20,546	\$16,859	\$13,837	\$13,532
4 Wages and Benefits	24,984	24,185	23,409	24,390	23,375
5 Other Operation and Maintenance Expense	28,777	27,587	24,270	23,088	20,697
6 Depreciation and Amortization Expense	13,288	12,545	11,171	11,023	10,607
7 Income Taxes-Operating	9,413	7,589	7,795	5,991	7,970
8 Other Taxes-Operating	38,675	38,350	39,255	39,315	38,848
9 Capital Costs	26,045	23,961	23,528	18,908	20,902
10 Total	\$162,833	\$154,763	\$146,287	\$136,550	\$135,930
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	13.3	13.3	11.5	10.1	10.0
12 Wages and Benefits	15.3	15.6	16.0	17.9	17.2
13 Other Operation and Maintenance Expense	17.7	17.8	16.6	16.9	15.2
14 Depreciation and Amortization Expense	8.2	8.1	7.6	8.1	7.8
15 Income Taxes-Operating	5.8	4.9	5.3	4.4	5.9
16 Other Taxes-Operating	23.8	24.8	26.8	28.8	28.6
17 Capital Costs	16.0	15.5	16.1	13.8	15.4
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	0.66	0.62	0.50	0.44	0.44
20 Wages and Benefits	0.76	0.72	0.69	0.78	0.76
21 Other Operation and Maintenance Expense	0.87	0.83	0.72	0.73	0.67
22 Depreciation and Amortization Expense	0.40	0.38	0.33	0.35	0.34
23 Income Taxes-Operating	0.29	0.23	0.23	0.19	0.26
24 Other Taxes-Operating	1.17	1.15	1.16	1.25	1.26
25 Capital Costs	0.79	0.72	0.70	0.60	0.68
26 Total	4.95	4.64	4.33	4.35	4.40

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

Purchased Water	10,863,580	9,752,704	8,049,964	6,152,901	6,067,605
Fuel for Pumping	8,531,762	8,578,405	7,214,384	6,241,813	6,111,384
Chemicals	2,254,585	2,214,809	1,959,693	1,441,852	1,352,884

Total PW, Fuel and Chemicals 21,649,927 20,545,918 17,224,042 13,836,566 13,531,874

Total - Ultimate Customers 21,649,927 20,545,918 17,224,042 13,836,566 13,531,874

**Wages and Benefits**

Salaries	17,704,812	16,383,233	16,426,058	17,065,835	16,594,700
Pensions and Benefits	7,279,541	7,801,458	6,668,869	7,323,945	6,780,584
Total Wages and Benefits	24,984,353	24,184,691	23,094,928	24,389,780	23,375,284

**Other Expenses**

Total O&M Expenses	75,411,520	71,639,546	64,501,492	61,313,940	57,032,320
-Total PW, Fuel and Chemicals	21,649,927	20,545,918	17,224,042	13,836,566	13,531,874
-Wages and Benefits	24,984,353	24,184,691	23,094,928	24,389,780	23,375,284
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	28,777,239	26,908,937	24,182,523	23,087,593	20,125,162

**Depreciation and Amortization**

Depreciation Exp	13,287,925	12,544,729	11,496,871	11,033,639	10,628,641
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	13,287,925	12,544,729	11,496,871	11,033,639	10,628,641

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

Total PW, Fuel and Chemicals	21,649,927	20,545,918	17,224,042	13,836,566	13,531,874
divided by Total Gallons	32,923,870	33,384,820	33,811,833	31,416,968	30,876,027
Cost per KWH	0.0007	0.0006	0.0005	0.0004	0.0004
times Sales for Resale MWHs					
Sales for Resale Cost					

Table 6 W

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

	2007	2006	2005	2004	2003	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible	\$506	\$506	\$240	\$240	\$240	1
Source of Supply	35,702	35,247	33,491	33,027	32,876	2
Pumping	51,158	50,564	47,904	46,803	44,856	3
Water Treatment	67,548	57,475	48,091	40,015	39,713	4
Transmission and Distribution	430,956	401,178	379,463	358,837	340,944	5
General	34,927	40,174	38,254	37,039	34,704	6
Purchased or Sold						7
Total Plant in Service	620,798	585,144	547,442	515,962	493,333	8
Plant Leased To Others						9
Construction Work In Progress	79,312	44,502	25,372	22,978	13,082	10
Plant Held For Future Use	8,904	8,904	8,897	8,863	8,861	11
Plant Acquisition Adjustments	1,887	1,887	1,887	1,887	1,887	12
Accum. Gains & Losses - Utility Land & Land Rights	(1,282)	(1,282)	(1,282)	(1,282)	(1,282)	13
<b>Total Plant</b>	<b>709,619</b>	<b>639,155</b>	<b>582,316</b>	<b>548,408</b>	<b>515,881</b>	<b>14</b>
Accum. Prov. - Depr. & Amort.	175,180	165,364	154,655	151,492	143,068	15
<b>Net Plant</b>	<b>\$534,439</b>	<b>\$473,791</b>	<b>\$427,661</b>	<b>\$396,916</b>	<b>\$372,813</b>	<b>16</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.58	0.59	0.76	0.70	0.61	17
Total Capitalization (\$000s)	\$484,209	\$407,893	\$372,660	\$363,272	\$334,783	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	23.8%	28.8%	31.7%	30.6%	28.4%	19
Preferred Stock	0.2%	0.5%	0.6%	0.6%	0.6%	20
Common Stock & Retained Earnings	69.0%	64.9%	60.1%	59.1%	57.9%	21
Short-Term Debt	7.5%	6.3%	8.3%	10.4%	13.0%	22
Pretax Coverage of Interest Expense	2.3	2.2	2.6	2.3	2.8	23
Com. Stock Dividends as a % of Earnings	33.9%	67.2%	104.4%	97.1%	65.5%	24
Return on Common Equity	2.9%	4.0%	4.5%	3.2%	6.9%	25
Internal Cash Generated as a % of Cash Outflows for Construction	30.9%	118.4%	160.2%	254.8%	97.2%	26
CWIP as a % of Plant	11.2%	7.0%	4.4%	4.1%	2.5%	27
Number of Employees	323	303	312	334	305	28

Current Assets	53,240,027	43,900,940	53,790,953	48,847,982	43,794,213
Current Liabilities	91,622,507	74,559,807	70,810,107	69,655,359	72,098,963
Total Capitalization	484,209,396	407,892,571	372,659,504	363,272,129	334,783,069
Long-Term Debt	115,069,586	117,651,751	118,255,789	111,122,290	95,100,000
Preferred Stock	1,125,000	2,125,000	2,125,000	2,125,000	2,125,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	334,014,810	264,805,451	224,099,535	214,609,291	193,921,664
Short-Term Debt	36,149,586	25,572,120	30,794,969	37,877,838	43,636,405
Pretax Income	37,563,169	37,175,043	33,583,522	27,015,121	32,799,539
Interest Expense	16,451,186	16,922,571	13,080,564	11,652,444	11,519,982
Dividends Paid	2,927,711	6,524,700	10,341,047	6,259,329	8,509,020
Net Income (Excl. Preferred Stock Dividends)	8,628,552	9,705,404	9,902,107	6,443,129	12,998,274
Internal Cash	23,709,221	47,689,386	33,698,439	22,534,613	18,212,859
Cash Outflows for Construction	(76,810,262)	(40,288,508)	(21,035,803)	(8,843,605)	(18,737,094)
CWIP	79,311,851	44,501,679	25,371,751	22,522,902	13,081,872
Total Plant	709,618,755	639,154,912	582,273,773	547,952,903	515,881,349
Number of Employees	323	303	312	334	305
Salaries and Wages					

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$5,085,304	\$5,129,057	\$5,196,342	\$5,068,730	\$4,451,341
<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	200,933	293,898	137,724	191,823	74,359
7 Notes and Accounts Receivables - Net	105,328	99,691	121,638	117,760	88,700
8 Receivables from Associated Companies					
23 Materials and Supplies					
10 Prepayments	8,190	8,240	8,180	26,493	26,077
11 Accrued Utility Revenue					
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	314,451	401,829	267,542	336,076	189,136
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense					
15 Other Deferred Debits	60,727	122,861	184,995	247,130	96,159
16 Accumulated Deferred Income Taxes					
17 Total Deferred Debits	60,727	122,861	184,995	247,130	96,159
18 <b>Total Assets and Other Debits</b>	<b>\$5,460,482</b>	<b>\$5,653,747</b>	<b>\$5,648,879</b>	<b>\$5,651,936</b>	<b>\$4,736,636</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	(1,052,206)	(958,626)	(898,845)	(945,797)	(899,030)
23 Reacquired Capital Stock					
24 Total Proprietary Capital	(1,002,206)	(908,626)	(848,845)	(895,797)	(849,030)
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt					
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable	2,149,586	2,261,751	2,365,789	2,462,290	2,111,284
27 Accounts Payable	78,186	58,866	28,899	528,638	418,076
28 Payables to Associated Companies	4,166,730	4,173,707	4,036,611	3,492,198	3,006,650
29 Customer Deposits					
30 Taxes Accrued	528	528	378	502	(1,717)
31 Interest Accrued					
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	67,658	67,521	66,047	64,105	51,373
34 Total Current and Accrued Liabilities	6,462,688	6,562,373	6,497,724	6,547,733	5,585,666
<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>\$5,460,482</b>	<b>\$5,653,747</b>	<b>\$5,648,879</b>	<b>\$5,651,936</b>	<b>\$4,736,636</b>

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

	2007	2006	2005	2004	2003	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$1,355,260	\$1,305,067	\$1,323,835	\$1,162,423	\$1,056,641	1
Operating Expense:						
Operation Expense	433,226	378,627	387,366	330,777	275,905	2
Maintenance Expense	62,353	53,719	40,974	88,949	45,578	3
Depreciation and Amortization Expense	125,975	118,620	122,139	113,699	109,152	4
Taxes Other than Income Taxes	371,031	352,098	327,949	318,469	297,763	5
Income Taxes						6
Total Operating Expenses	992,585	903,064	878,428	851,894	728,398	7
Net Operating Revenues	362,675	402,003	445,407	310,529	328,243	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	<b>362,675</b>	<b>402,003</b>	<b>445,407</b>	<b>310,529</b>	<b>328,243</b>	<b>10</b>
<b>OTHER INCOME</b>						
Interest and Dividend Income	9,679	11,495	4,327			11
Allowance for Funds Used During Construction						12
Miscellaneous Nonoperating Income						13
Other Income						14
Total Other Income	9,679	11,495	4,327			15
Other Income Deductions						16
Taxes-Other Income and Deductions						17
<b>Income Available</b>	<b>372,354</b>	<b>413,498</b>	<b>449,734</b>	<b>310,529</b>	<b>328,243</b>	<b>18</b>
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	168,887	177,013	184,550	219,835	203,833	19
Interest on Debt to Associated Co.	297,047	296,266	218,232	137,461	111,686	20
Other Interest Expense						21
Total Interest Charges	465,934	473,279	402,782	357,296	315,519	22
Income Before Extraordinary Items	(93,580)	(59,781)	46,952	(46,767)	12,724	23
Extraordinary Items						24
<b>Net Income</b>	<b>(\$93,580)</b>	<b>(\$59,781)</b>	<b>\$46,952</b>	<b>(\$46,767)</b>	<b>\$12,724</b>	<b>25</b>
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	(\$958,626)	(\$898,845)	(\$945,797)	(\$899,030)	(\$911,754)	26
Balance Transferred from Income Appropriated	(93,580)	(59,781)	46,952	(46,767)	12,724	27
Dividends Declared-Preferred Stock						28
Dividends Declared-Common Stock						29
Adjustments to Retained Earnings						30
Net Change	(93,580)	(59,781)	46,952	(46,767)	12,724	31
Unappropriated (EOP)	(1,052,206)	(958,626)	(898,845)	(945,797)	(899,030)	32
Appropriated (EOP)						33
<b>Total Retained Earnings</b>	<b>(\$1,052,206)</b>	<b>(\$958,626)</b>	<b>(\$898,845)</b>	<b>(\$945,797)</b>	<b>(\$899,030)</b>	<b>34</b>

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	(\$93,580)	(\$59,781)	\$46,952	(\$46,767)	\$12,724
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	188,109	180,754	184,274	139,588	109,152
3 Deferred Taxes & ITCs					3,490
4 Receivables and Inventory	(7,088)	21,748	(4,685)	(29,060)	
5 Payables and Accrued Expenses	19,320	30,117	(34,248)	5,495	(6,678)
6 Capitalized AFUDC - Equity Funds					16,870
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	1,451	104,153	(138,290)	107,286	14,184
9	(6,414)	1,673	2,749	(176,860)	(78,387)
10	187	(60)	18,313	12,316	
11 Net Cash From Operating Activities	<u>101,985</u>	<u>278,604</u>	<u>75,065</u>	<u>11,998</u>	<u>71,355</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(82,222)	(51,335)	(249,751)	(731,088)	(298,209)
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>(82,222)</u>	<u>(51,335)</u>	<u>(249,751)</u>	<u>(731,088)</u>	<u>(298,209)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	(563)	32,943	217,088	913,612	253,860
25 Common Stock					
26 Preferred Stock					
27 Short-Term Debt	(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>(112,728)</u>	<u>(71,095)</u>	<u>120,587</u>	<u>836,554</u>	<u>253,860</u>
33 Net Increase/(Decrease) In Cash Equivalents	(92,965)	156,174	(54,099)	117,464	27,006
34 Cash & Cash Equivalents At Beginning Of Year	293,898	137,724	191,823	74,359	47,353
35 Cash & Cash Equivalents At End Of Year	\$200,933	\$293,898	\$137,724	\$191,823	\$74,359

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

	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$1,355,260	\$1,305,067	\$1,323,835	\$1,161,243	\$1,056,643	1
Sales to Other Water Companies						2
Other Sales of Water						3
Total Revenues from Sales of Water	1,355,260	1,305,067	1,323,835	1,161,243	1,056,643	4
Other Water Operating Revenues						5
Total Water Operating Revenues	\$1,355,260	\$1,305,067	\$1,323,835	\$1,161,243	\$1,056,643	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	93,622	91,170	99,192	93,802	91,819	8
Sales to Other Water Companies						9
Other Sales of Water						10
Total Sales of Water	93,622	91,170	99,192	93,802	91,819	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	2,487	2,612	2,559	2,487	2,440	12
Sales to Other Water Companies						13
Other Sales of Water						14
Total Customers	2,487	2,612	2,559	2,487	2,440	15
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$544.94	\$499.64	\$517.33	\$466.93	\$433.05	16
Average Consumption per Customer (T.Gal)	37.64	34.90	38.76	37.72	37.63	17
Average Revenue per T Gallons Sold	\$14.48	\$14.31	\$13.35	\$12.38	\$11.51	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	\$44,655	\$41,293	\$18,612	\$55,737	\$37,443	22
Power and Pumping	132,808	119,716	144,546	148,252	102,345	23
Purification	23,814	14,823	29,169	22,850	10,607	24
Transmission and Distribution	7,082	538	6,297	7,668	20,973	25
Customer Accounting and Collecting	1,451	199	807		3,490	26
Administrative and General	285,769	255,777	228,909	185,219	146,625	27
<b>Total O &amp; M Expense</b>	<b>\$495,579</b>	<b>\$432,346</b>	<b>\$428,340</b>	<b>\$419,726</b>	<b>\$321,483</b>	<b>28</b>

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

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
1 Revenues	\$1,355,260	\$1,305,067	\$1,323,835	\$1,161,243	\$1,056,643
2 Sales (Thousands of Gallons)	93,622	91,170	99,192	93,802	91,819
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	108,224	102,416	105,389	\$107,342	\$92,250
4 Wages and Benefits					
5 Other Operation and Maintenance Expense	387,355	329,930	322,951	312,384	229,233
6 Depreciation and Amortization Expense	125,975	118,620	122,139	113,699	109,152
7 Income Taxes-Operating					
8 Other Taxes-Operating	371,031	352,098	327,949	318,469	297,763
9 Capital Costs	362,675	402,003	445,407	309,349	328,245
10 Total	\$1,355,260	\$1,305,067	\$1,323,835	\$1,161,243	\$1,056,643
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	8.0	7.8	8.0	9.2	8.7
12 Wages and Benefits					
13 Other Operation and Maintenance Expense	28.6	25.3	24.4	26.9	21.7
14 Depreciation and Amortization Expense	9.3	9.1	9.2	9.8	10.3
15 Income Taxes-Operating					
16 Other Taxes-Operating	27.4	27.0	24.8	27.4	28.2
17 Capital Costs	26.8	30.8	33.6	26.6	31.1
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER THOUSAND GALLONS SOLD</b>					
19 Purchased Water, Fuel or Power for Pumping, and Chemicals	1.16	1.12	1.06	1.14	1.00
20 Wages and Benefits					
21 Other Operation and Maintenance Expense	4.14	3.62	3.26	3.33	2.50
22 Depreciation and Amortization Expense	1.35	1.30	1.23	1.21	1.19
23 Income Taxes-Operating					
24 Other Taxes-Operating	3.96	3.86	3.31	3.40	3.24
25 Capital Costs	3.87	4.41	4.49	3.30	3.57
26 Total	14.48	14.31	13.35	12.38	11.51

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

Purchased Water					
Fuel for Pumping	95,906	90,018	93,296	92,567	84,727
Chemicals	12,318	12,398	12,093	14,775	7,523
Total PW, Fuel and Chemicals	108,224	102,416	105,389	107,342	92,250
Total - Ultimate Customers					

**Wages and Benefits**

Salaries					
Pensions and Benefits					
Total Wages and Benefits					

**Other Expenses**

Total O&M Expenses	495,579	432,346	428,340	419,726	321,483
-Total PW, Fuel and Chemicals	108,224	102,416	105,389	107,342	92,250
-Wages and Benefits					
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	387,355	329,930	322,951	312,384	229,233

**Depreciation and Amortization**

Depreciation Exp	125,975	118,620	122,139	113,699	109,152
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	125,975	118,620	122,139	113,699	109,152

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

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

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

	2007	2006	2005	2004	2003	
<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	658,017	575,795	529,518	529,518	498,020	2
Pumping	172,317	172,317	172,317	172,317	172,317	3
Water Treatment	482,632	482,632	482,632	482,632	482,632	4
Transmission and Distribution	6,196,772	6,196,772	6,191,714	5,487,126	5,244,421	5
General	11,765	11,765	11,765	11,765	9,717	6
Purchased or Sold						7
Total Plant in Service	7,601,503	7,519,281	7,467,946	6,763,358	6,487,107	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>	7,601,503	7,519,281	7,467,946	7,218,195	6,487,107	14
Accum. Prov. - Depr. & Amort.	2,516,199	2,390,224	2,271,604	2,149,465	2,035,766	15
<b>Net Plant</b>	\$5,085,304	\$5,129,057	\$5,196,342	\$5,068,730	\$4,451,341	16

### SELECTED RATIOS AND STATISTICS

Current Assets / Current Liabilities	0.05	0.06	0.04	0.05	0.03	17
Total Capitalization	\$1,147,380	\$1,353,125	\$1,516,944	\$1,566,493	\$1,262,254	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	187.3%	167.2%	156.0%	157.2%		19
Preferred Stock						20
Common Stock & Retained Earnings	-87.3%	-67.2%	-56.0%	-57.2%	-67.3%	21
Short-Term Debt	187.3%	167.2%	156.0%	157.2%	167.3%	22
Pretax Coverage of Interest Expense	0.8	0.9	1.1	0.9	1.0	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	124.0%	542.7%	30.1%	1.6%	23.9%	26
CWIP as a % of Plant						27
Number of Employees						28

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Current Assets	314,451	401,829	267,542	336,076	189,136
Current Liabilities	6,462,688	6,562,373	6,497,724	6,547,733	5,585,666
Total Capitalization	1,147,380	1,353,125	1,516,944	1,566,493	1,262,254
Long-Term Debt	2,149,586	2,261,751	2,365,789	2,462,290	
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	(1,002,206)	(908,626)	(848,845)	(895,797)	(849,030)
Short-Term Debt	2,149,586	2,261,751	2,365,789	2,462,290	2,111,284
Pretax Income	372,354	413,498	449,734	310,529	328,243
Interest Expense	465,934	473,279	402,782	357,296	315,519
Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(93,580)	(59,781)	46,952	(46,767)	12,724
* Internal Cash	101,985	278,604	75,065	11,998	71,355
Cash Outflows for Construction	82,222	51,335	249,751	731,088	298,209
CWIP					
Total Plant	7,601,503	7,519,281	7,467,946	6,763,358	6,487,107
Number of Employees					
Salaries and Wages					

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1					
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2					
3					
4					
5					
<b>CURRENT AND ACCRUED ASSETS</b>					
6					
7					
8					
23					
10					
11					
12					
13					
<b>DEFERRED DEBITS</b>					
14					
15					
16					
17					
18					
<b>PROPRIETARY CAPITAL</b>					
19					
20					
21					
22					
23					
24					
<b>LONG-TERM DEBT</b>					
25					
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26					
27					
28					
29					
30					
31					
32					
33					
34					
<b>DEFERRED CREDITS</b>					
35					
36					
37					
38					
39					
<b>OPERATING RESERVES</b>					
40					
41					

**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**

<b>REVENUES</b>	
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
<b>WATER SALES (Thousands of Gallons)</b>	
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
<b>AVG CUSTOMERS PER MONTH</b>	
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**

<b>METERED GENERAL CUSTOMERS</b>	
Average Annual Bill per Customer	18
Average Consumption per Customer (T.Gal)	19
Average Revenue per T Gallons Sold	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

**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>	<b>30</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  
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.

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$97,577,597	\$92,998,336	\$87,543,144	\$76,855,843	\$66,403,077
<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	4,657,368	63,368
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	156,227	465,472	448,239	441,315	467,209
7 Notes and Accounts Receivables - Net	3,426,062	4,061,781	4,784,635	6,049,507	3,065,283
8 Receivables from Associated Companies	-	-	-		
23 Materials and Supplies	586,464	491,414	516,420	593,848	546,909
10 Prepayments	603,093	592,064	584,473	539,960	555,877
11 Accrued Utility Revenue	4,023,883	3,873,634	4,138,711	3,542,439	3,607,300
12 Misc Current and Accrued Assets	169,019	198,659	154,772	507,589	
13 Total Current and Accrued Assets	8,964,748	9,683,024	10,627,251	11,674,657	8,242,578
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense	2,024,469	2,125,749	2,228,166	2,274,037	1,170,196
15 Other Deferred Debits	1,820,231	2,243,974	7,141,048	1,776,307	1,950,162
16 Accumulated Deferred Income Taxes	6,634,280	6,871,224	6,927,931	6,975,194	6,816,006
17 Total Deferred Debits	10,478,980	11,240,947	16,297,145	11,025,539	9,936,364
18 <b>Total Assets and Other Debits</b>	<b>\$117,084,693</b>	<b>\$113,985,675</b>	<b>\$114,530,908</b>	<b>\$104,213,407</b>	<b>\$84,645,387</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	10,500,000	10,500,000			
22 Retained Earnings	15,982,258	16,454,836	17,310,000	18,075,289	18,334,269
23 Reacquired Capital Stock					
24 Total Proprietary Capital	37,607,258	38,079,836	28,435,000	29,200,289	29,459,269
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt	38,920,000	38,930,000	38,930,000	38,930,000	22,930,000
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable		60,369	7,179,180	13,315,548	12,525,121
27 Accounts Payable	894,647	547,437	1,595,939	2,643,034	802,999
28 Payables to Associated Companies	14,102,445	656,811	144,560	717,040	723,872
29 Customer Deposits			3,767	3,792	3,792
30 Taxes Accrued	(432,074)	2,322,115	91,016	61,970	268,662
31 Interest Accrued	557,629	557,845	546,057	487,257	356,591
32 Matured Long-Term Debt				12,656	13,609
33 Misc Current and Accrued Liabilities	1,233,279	1,343,637	1,884,280	2,538,241	1,740,893
34 Total Current and Accrued Liabilities	16,355,926	5,488,214	11,444,799	19,779,538	16,435,539
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	261,553	109,553	44,553	18,953	66,751
36 Other Deferred Credits	7,746,457	11,592,615	17,841,963	(623,286)	2,008,336
37 Accumulated Deferred Investment Tax Credits	313,822	328,822	343,822	358,822	373,822
38 Accumulated Deferred Income Taxes	15,879,677	19,456,635	17,490,772	16,549,091	13,371,670
39 Total Deferred Credits	24,201,509	31,487,625	35,721,110	16,303,580	15,820,578
<b>OPERATING RESERVES</b>					
40 Operating Reserves					
41 <b>Total Liabilities and Other Credits</b>	<b>\$117,084,693</b>	<b>\$113,985,675</b>	<b>\$114,530,909</b>	<b>\$104,213,407</b>	<b>\$84,645,386</b>

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

	2007	2006	2005	2004	2003	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$39,562,110	\$39,587,326	\$40,521,137	\$37,564,640	\$36,261,005	1
Operating Expense:						
Operation Expense	17,797,545	17,482,305	15,826,316	15,207,756	13,019,125	2
Maintenance Expense	3,066,944	3,096,332	2,706,451	2,710,050	2,372,185	3
Depreciation and Amortization Expense	2,995,213	2,654,965	1,846,032	1,911,473	1,803,402	4
Taxes Other than Income Taxes	12,689,517	12,774,373	15,088,367	15,268,328	14,163,422	5
Income Taxes	(1,011,194)	(550,519)	827,450	279,723	1,292,202	6
Total Operating Expenses	35,538,025	35,457,456	36,294,616	35,377,330	32,650,336	7
Net Operating Revenues	4,024,085	4,129,870	4,226,521	2,187,310	3,610,669	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	4,024,085	4,129,870	4,226,521	2,187,310	3,610,669	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	251,356	269,802	47,072			11
Allowance for Funds Used During Construction	169,583	76,139	413,794	472,095	250,270	12
Miscellaneous Nonoperating Income				(48,954)	(21,117)	13
Other Income	12,362	883,558	(9,581)			14
Total Other Income	433,301	1,229,499	451,284	423,141	229,153	15
Other Income Deductions	(2,654)			44,279	43,728	16
Taxes-Other Income and Deductions	935,776	82,004	147,316	88,861	49,119	17
<b>Income Available</b>	3,524,264	5,277,365	4,530,489	2,477,311	3,746,975	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	2,377,789	2,390,929	2,378,411	1,696,352	1,553,056	19
Interest on Debt to Associated Co.						20
Other Interest Expense	1,568,426	3,694,131	565,078	264,813	123,195	21
Total Interest Charges	3,946,216	6,085,060	2,943,489	1,961,166	1,676,251	22
Income Before Extraordinary Items	(421,951)	(807,695)	1,587,000	516,145	2,070,724	23
Net Extraordinary Items						24
<b>Net Income</b>	(\$421,951)	(\$807,695)	\$1,587,000	\$516,145	\$2,070,724	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$16,454,836	\$17,310,000	\$17,787,238	\$18,334,269	\$17,778,920	26
Balance Transferred from Income	(421,951)	(807,695)	1,587,000	516,145	2,070,724	27
Appropriated						28
Dividends Declared-Preferred Stock	50,625	50,484	50,625	50,625	50,625	29
Dividends Declared-Common Stock			2,013,753	724,500	1,464,750	30
Adjustments to Retained Earnings	(2)	3,015	140			31
Net Change	(472,578)	(855,164)	(477,238)	(258,980)	555,349	32
Unappropriated (EOP)	15,982,258	16,454,836	17,310,000	18,075,289	18,334,269	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$15,982,258	\$16,454,836	\$17,310,000	\$18,075,289	\$18,334,269	35

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	(\$421,951)	(\$807,695)	\$1,587,000	\$516,145	\$2,070,724
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	3,328,000	3,247,000	2,522,000	1,911,473	2,018,000
3 Deferred Taxes & ITCs	2,103,000	(332,000)	1,349,000	3,444,000	1,211,000
4 Receivables and Inventory	32,706	549,000	796,000	251,000	229,000
5 Payables and Accrued Expenses	(296,000)	(1,049,000)	(2,342,000)	1,830,000	1,111,000
6 Capitalized AFUDC - Equity Funds	(103,000)	(54,000)	(297,000)	(340,000)	(180,000)
7 Equity In Loss (Earnings) Of Affiliates	(505,000)				
8 Other Adjustments	671,000	3,138,000	6,315,000	(5,536,512)	(3,112,724)
9	(1,943,000)	439,000	(76)		14,520
10	(4,085,000)	(460,072)			
11 Net Cash From Operating Activities	<u>(1,219,245)</u>	<u>4,670,233</u>	<u>9,929,924</u>	<u>2,076,106</u>	<u>3,361,520</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(13,046,000)	(7,989,000)	(7,378,000)	(12,327,000)	(5,839,000)
13 Acquisition Of Other Non-Current Assets					
14 Investments In & Advances to Affiliates.					
15 Contributions & Advances from Affiliates	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	152,000	(30,000)	4,594,000	(4,594,000)	
22		65,000			
23 Net Cash From Investing Activities	<u>971,000</u>	<u>(7,900,000)</u>	<u>(2,955,000)</u>	<u>(16,921,000)</u>	<u>(5,839,000)</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	4,300,000
28 Dividends Paid	(51,000)	(51,000)	(2,065,000)	(776,000)	(1,516,000)
29 Other Cash Flows - Financing Activities		10,500,000	(4,847,000)	(48,000)	(14,000)
30		(7,202,000)		(1,177,000)	
31					
32 Net Cash From Financing Activities	<u>(61,000)</u>	<u>3,247,000</u>	<u>(6,968,000)</u>	<u>14,819,000</u>	<u>2,770,000</u>
33 Net Increase/(Decrease) In Cash Equivalents	(309,245)	17,233	6,924	(25,894)	292,520
34 Cash & Cash Equivalents At Beginning Of Year	465,472	448,239	441,315	467,209	174,689
35 Cash & Cash Equivalents At End Of Year	\$156,227	\$465,472	\$448,239	\$441,315	\$467,209

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

	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$29,653,695	\$29,486,946	\$30,453,005	\$33,432,861	\$32,169,438	1
Sales to Other Water Companies	4,982,865	5,290,637	5,549,807	985,840	949,119	2
Other Sales of Water	3,611,193	3,129,886	3,112,439	2,800,140	2,840,384	3
Total Revenues from Sales of Water	38,247,753	37,907,469	39,115,251	37,218,841	35,958,941	4
Other Water Operating Revenues	1,086,338	1,679,858	1,405,886	345,799	302,064	5
Total Water Operating Revenues	\$39,334,091	\$39,587,327	\$40,521,137	\$37,564,640	\$36,261,005	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	7,985,616	8,211,236	9,539,089	8,783,973	8,077,628	8
Sales to Other Water Companies	1,621,344	1,805,621	357,289	377,893	361,652	9
Other Sales of Water						10
Total Sales of Water	9,606,960	10,016,857	9,896,378	9,161,865	8,439,280	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	67,834	67,508	72,482	73,178	72,518	13
Sales to Other Water Companies	5,367	4,974	343	344	339	14
Other Sales of Water	672	1,013	675	709	709	15
Total Customers	73,873	73,495	73,500	74,231	73,566	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$437.15	\$436.79	\$453.28	\$456.87	\$443.61	18
Average Consumption per Customer (T.Gal)	117.72	121.63	115.51	120.04	111.39	19
Average Revenue per T Gallons Sold	\$3.71	\$3.59	\$3.92	\$3.81	\$3.98	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	\$211,026	\$247,612	\$207,762	\$216,831	\$208,769	24
Power and Pumping	4,168,792	4,132,691	3,415,365	3,143,087	2,873,731	25
Purification	1,570,693	1,755,707	2,206,011	1,303,263	1,176,633	26
Transmission and Distribution	3,411,162	3,175,275	2,757,993	2,942,453	2,641,518	27
Customer Accounting and Collecting	1,410,834	1,105,489	1,209,524	1,202,526	1,212,175	28
Administrative and General	10,091,982	10,161,862	8,736,585	9,109,646	7,278,484	29
<b>Total O &amp; M Expense</b>	<b>\$20,864,489</b>	<b>\$20,578,636</b>	<b>\$18,533,240</b>	<b>\$17,917,805</b>	<b>\$15,391,310</b>	<b>30</b>

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

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
1 Revenues	\$39,334,091	\$39,587,327	\$40,521,137	\$37,564,640	\$36,261,005
2 Sales (Thousands of Gallons)	9,606,960	10,016,857	9,896,378	9,161,865	8,439,280
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$2,997,782	\$3,104,948	\$2,293,844	\$2,293,844	\$2,041,281
4 Wages and Benefits	8,123,182	7,513,230	7,706,801	7,706,801	7,297,703
5 Other Operation and Maintenance Expense	9,743,525	9,960,459	7,917,160	7,917,160	6,052,326
6 Depreciation and Amortization Expense	2,995,213	2,654,965	1,846,032	1,911,473	1,803,402
7 Income Taxes-Operating	(1,011,194)	(550,519)	827,450	279,723	1,292,202
8 Other Taxes-Operating	12,689,517	12,774,373	15,088,367	15,268,328	14,163,422
9 Capital Costs	3,796,066	4,129,871	4,841,483	2,187,310	3,610,669
10 Total	\$39,334,091	\$39,587,327	\$40,521,137	\$37,564,640	\$36,261,005
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	7.6	7.8	5.7	6.1	5.6
12 Wages and Benefits	20.7	19.0	19.0	20.5	20.1
13 Other Operation and Maintenance Expense	24.8	25.2	19.5	21.1	16.7
14 Depreciation and Amortization Expense	7.6	6.7	4.6	5.1	5.0
15 Income Taxes-Operating	(2.6)	(1.4)	2.0	0.7	3.6
16 Other Taxes-Operating	32.3	32.3	37.2	40.6	39.1
17 Capital Costs	9.7	10.4	11.9	5.8	10.0
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	0.23	0.25	0.24
20 Wages and Benefits	0.85	0.75	0.78	0.84	0.86
21 Other Operation and Maintenance Expense	1.01	0.99	0.80	0.86	0.72
22 Depreciation and Amortization Expense	0.31	0.27	0.19	0.21	0.21
23 Income Taxes-Operating	-0.11	-0.05	0.08	0.03	0.15
24 Other Taxes-Operating	1.32	1.28	1.52	1.67	1.68
25 Capital Costs	0.40	0.41	0.49	0.24	0.43
26 Total	4.09	3.95	4.09	4.10	4.30

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

Purchased Water					
Fuel for Pumping	2,306,729	2,421,348	2,052,195	1,790,714	1,560,823
Chemicals	691,053	683,601	606,355	503,130	480,458
Total PW, Fuel and Chemicals	2,997,782	3,104,948	2,658,550	2,293,844	2,041,281

Total - Ultimate Customers

**Wages and Benefits**

Salaries	5,789,732	5,312,192	5,252,872	5,346,351	5,080,598
Pensions and Benefits	2,333,450	2,201,038	2,139,618	2,360,450	2,217,105
Total Wages and Benefits	8,123,182	7,513,230	7,392,490	7,706,801	7,297,703

**Other Expenses**

Total O&M Expenses	20,864,489	20,578,637	18,533,240	17,917,805	15,391,310
-Total PW, Fuel and Chemicals	2,997,782	3,104,948	2,658,550	2,293,844	2,041,281
-Wages and Benefits	8,123,182	7,513,230	7,392,490	7,706,801	7,297,703
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	9,743,525	9,960,459	8,482,200	7,917,160	6,052,326

**Depreciation and Amortization**

Depreciation Exp	2,995,213	2,654,965	1,846,032	1,911,473	1,803,402
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	2,995,213	2,654,965	1,846,032	1,911,473	1,803,402

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

Total PW, Fuel and Chemicals	2,997,782	3,104,948	2,658,550	2,293,844	2,041,281
divided by Total Gallons	9,606,960	10,016,857	9,896,378	9,161,865	8,439,280
Cost per KWH	0.0003	0.0003	0.0003	0.0003	0.0002
times Sales for Resale MWHs					
Sales for Resale Cost					

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

	2007	2006	2005	2004	2003	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible	\$257,232	\$257,232	\$669	\$669	\$669	1
Source of Supply	6,203,915	6,203,914	6,048,910	6,048,910	5,865,773	2
Pumping	9,664,848	9,598,830	9,125,446	8,501,927	8,134,571	3
Water Treatment	20,846,253	18,004,952	16,986,761	8,980,411	8,460,814	4
Transmission and Distribution	90,555,677	82,479,365	76,582,103	68,880,969	65,016,856	5
General	8,102,720	7,901,319	7,884,844	7,440,361	6,973,986	6
Purchased or Sold						7
Total Plant in Service	135,630,647	124,445,612	116,628,733	99,853,247	94,452,669	8
Plant Leased To Others						9
Construction Work In Progress	2,426,053	797,233	1,256,367	10,646,483	3,866,555	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>	139,053,191	126,239,336	118,881,591	111,496,221	99,315,715	14
Accum. Prov. - Depr. & Amort.	41,475,594	33,241,000	31,338,447	34,640,378	32,912,638	15
<b>Net Plant</b>	\$97,577,597	\$92,998,336	\$87,543,144	\$76,855,843	\$66,403,077	16

### SELECTED RATIOS AND STATISTICS

Current Assets / Current Liabilities	0.55	1.76	0.94	0.59	0.50	17
Total Capitalization	\$76,527,258	\$77,070,205	\$74,670,267	\$81,445,837	\$64,914,390	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	50.9%	50.5%	52.1%	47.8%	35.3%	19
Preferred Stock	1.5%	1.5%	1.5%	1.4%	1.7%	20
Common Stock & Retained Earnings	47.7%	47.9%	36.7%	34.5%	43.6%	21
Short-Term Debt		0.1%	9.6%	16.3%	19.3%	22
Pretax Coverage of Interest Expense	0.6	0.8	1.9	1.4	3.0	23
Com. Stock Dividends as a % of Earnings	-10.8%	-5.9%	124.2%	155.6%	72.5%	24
Return on Common Equity	-1.3%	-2.7%	6.0%	1.7%	7.2%	25
Internal Cash Generated as a % of Cash Outflows for Construction	-6.9%	-58.5%	-134.6%	-16.8%	-57.6%	26
CWIP as a % of Plant	1.7%	0.6%	1.1%	9.5%	3.9%	27
Number of Employees	90	89	95	123	99	28

Current Assets	8,964,748	9,683,024	10,627,250	11,674,657	8,242,578
Current Liabilities	16,355,926	5,488,215	11,318,711	19,779,538	16,435,539
Total Capitalization	76,527,258	77,070,205	74,670,267	81,445,837	64,914,390
Long-Term Debt	38,920,000	38,930,000	38,930,000	38,930,000	22,930,000
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)	36,482,258	36,954,836	27,436,087	28,075,289	28,334,269
Short-Term Debt		60,369	7,179,180	13,315,548	12,525,121
Pretax Income	2,510,416	4,726,846	5,516,466	2,757,034	5,039,177
Interest Expense	3,946,216	6,085,060	2,943,489	1,961,166	1,676,251
Dividends Paid	51,000	51,000	2,065,000	724,500	1,464,750
Net Income (Excl. Preferred Stock Dividends)	(472,576)	(858,179)	1,662,602	465,520	2,020,099
Internal Cash	(896,000)	4,670,233	9,929,227	2,076,106	3,361,520
Cash Outflows for Construction	13,046,000	(7,989,000)	(7,377,000)	(12,327,000)	(5,839,000)
CWIP	2,426,053	797,233	1,256,367	10,646,483	3,866,555
Total Plant	139,053,191	126,239,336	118,839,592	111,496,221	99,315,715
Number of Employees	90	89	95	123	99
Salaries and Wages					

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$29,120,048	\$27,567,795	\$26,572,273	\$25,338,523	\$24,234,769
<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	159,321				
7 Notes and Accounts Receivables - Net	1,031,097	748,065	618,625	684,931	827,087
8 Receivables from Associated Companies			7,250		22,911
9 Materials and Supplies		193,582	330,651	394,361	250,793
10 Prepayments	197,327	242,198	232,643	318,450	310,940
11 Accrued Utility Revenue	1,422,745	1,292,569	1,414,172	1,162,439	1,289,890
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	2,810,490	2,476,413	2,603,341	2,560,181	2,701,621
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense		81,095	91,953	102,811	129,733
15 Other Deferred Debits	1,465,393	2,548,779	1,931,084	1,669,132	1,758,822
16 Accumulated Deferred Income Taxes	151,699				
17 Total Deferred Debits	1,617,092	2,629,874	2,023,037	1,771,943	1,888,555
18 <b>Total Assets and Other Debits</b>	<b>\$33,786,632</b>	<b>\$32,913,083</b>	<b>\$31,437,652</b>	<b>\$29,909,648</b>	<b>\$29,063,946</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	1,000,000
21 Other Paid-in Capital	19,299,495	6,400,000	6,400,000	6,400,000	3,300,000
22 Retained Earnings	4,347,356	3,601,505	3,308,151	2,629,590	2,552,791
23 Reacquired Capital Stock					
24 Total Proprietary Capital	25,331,851	12,686,505	12,393,151	11,714,590	8,537,791
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt		2,000,000	2,250,000	2,500,000	4,700,000
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable					
27 Accounts Payable	941,471	234,763	474,560	211,530	321,584
28 Payables to Associated Companies		11,016,247	10,100,000	7,459,582	9,400,000
29 Customer Deposits	100		150	150	
30 Taxes Accrued	662,819	144,607	9,016	6,075	23,710
31 Interest Accrued		36,875	36,875	112,225	112,225
32 Matured Long-Term Debt	1,000,000	250,000	250,000	2,200,000	
33 Misc Current and Accrued Liabilities	366,318	67,549	39,195	32,690	290,248
34 Total Current and Accrued Liabilities	2,970,709	11,750,041	10,909,796	10,022,252	10,147,767
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	1,175,693	1,173,164	1,217,798	1,268,836	1,218,899
36 Other Deferred Credits	217,471	1,450,420	835,180	791,139	940,242
37 Accumulated Deferred Investment Tax Credits	82,445	84,549	86,653	88,757	90,861
38 Accumulated Deferred Income Taxes	4,006,404	3,768,404	3,745,074	3,524,074	3,428,386
39 Total Deferred Credits	5,482,014	6,476,537	5,884,705	5,672,806	5,678,388
<b>OPERATING RESERVES</b>					
40 Operating Reserves	2,058				
41 <b>Total Liabilities and Other Credits</b>	<b>\$33,786,632</b>	<b>\$32,913,083</b>	<b>\$31,437,652</b>	<b>\$29,909,648</b>	<b>\$29,063,946</b>

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

	2007	2006	2005	2004	2003	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$11,515,451	\$11,536,291	\$11,411,989	\$10,376,589	\$10,307,015	1
Operating Expense:						
Operation Expense	6,639,313	5,803,092	5,504,266	5,204,296	4,902,814	2
Maintenance Expense	223,659	377,757	377,094	284,150	354,803	3
Depreciation and Amortization Expense	681,825	588,619	589,632	575,695	556,558	4
Taxes Other than Income Taxes	1,486,168	1,516,519	1,774,272	2,393,836	2,363,674	5
Income Taxes	459,020	1,034,497	1,062,477	583,657	712,305	6
Total Operating Expenses	9,489,984	9,320,483	9,307,741	9,041,634	8,890,154	7
Net Operating Revenues	2,025,466	2,215,808	2,104,249	1,334,955	1,416,861	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	2,025,466	2,215,808	2,104,249	1,334,955	1,416,861	10
<b>OTHER INCOME</b>						
Interest and Dividend Income		2,739	3,433	14,226	5,226	11
Allowance for Funds Used During Construction	3,674	15,714	28,016	14,449	4,008	12
Miscellaneous Nonoperating Income	(287,941)			90,330		13
Other Income	260	39,052	8,547	104,649	53,683	14
Total Other Income	(284,007)	57,504	39,996	223,654	62,917	15
Other Income Deductions	2,169	6,302	2,305	2,305	2,305	16
Taxes-Other Income and Deductions		20,500	15,100	88,500	24,200	17
<b>Income Available</b>	1,739,290	2,246,510	2,126,840	1,467,804	1,453,273	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	171,682	229,804	229,804	396,567	445,157	19
Interest on Debt to Associated Co.	710,728	536,273	348,047	153,153	93,867	20
Other Interest Expense	34,317	1,380	28,631	4,704	2,750	21
Total Interest Charges	916,727	767,456	606,481	554,424	541,774	22
Income Before Extraordinary Items	822,562	1,479,054	1,520,358	913,380	911,499	23
Net Extraordinary Items						24
<b>Net Income</b>	\$822,562	\$1,479,054	\$1,520,358	\$913,380	\$911,499	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$3,601,505	\$3,308,151	\$2,629,590	\$2,552,789	\$469,578	26
Balance Transferred from Income	822,562	1,479,054	1,520,358	913,380	911,499	27
Appropriated						28
Dividends Declared-Preferred Stock	76,711	76,700	76,692	76,697	76,700	29
Dividends Declared-Common Stock		1,109,000	765,106	759,884	542,570	30
Adjustments to Retained Earnings					1,790,982	31
Net Change	745,852	293,354	678,561	76,799	2,083,211	32
Unappropriated (EOP)	4,347,356	3,601,505	3,308,151	2,629,588	2,552,789	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$4,347,356	\$3,601,505	\$3,308,151	\$2,629,588	\$2,552,789	35

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$822,562	\$1,479,054	\$1,520,358	\$913,380	\$911,499
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	691,258	721,080	349,258	789,797	661,560
3 Deferred Taxes & ITCs	84,197	21,226	218,896	93,584	142,282
4 Receivables and Inventory	(219,626)	7,589	130,016	21,499	(153,429)
5 Payables and Accrued Expenses	952,496	539,388	240,675	(534,347)	28,268
6 Capitalized AFUDC - Equity Funds	(3,674)	15,714	(28,016)	(14,449)	4,008
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	1,155,049				
9 Accounts Payable	(1,232,949)	122,580	(91,034)	235,447	(123,869)
10 Other Current Liabilities	565,140	(726,342)	(151,951)	(153,267)	(141,342)
11 Net Cash From Operating Activities	<u>2,814,452</u>	<u>2,180,289</u>	<u>2,188,202</u>	<u>1,351,644</u>	<u>1,328,977</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(2,230,445)	(1,644,589)	(1,846,404)	(1,615,063)	(801,691)
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>(2,230,445)</u>	<u>(1,644,589)</u>	<u>(1,846,404)</u>	<u>1,484,937</u>	<u>(801,691)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	652,024	(250,000)	(2,200,000)		(3,500,000)
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)	(619,270)
29 Other Cash Flows - Financing Activities		900,000	2,700,000	(2,000,000)	3,600,000
30					(8,016)
31					
32 Net Cash From Financing Activities	<u>(424,687)</u>	<u>(535,700)</u>	<u>(341,798)</u>	<u>(2,836,581)</u>	<u>(527,286)</u>
33 Net Increase/(Decrease) In Cash Equivalents	159,321	(0)	0		
34 Cash & Cash Equivalents At Beginning Of Yea	0	0	0	0	0
35 Cash & Cash Equivalents At End Of Year	\$159,321	\$0	\$0	\$0	\$0

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

	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$10,601,095	\$10,233,939	\$10,058,066	\$9,073,344	\$9,124,591	1
Sales to Other Water Companies						2
Other Sales of Water	914,356	1,302,353	1,352,865	1,303,245	1,182,421	3
Total Revenues from Sales of Water	11,515,451	11,536,291	11,410,931	10,376,589	10,307,012	4
Other Water Operating Revenues			1,059			5
						6
Total Water Operating Revenues	\$11,515,451	\$11,536,291	\$11,411,990	\$10,376,589	\$10,307,012	7
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	2,003,849	2,001,444	2,024,742	1,953,405	1,925,721	8
Sales to Other Water Companies						9
Other Sales of Water	97,425	113,421	132,951	102,478	98,369	10
						11
Total Sales of Water	2,101,274	2,114,865	2,157,693	2,055,883	2,024,090	12
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	12,132	12,160	11,849	11,831	11,718	13
Sales to Other Water Companies						14
Other Sales of Water	111	108	401	383	361	15
						16
Total Customers	12,243	12,268	12,250	12,214	12,079	17
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$873.81	\$841.61	\$848.85	\$766.91	\$778.68	18
Average Consumption per Customer (T.Gal)	165.17	164.59	170.88	165.11	164.34	19
Average Revenue per T Gallons Sold	\$5.29	\$5.11	\$4.97	\$4.64	\$4.74	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	\$4,242,719	\$4,201,923	\$3,734,719	\$3,147,413	\$3,128,573	24
Power and Pumping	170,294	64,632	69,515	58,087	39,865	25
Purification	53,690	114,247	165,063	47,398	42,752	26
Transmission and Distribution	458,265	651,362	707,839	672,921	744,550	27
Customer Accounting and Collecting	178,866	253,057	233,963	520,476	193,923	28
Administrative and General	1,759,137	895,628	970,261	1,042,151	1,107,954	29
Total O & M Expense	\$6,862,972	\$6,180,849	\$5,881,360	\$5,488,446	\$5,257,617	30

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

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
1 Revenues	\$11,515,451	\$11,536,291	\$11,411,990	\$10,376,589	\$10,307,012
2 Sales (Thousands of Gallons)	2,101,274	2,114,865	2,157,693	2,055,883	2,024,090
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$4,245,870	\$4,224,062	\$3,769,535	\$3,182,799	\$3,154,053
4 Wages and Benefits	466,472	602,652	747,396	1,372,729	1,021,840
5 Other Operation and Maintenance Expense	2,150,629	1,354,134	1,364,429	932,918	1,081,724
6 Depreciation and Amortization Expense	681,825	588,619	589,632	575,695	556,558
7 Income Taxes-Operating	459,020	1,034,497	1,062,477	583,657	712,305
8 Other Taxes-Operating	1,486,168	1,516,519	1,774,272	2,393,836	2,363,674
9 Capital Costs	2,025,467	2,215,808	2,104,249	1,334,955	1,416,858
10 Total	\$11,515,451	\$11,536,291	\$11,411,990	\$10,376,589	\$10,307,012
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	36.9	36.6	33.0	30.7	30.6
12 Wages and Benefits	4.1	5.2	6.5	13.2	9.9
13 Other Operation and Maintenance Expense	18.7	11.7	12.0	9.0	10.5
14 Depreciation and Amortization Expense	5.9	5.1	5.2	5.5	5.4
15 Income Taxes-Operating	4.0	9.0	9.3	5.6	6.9
16 Other Taxes-Operating	12.9	13.1	15.5	23.1	22.9
17 Capital Costs	17.6	19.2	18.4	12.9	13.7
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	2.02	2.00	1.75	1.55	1.56
20 Wages and Benefits	0.22	0.28	0.35	0.67	0.50
21 Other Operation and Maintenance Expense	1.02	0.64	0.63	0.45	0.53
22 Depreciation and Amortization Expense	0.32	0.28	0.27	0.28	0.27
23 Income Taxes-Operating	0.22	0.49	0.49	0.28	0.35
24 Other Taxes-Operating	0.71	0.72	0.82	1.16	1.17
25 Capital Costs	0.96	1.05	0.98	0.65	0.70
26 Total	5.48	5.45	5.29	5.05	5.09

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

Purchased Water	4,221,511	4,193,876	3,733,745	3,147,009	3,121,980
Fuel for Pumping	24,359	30,187	35,790	35,790	32,073
Chemicals					

Total PW, Fuel and Chemicals 4,245,870 4,224,062 3,769,535 3,182,799 3,154,053

Total - Ultimate Customers 4,245,870 4,224,062 3,769,535 3,182,799 3,154,053

**Wages and Benefits**

Salaries	410,426	352,111	496,359	1,034,149	715,506
Pensions and Benefits	56,046	250,541	251,037	338,580	306,334
Total Wages and Benefits	466,472	602,652	747,396	1,372,729	1,021,840

**Other Expenses**

Total O&M Expenses	6,862,972	6,180,849	5,881,360	5,488,446	5,257,617
-Total PW, Fuel and Chemicals	4,245,870	4,224,062	3,769,535	3,182,799	3,154,053
-Wages and Benefits	466,472	602,652	747,396	1,372,729	1,021,840
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	2,150,629	1,354,134	1,364,429	932,918	1,081,724

**Depreciation and Amortization**

Depreciation Exp	681,825	588,619	589,632	575,695	556,558
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	681,825	588,619	589,632	575,695	556,558

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

Total PW, Fuel and Chemicals	4,245,870	4,224,062	3,769,535	3,182,799	3,154,053
divided by Total Gallons	2,101,274	2,114,865	2,157,693	2,055,883	2,024,090
Cost per KWH	0.0020	0.0020	0.0017	0.0015	0.0016
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,**

	2007	2006	2005	2004	2003	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible						1
Source of Supply	\$71,288	\$71,288	\$71,288	\$71,288	\$71,168	2
Pumping	1,413,754	1,390,097	1,367,536	1,353,886	1,351,875	3
Water Treatment						4
Transmission and Distribution	34,411,429	33,284,604	31,608,095	30,622,773	29,049,261	5
General	1,118,017	1,118,017	938,090	1,035,565	1,432,462	6
Purchased or Sold						7
Total Plant in Service	37,014,488	35,864,006	33,985,009	33,083,512	31,904,766	8
Plant Leased To Others						9
Construction Work In Progress	1,107,308	29,928	455,561	439,196	158,204	10
Plant Held For Future Use						11
Plant Acquisition Adjustments						12
Accum. Gains & Losses - Utility Land & Land Rights						13
<b>Total Plant</b>	38,121,796	35,893,934	34,440,570	33,522,708	32,062,970	14
Accum. Prov. - Depr. & Amort.	9,001,748	8,326,139	7,868,297	8,184,185	7,828,201	15
<b>Net Plant</b>	\$29,120,048	\$27,567,795	\$26,572,273	\$25,338,523	\$24,234,769	16
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.95	0.21	0.24	0.26	0.27	17
Total Capitalization	\$26,331,851	\$14,936,545	\$14,893,151	\$16,414,590	\$13,237,791	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	50.1%	13.4%	16.8%	15.2%	35.5%	19
Preferred Stock	4.5%	6.7%	6.7%	6.1%	7.6%	20
Common Stock & Retained Earnings	35.3%	78.2%	76.5%	65.3%	56.9%	21
Short-Term Debt	10.1%	1.7%	1.7%	13.4%		22
Pretax Coverage of Interest Expense	2.4	4.3	5.3	3.7	4.0	23
Com. Stock Dividends as a % of Earnings	10.3%	84.6%	58.3%	100.0%	74.2%	24
Return on Common Equity	4.0%	12.2%	13.1%	9.2%	11.3%	25
Internal Cash Generated as a % of Cash Outflows for Construction	126.2%	132.6%	121.5%	85.5%	165.8%	26
CWIP as a % of Plant	2.9%	0.1%	1.3%	1.3%	0.5%	27
Number of Employees						28

Current Assets	2,810,490	2,476,413	2,602,841	2,560,181	2,701,621
Current Liabilities	2,970,709	11,750,001	10,659,296	10,022,252	10,147,767
Total Capitalization	26,331,851	14,936,545	14,893,151	16,414,590	13,237,791
Long-Term Debt		2,000,000	2,500,000	2,500,000	4,700,000
Preferred Stock		1,000,000	1,000,000	1,000,000	1,000,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	25,331,851	11,686,545	11,393,151	10,714,590	7,537,791
Short-Term Debt	1,000,000	250,000	250,000	2,200,000	
Pretax Income	2,200,478	3,287,309	3,191,622	2,053,766	2,167,883
Interest Expense	916,727	767,456	606,481	554,424	541,774
Dividends Paid	76,711	1,185,700	841,798	836,581	619,270
Net Income (Excl. Preferred Stock Dividends)	745,851	1,402,354	1,443,666	836,683	834,799
Internal Cash	2,814,453	2,180,290	2,244,234	1,380,542	1,328,977
Cash Outflows for Construction	2,230,445	1,644,589	1,846,404	1,615,063	801,691
CWIP	1,107,308	29,928	455,561	439,196	158,204
Total Plant	38,121,797	35,893,934	34,440,570	33,522,708	32,062,970
Number of Employees					
Salaries and Wages					

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$42,821,647	\$42,056,816	\$37,221,434	\$35,977,858	\$35,961,993
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)					
3 Other Investments			1,767,285	3,823,943	7,936,511
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments			1,767,285	3,823,943	7,936,511
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	6,100,303	3,965,470	8,717,834	4,668,711	2,448,021
7 Notes and Accounts Receivables - Net	2,655,750	2,555,353	2,520,856	2,080,238	1,967,186
8 Receivables from Associated Companies					48,758
9 Materials and Supplies	284,288	280,304	339,745	315,764	338,871
10 Prepayments	1,205,058	1,430,451	580,836	545,358	700,054
11 Accrued Utility Revenue	1,490,753	1,260,683	1,185,462	1,136,089	1,163,987
12 Misc Current and Accrued Assets			40,082	79,438	138,596
13 Total Current and Accrued Assets	11,736,152	9,492,261	13,384,815	8,825,598	6,805,473
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense	1,332,208	1,425,381	1,511,466	678,928	734,451
15 Other Deferred Debits	24,987,329	17,199,317	1,699,537	1,272,248	1,368,019
16 Accumulated Deferred Income Taxes			1,129,589	797,356	729,769
17 Total Deferred Debits	26,319,537	18,624,698	4,340,592	2,748,532	2,832,239
18 <b>Total Assets and Other Debits</b>	<b>\$80,877,336</b>	<b>\$70,173,775</b>	<b>\$56,714,126</b>	<b>\$51,375,931</b>	<b>\$53,536,216</b>
<b>PROPRIETARY CAPITAL</b>					
19 Common Stock Issued	\$3,674,470	\$3,674,470	\$3,674,470	\$3,674,470	\$3,674,470
20 Preferred Stock Issued					
21 Other Paid-in Capital	1,994,753	1,984,857	1,984,857	1,984,857	1,984,857
22 Retained Earnings	25,761,600	13,626,383	13,210,453	16,648,083	16,894,814
23 Reacquired Capital Stock					
24 Total Proprietary Capital	31,430,823	19,285,710	18,869,780	22,307,410	22,554,141
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt	23,000,000	23,460,000	23,460,000	16,230,000	16,470,000
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable					
27 Accounts Payable	420,708	444,362	797,011	475,000	320,774
28 Payables to Associated Companies	639,299		18,000	80,814	48,303
29 Customer Deposits	35,845	30,273	28,813	29,479	50,706
30 Taxes Accrued	(67,331)	28,000	7,173	(210,892)	(194,182)
31 Interest Accrued	685,736	364,881	353,977	325,688	419,302
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	1,790,812	72,641	216,455	201,452	175,605
34 Total Current and Accrued Liabilities	3,505,069	940,157	1,421,429	901,541	820,508
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction					
36 Other Deferred Credits	15,161,501	14,245,991	5,195,530	4,256,801	6,323,235
37 Accumulated Deferred Investment Tax Credits					
38 Accumulated Deferred Income Taxes	7,779,943	11,993,180	7,611,180	7,551,718	7,149,001
39 Total Deferred Credits	22,941,444	26,239,171	12,806,710	11,808,519	13,472,236
<b>OPERATING RESERVES</b>					
40 Operating Reserves		248,737	156,207	128,461	219,331
41 <b>Total Liabilities and Other Credits</b>	<b>\$80,877,336</b>	<b>\$70,173,775</b>	<b>\$56,714,126</b>	<b>\$51,375,931</b>	<b>\$53,536,216</b>

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

	2007	2006	2005	2004	2003	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$23,419,974	\$22,701,869	\$21,772,713	\$21,274,910	\$21,159,896	1
Operating Expense:						
Operation Expense	7,471,638	9,206,400	9,041,460	8,810,330	8,338,285	2
Maintenance Expense	1,710,898	1,363,071	1,291,050	1,375,446	1,233,355	3
Depreciation and Amortization Expense	1,817,511	1,643,481	1,509,999	1,463,668	1,454,088	4
Taxes Other than Income Taxes	6,460,595	6,483,109	6,098,848	5,907,394	5,929,416	5
Income Taxes	1,502,216	999,096	1,123,546	1,009,532	1,146,875	6
Total Operating Expenses	18,962,858	19,695,157	19,064,903	18,566,370	18,102,019	7
Net Operating Revenues	4,457,116	3,006,712	2,707,810	2,708,540	3,057,877	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	4,457,116	3,006,712	2,707,810	2,708,540	3,057,877	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	188,854	264,164	195,395	244,940	321,998	11
Allowance for Funds Used During Construction	60,144	117,194	89,697	51,905	72,885	12
Miscellaneous Nonoperating Income		180,190	102,325	118,578	671,423	13
Other Income	(34,131)	(31,675)	(24,941)	(14,626)	(10,941)	14
Total Other Income	214,867	529,873	362,476	400,797	1,055,365	15
Other Income Deductions	89,268					16
Taxes-Other Income and Deductions		190,900	131,693	141,208	362,526	17
<b>Income Available</b>	4,582,715	3,345,685	2,938,593	2,968,129	3,750,716	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt	1,393,193	1,393,313	1,253,386	1,260,189	1,292,544	19
Interest on Debt to Associated Co.						20
Other Interest Expense	634,604	726	963	12,323	1,298	21
Total Interest Charges	2,027,797	1,394,039	1,254,349	1,272,512	1,293,842	22
Income Before Extraordinary Items	2,554,918	1,951,646	1,684,244	1,695,617	2,456,874	23
Net Extraordinary Items						24
<b>Net Income</b>	\$2,554,918	\$1,951,646	\$1,684,244	\$1,695,617	\$2,456,874	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$13,626,383	\$13,210,453	\$16,648,083	\$16,894,814	\$17,363,666	26
Balance Transferred from Income	2,554,918	1,951,646	1,684,244	1,695,617	2,456,874	27
Appropriated						28
Dividends Declared-Preferred Stock						29
Dividends Declared-Common Stock		2,360,000	4,655,000	1,900,000	3,375,000	30
Adjustments to Retained Earnings	9,580,299	824,284	(466,874)	(42,348)	449,274	31
Net Change	12,135,217	415,930	(3,437,630)	(246,731)	(468,852)	32
Unappropriated (EOP)	25,761,600	13,626,383	13,210,453	16,648,083	16,894,814	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$25,761,600	\$13,626,383	\$13,210,453	\$16,648,083	\$16,894,814	35

**Notes:**

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$2,554,918	\$1,951,646	\$1,684,244	\$1,695,617	\$2,456,874
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	1,978,859	1,795,649	1,619,004	1,552,823	1,486,689
3 Deferred Taxes & ITCs	(4,213,237)	5,511,589	(272,771)	335,130	955,577
4 Receivables and Inventory	(176,461)	(38,256)	(520,799)	(130,194)	563,255
5 Payables and Accrued Expenses	2,564,912	(481,272)	519,889	81,033	(2,002,332)
6 Capitalized AFUDC - Equity Funds	(60,144)	(117,194)	(89,697)	(51,905)	(72,885)
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	755,269	8,344,322	(499,409)	(1,811,271)	(3,211,428)
9					
10					
11 Net Cash From Operating Activities	<u>3,404,116</u>	<u>16,966,484</u>	<u>2,440,461</u>	<u>1,671,233</u>	<u>175,750</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(2,522,198)	(6,361,669)	(2,663,877)	(1,427,628)	(1,448,354)
13 Acquisition Of Other Non-Current Assets	(7,877,280)	(15,588,748)	107,755	46,865	(148,180)
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	3,148,480
19 Other Non-Current Assets					
20 Other Cash Flows - Investing Activities					
21					
22					
23 Net Cash From Investing Activities	<u>(10,399,478)</u>	<u>(19,676,653)</u>	<u>(499,464)</u>	<u>2,731,805</u>	<u>1,551,946</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	(460,000)		7,230,000	(240,000)	(240,000)
25 Common Stock					
26 Preferred Stock					
27 Short-Term Debt					
28 Dividends Paid		(2,360,000)	(4,655,000)	(1,900,000)	(3,375,000)
29 Other Cash Flows - Financing Activities	9,590,195	317,805	(466,874)	(42,348)	449,274
30					
31					
32 Net Cash From Financing Activities	<u>9,130,195</u>	<u>(2,042,195)</u>	<u>2,108,126</u>	<u>(2,182,348)</u>	<u>(3,165,726)</u>
33 Net Increase/(Decrease) In Cash Equivalents	2,134,833	(4,752,364)	4,049,123	2,220,690	(1,438,030)
34 Cash & Cash Equivalents At Beginning Of Year	3,965,470	8,717,834	4,668,711	2,448,021	3,886,051
35 Cash & Cash Equivalents At End Of Year	\$6,100,303	\$3,965,470	\$8,717,834	\$4,668,711	\$2,448,021

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

	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$19,617,958	\$19,002,311	\$18,234,928	\$17,861,846	\$17,553,909	1
Sales to Other Water Companies	1,938,704	2,100,246	1,970,607	1,890,349	2,074,520	2
Other Sales of Water	1,605,824	1,580,132	1,556,359	1,515,350	1,521,097	3
Total Revenues from Sales of Water	23,162,486	22,682,689	21,761,894	21,267,545	21,149,526	4
Other Water Operating Revenues	257,488	19,180	10,819	7,365	10,370	5
Total Water Operating Revenues	\$23,419,974	\$22,701,869	\$21,772,713	\$21,274,910	\$21,159,896	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	5,231,585	5,330,973	5,296,093	4,944,594	5,077,781	8
Sales to Other Water Companies						9
Other Sales of Water						10
Total Sales of Water	5,231,585	5,330,973	5,296,093	4,944,594	5,077,781	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	43,816	44,515	44,303	44,876	44,528	13
Sales to Other Water Companies						14
Other Sales of Water	269	254	251	246	236	15
Total Customers	44,085	44,769	44,554	45,122	44,764	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$447.74	\$426.87	\$411.60	\$398.03	\$394.22	18
Average Consumption per Customer (T.Gal)	119.40	119.76	119.54	110.18	114.04	19
Average Revenue per T Gallons Sold	\$3.75	\$3.56	\$3.44	\$3.61	\$3.46	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	\$186,016	\$62,337	\$50,084	\$50,676	\$42,676	24
Power and Pumping	1,870,657	2,052,170	1,898,402	1,615,137	1,391,204	25
Purification	1,225,990	1,123,811	1,063,827	832,705	833,986	26
Transmission and Distribution	1,429,040	1,017,760	1,133,988	1,339,999	1,279,194	27
Customer Accounting and Collecting	930,607	1,447,543	1,316,502	1,299,235	1,338,632	28
Administrative and General	3,540,226	4,865,850	4,869,707	5,048,024	4,685,948	29
<b>Total O &amp; M Expense</b>	<b>\$9,182,536</b>	<b>\$10,569,471</b>	<b>\$10,332,510</b>	<b>\$10,185,776</b>	<b>\$9,571,640</b>	<b>30</b>

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

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
1 Revenues	\$23,419,974	\$22,701,869	\$21,772,713	\$21,274,910	\$21,159,896
2 Sales (Thousands of Gallons)	5,231,585	5,330,973	5,296,093	4,944,594	5,077,781
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$2,140,769	\$2,078,349	\$1,932,593	\$1,466,499	\$1,392,055
4 Wages and Benefits	4,772,822	6,204,035	6,319,452	6,543,734	6,274,398
5 Other Operation and Maintenance Expense	2,268,945	2,287,087	2,080,465	2,175,543	1,905,187
6 Depreciation and Amortization Expense	1,817,511	1,643,481	1,509,999	1,463,668	1,454,088
7 Income Taxes-Operating	1,502,216	999,096	1,123,546	1,009,532	1,146,875
8 Other Taxes-Operating	6,460,595	6,483,109	6,098,848	5,907,394	5,929,416
9 Capital Costs	4,457,116	3,006,712	2,707,810	2,708,540	3,057,877
10 Total	\$23,419,974	\$22,701,869	\$21,772,713	\$21,274,910	\$21,159,896

	<b>PERCENT OF REVENUES</b>				
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	9.1	9.2	8.9	6.9	6.6
12 Wages and Benefits	20.4	27.3	29.0	30.8	29.7
13 Other Operation and Maintenance Expense	9.7	10.1	9.6	10.2	9.0
14 Depreciation and Amortization Expense	7.8	7.2	6.9	6.9	6.9
15 Income Taxes-Operating	6.4	4.4	5.2	4.7	5.4
16 Other Taxes-Operating	27.6	28.6	28.0	27.8	28.0
17 Capital Costs	19.0	13.2	12.4	12.7	14.5
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	0.41	0.39	0.36	0.30	0.27
20 Wages and Benefits	0.91	1.16	1.19	1.32	1.24
21 Other Operation and Maintenance Expense	0.43	0.43	0.39	0.44	0.38
22 Depreciation and Amortization Expense	0.35	0.31	0.29	0.30	0.29
23 Income Taxes-Operating	0.29	0.19	0.21	0.20	0.23
24 Other Taxes-Operating	1.23	1.22	1.15	1.19	1.17
25 Capital Costs	0.85	0.56	0.51	0.55	0.60
26 Total	4.48	4.26	4.11	4.30	4.17

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

Purchased Water					
Fuel for Pumping	1,492,979	1,450,474	1,322,463	1,058,078	1,002,208
Chemicals	647,790	627,875	610,130	408,421	389,847
Total PW, Fuel and Chemicals	2,140,769	2,078,349	1,932,593	1,466,499	1,392,055
Total - Ultimate Customers	2,140,769	2,078,349	1,932,593	1,466,499	1,392,055

**Wages and Benefits**

Salaries	3,534,308	3,396,461	3,540,823	3,750,851	3,656,685
Pensions and Benefits	1,238,514	2,807,574	2,778,629	2,792,883	2,617,713
Total Wages and Benefits	4,772,822	6,204,035	6,319,452	6,543,734	6,274,398

**Other Expenses**

Total O&M Expenses	9,182,536	10,569,471	10,332,510	10,185,776	9,571,640
-Total PW, Fuel and Chemicals	2,140,769	2,078,349	1,932,593	1,466,499	1,392,055
-Wages and Benefits	4,772,822	6,204,035	6,319,452	6,543,734	6,274,398
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	2,268,945	2,287,087	2,080,465	2,175,543	1,905,187

**Depreciation and Amortization**

Depreciation Exp	1,817,511	1,643,481	1,509,999	1,463,668	1,454,088
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	1,817,511	1,643,481	1,509,999	1,463,668	1,454,088

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

Total PW, Fuel and Chemicals	2,140,769	2,078,349	1,932,593	1,466,499	1,392,055
divided by Total Gallons	5,231,585	5,330,973	5,296,093	4,944,594	5,077,781
Cost per KWH	0.0004	0.0004	0.0004	0.0003	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,**

	2007	2006	2005	2004	2003	
<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	2,312,551	2,056,836	2,035,976	2,035,976	2,035,976	2
Pumping	14,438,718	14,438,718	13,911,122	13,479,272	13,181,736	3
Water Treatment	9,959,199	9,931,361	6,343,463	6,342,517	6,230,156	4
Transmission and Distribution	40,339,798	38,404,436	36,248,304	34,755,008	33,893,892	5
General	3,615,326	3,618,947	3,421,613	3,037,718	2,996,185	6
Purchased or Sold						7
<b>Total Plant in Service</b>	<b>70,696,744</b>	<b>68,481,450</b>	<b>61,991,630</b>	<b>59,681,643</b>	<b>58,369,097</b>	<b>8</b>
Plant Leased To Others						9
Construction Work In Progress	369,064	216,247	310,759	158,323	140,281	10
Plant Held For Future Use						11
Plant Acquisition Adjustments						12
Accum. Gains & Losses - Utility Land & Land Rights						13
<b>Total Plant</b>	<b>71,065,808</b>	<b>68,697,697</b>	<b>62,302,389</b>	<b>59,839,966</b>	<b>58,509,378</b>	<b>14</b>
Accum. Prov. - Depr. & Amort.	28,244,161	26,640,881	25,080,955	23,862,108	22,547,385	15
	\$42,821,647	\$42,056,816	\$37,221,434	\$35,977,858	\$35,961,993	16
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	3.35	10.10	9.42	9.79	8.29	17
Total Capitalization	\$54,430,823	\$42,745,710	\$42,329,780	\$38,537,410	\$39,024,141	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	42.3%	54.9%	55.4%	42.1%	42.2%	19
Preferred Stock						20
Common Stock & Retained Earnings	57.7%	45.1%	44.6%	57.9%	57.8%	21
Short-Term Debt						22
Pretax Coverage of Interest Expense	3.0	3.1	3.2	3.1	3.8	23
Com. Stock Dividends as a % of Earnings		120.9%	276.4%	112.1%	137.4%	24
Return on Common Equity	10.1%	10.2%	8.2%	7.6%	10.8%	25
Internal Cash Generated as a % of Cash Outflows for Construction	135.0%	266.7%	91.6%	117.1%	12.1%	26
CWIP as a % of Plant	0.5%	0.3%	0.5%	0.3%	0.2%	27
Number of Employees	61	59	61	60	62	28

Current Assets	11,736,152	9,492,261	13,384,815	8,825,598	6,805,473
Current Liabilities	3,505,069	940,157	1,421,429	901,541	820,508
Total Capitalization	54,430,823	42,745,710	42,329,780	38,537,410	39,024,141
Long-Term Debt	23,000,000	23,460,000	23,460,000	16,230,000	16,470,000
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	31,430,823	19,285,710	18,869,780	22,307,410	22,554,141
Short-Term Debt					
Pretax Income	6,174,199	4,344,781	4,062,139	3,977,661	4,897,591
Interest Expense	2,027,797	1,394,039	1,254,349	1,272,512	1,293,842
Dividends Paid		2,360,000	4,655,000	1,900,000	3,375,000
Net Income (Excl. Preferred Stock Dividends)	2,554,918	1,951,646	1,684,244	1,695,617	2,456,874
Internal Cash	3,404,116	16,966,484	2,440,461	1,671,233	175,750
Cash Outflows for Construction	2,522,198	6,361,669	2,663,877	1,427,628	1,448,354
CWIP	369,064	216,247	310,759	158,323	140,281
Total Plant	71,065,808	68,697,697	62,302,389	59,839,966	58,509,378
Number of Employees	61	59	61	60	62
Salaries and Wages					

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$7,034,608	\$6,961,634	\$6,732,518	\$5,651,228	\$5,603,567
<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	1,621,870	200	980	200	200
7 Notes and Accounts Receivables - Net	469,368	(396,992)	511,785	382,017	360,528
8 Receivables from Associated Companies		57,034	(20,837)	(39,087)	38,514
9 Materials and Supplies	65,528	71,105	62,082	48,379	53,075
10 Prepayments	44,530	41,835	41,732	(1,913)	32,363
11 Accrued Utility Revenue	190,348	198,647	191,624	204,000	209,000
12 Misc Current and Accrued Assets		13,255	24,309	19,745	4,218
13 Total Current and Accrued Assets	2,391,644	(14,916)	811,675	613,341	697,898
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense					
15 Other Deferred Debits	1,688,975	456,193	419,353	459,332	510,932
16 Accumulated Deferred Income Taxes					
17 Total Deferred Debits	1,688,975	456,193	419,353	459,332	510,932
18 <b>Total Assets and Other Debits</b>	<b>\$11,115,227</b>	<b>\$7,402,911</b>	<b>\$9,193,947</b>	<b>\$6,723,901</b>	<b>\$6,812,397</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	5,817,959	319,496	319,496	319,496	319,496
22 Retained Earnings	1,603,066	2,976,288	2,852,663	2,632,826	2,645,570
23 Reacquired Capital Stock					
24 Total Proprietary Capital	7,445,975	3,320,734	3,197,109	2,977,272	2,990,016
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt					
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable		49,227			
27 Accounts Payable	57,015	2,000,000	99,303	68,992	52,791
28 Payables to Associated Companies	1,422,666	10,500	2,800,000	1,900,000	2,200,000
29 Customer Deposits		22,612	10,500	10,500	10,500
30 Taxes Accrued	289,527	944	8,659	(34,000)	(7,437)
31 Interest Accrued			944	944	944
32 Matured Long-Term Debt		47,075			
33 Misc Current and Accrued Liabilities	329,799		248,253	196,910	159,674
34 Total Current and Accrued Liabilities	2,099,007	2,130,358	3,167,659	2,143,346	2,416,472
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	34,741	34,741	34,741	108,080	108,081
36 Other Deferred Credits	118,705	707,648	1,530,089	242,854	222,156
37 Accumulated Deferred Investment Tax Credits	46,300	46,300	46,300	46,300	46,300
38 Accumulated Deferred Income Taxes	1,370,499	1,163,130	1,218,049	1,206,049	1,029,372
39 Total Deferred Credits	1,570,245	1,951,819	2,829,179	1,603,283	1,405,909
<b>OPERATING RESERVES</b>					
40 Operating Reserves					
41 <b>Total Liabilities and Other Credits</b>	<b>\$11,115,227</b>	<b>\$7,402,911</b>	<b>\$9,193,947</b>	<b>\$6,723,901</b>	<b>\$6,812,397</b>

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

	2007	2006	2005	2004	2003	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$2,782,802	\$2,327,252	\$2,413,586	\$2,147,837	\$2,078,333	1
Operating Expense:						
Operation Expense	869,618	926,337	824,762	788,320	776,979	2
Maintenance Expense	98,666	144,494	141,626	182,268	146,548	3
Depreciation and Amortization Expense	184,872	176,548	167,134	129,710	158,513	4
Taxes Other than Income Taxes	612,672	755,317	777,347	845,616	938,750	5
Income Taxes	348,560	(52,624)	170,770	137,910	55,810	6
Total Operating Expenses	2,114,388	1,950,072	2,081,638	2,083,824	2,076,600	7
Net Operating Revenues	668,414	377,180	331,948	64,013	1,733	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	668,414	377,180	331,948	64,013	1,733	10
<b>OTHER INCOME</b>						
Interest and Dividend Income		18,452	1,159			11
Allowance for Funds Used During Construction	12,678	10,008	27,437	7	20,480	12
Miscellaneous Nonoperating Income		244,574	1,640			13
Other Income		(260)	199,869	181,132	166,691	14
Total Other Income	12,678	272,774	230,104	181,139	187,171	15
Other Income Deductions	784	188				16
Taxes-Other Income and Deductions		57,046	92,230	12,090	38,190	17
<b>Income Available</b>	680,308	592,720	469,822	233,062	150,714	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt						19
Interest on Debt to Associated Co.	113,129	141,095	70,735	47,558	5,819	20
Other Interest Expense						21
Total Interest Charges	113,129	141,095	70,735	47,558	5,819	22
Income Before Extraordinary Items	567,179	451,625	399,087	185,504	144,895	23
Net Extraordinary Items						24
<b>Net Income</b>	\$567,179	\$451,625	\$399,087	\$185,504	\$144,895	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$2,976,288	\$2,852,663	\$2,632,825	\$2,645,569	\$2,600,674	26
Balance Transferred from Income	567,179	451,625	399,087	185,504	144,895	27
Appropriated						28
Dividends Declared-Preferred Stock						29
Dividends Declared-Common Stock		328,000	179,249	198,248	100,000	30
Adjustments to Retained Earnings	(1,940,401)					31
Net Change	(1,373,222)	123,625	219,838	(12,744)	44,895	32
Unappropriated (EOP)	1,603,066	2,976,288	2,852,663	2,632,825	2,645,569	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$1,603,066	\$2,976,288	\$2,852,663	\$2,632,825	\$2,645,569	35

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$567,179	\$451,625	\$399,087	\$185,504	\$144,896
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	184,872	176,548	167,134	129,710	158,513
3 Deferred Taxes & ITCs	(381,574)	(1,107,075)	12,000	176,677	(10,000)
4 Receivables and Inventory	(836,655)	900,036	(135,755)	17,293	(61,036)
5 Payables and Accrued Expenses	1,968,649	(7,585)	1,338,209	47,571	(211,201)
6 Capitalized AFUDC - Equity Funds	(12,678)	(36,840)	(27,437)	7	(19,244)
7 Equity In Loss (Earnings) Of Affiliates	(1,232,782)	1,230,400			
8 Other Adjustments	(2,573)	(10,008)	(1,190,423)	51,600	(51,309)
9	(2,695)	3,750	96	(44,613)	(6,663)
10		(103)	(43,646)	34,276	(54)
11 Net Cash From Operating Activities	<u>251,743</u>	<u>1,600,748</u>	<u>519,266</u>	<u>598,025</u>	<u>(56,098)</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(245,168)	(395,656)	(1,220,987)	(177,378)	(450,390)
13 Acquisition Of Other Non-Current Assets					
14 Investments In & Advances to Affiliates.	57,033	(77,872)	(18,250)	77,601	6,488
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>(188,135)</u>	<u>(473,528)</u>	<u>(1,239,237)</u>	<u>(99,777)</u>	<u>(443,902)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt					
25 Common Stock					
26 Preferred Stock		(800,000)			
27 Short-Term Debt	(2,000,000)	(328,000)	900,000	(300,000)	600,000
28 Dividends Paid			(179,249)	(198,248)	(100,000)
29 Other Cash Flows - Financing Activities	3,558,062				3,990
30					
31					
32 Net Cash From Financing Activities	<u>1,558,062</u>	<u>(1,128,000)</u>	<u>720,751</u>	<u>(498,248)</u>	<u>503,990</u>
33 Net Increase/(Decrease) In Cash Equivalents	1,621,670	(780)	779	(0)	3,990
34 Cash & Cash Equivalents At Beginning Of Year	200	980	200	200	(3,790)
35 Cash & Cash Equivalents At End Of Year	\$1,621,870	\$200	\$980	\$200	\$200

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

	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$2,250,303	\$1,989,497	\$2,074,000	\$1,803,388	\$1,764,488	1
Sales to Other Water Companies						2
Other Sales of Water	301,294	314,496	316,932	306,068	284,761	3
Total Revenues from Sales of Water	2,551,597	2,303,993	2,390,932	2,109,456	2,049,249	4
Other Water Operating Revenues	231,205	23,259	22,654	38,381	29,084	5
						6
Total Water Operating Revenues	\$2,782,802	\$2,327,252	\$2,413,586	\$2,147,837	\$2,078,333	7
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	480,959	442,713	495,378	438,088	421,714	8
Sales to Other Water Companies						9
Other Sales of Water						10
						11
Total Sales of Water	480,959	442,713	495,378	438,088	421,714	12
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	4,227	4,305	4,298	4,286	4,303	13
Sales to Other Water Companies						14
Other Sales of Water	17	49	47	45	45	15
						16
Total Customers	4,244	4,354	4,345	4,331	4,348	17
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$532.36	\$462.14	\$482.55	\$420.76	\$410.06	18
Average Consumption per Customer (T.Gal)	113.78	102.84	115.26	102.21	98.00	19
Average Revenue per T Gallons Sold	\$4.68	\$4.49	\$4.19	\$4.12	\$4.18	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	\$10,021	\$16,093	\$11,277	\$60,942	\$14,464	24
Power and Pumping	177,569	204,537	178,440	148,451	146,429	25
Purification	103,027	113,935	113,635	92,024	102,657	26
Transmission and Distribution	125,527	138,044	127,530	179,063	143,692	27
Customer Accounting and Collecting	84,171	147,278	136,028	134,862	125,052	28
Administrative and General	467,969	450,944	399,478	355,246	391,232	29
<b>Total O &amp; M Expense</b>	<b>\$968,284</b>	<b>\$1,070,831</b>	<b>\$966,388</b>	<b>\$970,588</b>	<b>\$923,526</b>	<b>30</b>

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

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
1 Revenues	\$2,782,802	\$2,327,252	\$2,413,586	\$2,147,837	\$2,078,333
2 Sales (Thousands of Gallons)	480,959	442,713	495,378	438,088	421,714
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$237,637	\$204,713	\$199,631	\$161,840	\$146,173
4 Wages and Benefits	499,053	473,817	452,460	479,089	425,713
5 Other Operation and Maintenance Expense	231,594	1,070,831	966,388	329,659	923,526
6 Depreciation and Amortization Expense	184,872	176,548	167,134	129,710	158,513
7 Income Taxes-Operating	348,560	(52,624)	170,770	137,910	55,810
8 Other Taxes-Operating	612,672	755,317	777,347	845,616	938,750
9 Capital Costs	668,414	(301,349)	(320,143)	64,013	(570,152)
10 Total	\$2,782,802	\$2,327,252	\$2,413,586	\$2,147,837	\$2,078,333
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	8.5	8.8	8.3	7.5	7.0
12 Wages and Benefits	17.9	20.4	18.7	22.3	20.5
13 Other Operation and Maintenance Expense	8.3	16.9	40.0	15.3	44.4
14 Depreciation and Amortization Expense	6.6	7.6	6.9	6.0	7.6
15 Income Taxes-Operating	12.5	5.9	7.1	6.4	2.7
16 Other Taxes-Operating	22.0	32.5	32.2	39.4	45.2
17 Capital Costs	24.0	8.1	(13.3)	3.0	(27.4)
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	0.49	0.46	0.40	0.37	0.35
20 Wages and Benefits	1.04	1.07	0.91	1.09	1.01
21 Other Operation and Maintenance Expense	0.48	0.89	1.95	0.75	2.19
22 Depreciation and Amortization Expense	0.38	0.40	0.34	0.30	0.38
23 Income Taxes-Operating	0.72	0.31	0.34	0.31	0.13
24 Other Taxes-Operating	1.27	1.71	1.57	1.93	2.23
25 Capital Costs	1.39	0.42	-0.65	0.15	-1.35
26 Total	5.79	5.26	4.87	4.90	4.93

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

Purchased Water				8,645	
Fuel for Pumping	157,663	148,404	136,294	105,095	102,919
Chemicals	79,974	56,309	63,337	48,100	43,254

Total PW, Fuel and Chemicals 237,637 204,713 199,631 161,840 146,173

Total - Ultimate Customers

**Wages and Benefits**

Salaries	397,084	313,875	334,619	357,148	297,884
Pensions and Benefits	101,969	159,942	117,841	121,941	127,829
Total Wages and Benefits	499,053	473,817	452,460	479,089	425,713

**Other Expenses**

Total O&M Expenses	968,284	1,070,831	966,388	970,588	923,526
-Total PW, Fuel and Chemicals	237,637	204,713	199,631	161,840	146,173
-Wages and Benefits	499,053	473,817	452,460	479,089	425,713

Other Expenses 231,594 392,301 314,297 329,659 351,640

**Depreciation and Amortization**

Depreciation Exp	184,872	176,548	167,134	129,710	158,513
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					

Total Depr and Amort 184,872 176,548 167,134 129,710 158,513



Current Assets	2,391,644.00	(14,916.00)	811,675	613,341	697,898
Current Liabilities	2,099,007	2,130,358	3,167,659	2,143,346	2,416,472
Total Capitalization	7,445,975	3,320,734	3,197,109	2,977,272	2,990,016
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	7,445,975	3,320,734	3,197,109	2,977,272	2,990,016
Short-Term Debt					
Pretax Income	1,029,652	729,667	640,592	370,972	206,524
Interest Expense	113,129	141,095	70,735	47,558	5,819
Dividends Paid		328,000	179,249	198,248	100,000
Net Income (Excl. Preferred Stock Dividends)	567,179	451,625	399,087	185,504	144,895
Internal Cash	251,743	1,600,749	1,764,562	546,425	(4,789)
Cash Outflows for Construction	245,168	395,656	1,220,987	177,378	450,390
CWIP	401,953	260,326	163,139	89,795	54,676
Total Plant	9,438,354	9,180,508	8,867,697	7,619,943	7,664,499
Number of Employees	6	6	6	6	6
Salaries and Wages					

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$129,890,384	\$104,114,355	\$80,779,225	\$71,064,230	\$64,146,157
<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	184,354	52,161	48,390	(509,758)	76,795
7 Notes and Accounts Receivables - Net	2,111,833	1,673,199	1,778,836	1,233,019	2,252,786
8 Receivables from Associated Companies					
9 Materials and Supplies	500,950	468,466	366,620	341,114	328,594
10 Prepayments	1,809,498	799,562	2,158,123	2,228,391	2,362,457
11 Accrued Utility Revenue	2,721,716	2,902,200	2,536,038	2,339,068	1,950,444
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	7,328,351	5,895,588	6,888,007	5,631,834	6,971,075
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense					
15 Other Deferred Debits	19,926,265	22,846,796	17,876,766	14,959,398	14,252,530
16 Accumulated Deferred Income Taxes	1,034,727	21,372	787,288	980,134	1,236,729
17 Total Deferred Debits	20,960,992	22,868,168	18,664,054	15,939,532	15,489,259
18 <b>Total Assets and Other Debits</b>	<b>\$158,179,726</b>	<b>\$132,878,111</b>	<b>\$106,331,286</b>	<b>\$92,635,596</b>	<b>\$86,606,491</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	70,186,250	46,486,250	33,786,250	25,786,250	22,886,250
22 Retained Earnings	51,402,660	48,801,080	41,292,817	39,129,736	37,436,374
23 Reacquired Capital Stock					
24 Total Proprietary Capital	121,638,910	95,337,330	75,129,067	64,965,986	60,372,624
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt					
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable					
27 Accounts Payable	5,262,996	7,445,222	1,517,792	1,098,802	708,863
28 Payables to Associated Companies	272,264	320,646	427,996	116,212	
29 Customer Deposits	27,150	21,043	16,042	10,743	5,805
30 Taxes Accrued	2,143,639	2,515,186	248,971	(708,957)	(343,375)
31 Interest Accrued					
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	7,672,044	6,420,898	5,561,718	4,497,518	3,457,058
34 Total Current and Accrued Liabilities	15,378,093	16,722,995	7,772,519	5,014,318	3,828,350
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	575,688	559,081	873,987	785,334	958,582
36 Other Deferred Credits	2,896,043	2,510,902	1,723,197	1,694,799	2,534,409
37 Accumulated Deferred Investment Tax Credits	542,164	558,856	575,548	592,240	608,932
38 Accumulated Deferred Income Taxes	17,148,828	17,188,947	18,916,239	17,695,950	15,863,349
39 Total Deferred Credits	21,162,723	20,817,786	22,088,971	20,768,323	19,965,271
<b>OPERATING RESERVES</b>					
40 Operating Reserves			1,340,729	1,886,969	2,440,245
41 <b>Total Liabilities and Other Credits</b>	<b>\$158,179,726</b>	<b>\$132,878,111</b>	<b>\$106,331,286</b>	<b>\$92,635,596</b>	<b>\$86,606,491</b>

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

	2007	2006	2005	2004	2003	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$29,520,521	\$28,399,901	\$23,293,318	\$19,792,594	\$20,631,279	1
Operating Expense:						
Operation Expense	14,395,889	12,528,414	9,828,104	8,991,939	8,320,847	2
Maintenance Expense	929,528	887,609	816,609	804,907	910,354	3
Depreciation and Amortization Expense	1,752,080	1,697,647	1,793,549	1,640,256	1,691,412	4
Taxes Other than Income Taxes	5,997,343	5,734,770	5,286,886	5,154,622	5,298,091	5
Income Taxes	1,822,778	3,825,367	1,701,897	725,904	972,180	6
Total Operating Expenses	24,897,618	24,673,807	19,427,045	17,317,628	17,192,884	7
Net Operating Revenues	4,622,903	3,726,094	3,866,273	2,474,966	3,438,395	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	4,622,903	3,726,094	3,866,273	2,474,966	3,438,395	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	147,434	166,572	292,546	85,672	89,262	11
Allowance for Funds Used During Construction	1,554,155	1,558,765	679,008	785,100	594,338	12
Miscellaneous Nonoperating Income		(4,025)	(145)	37,040	1,916	13
Other Income			(12,855)	25,882	37,676	14
Total Other Income	1,701,589	1,721,312	958,554	933,694	723,191	15
Other Income Deductions	(3,152)	23,503	1,573	111,833		16
Taxes-Other Income and Deductions				18	1,786	17
<b>Income Available</b>	6,327,644	5,423,903	4,823,254	3,296,810	4,159,800	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt						19
Interest on Debt to Associated Co.	3,703,764	2,688,363	2,332,160	2,340,902	2,172,405	20
Other Interest Expense	22,300	4,397	1,773	72,358	186,596	21
Total Interest Charges	3,726,064	2,692,760	2,333,933	2,413,260	2,359,001	22
Income Before Extraordinary Items	2,601,580	2,731,143	2,489,321	883,550	1,800,799	23
Net Extraordinary Items						24
<b>Net Income</b>	\$2,601,580	\$2,731,143	\$2,489,321	\$883,550	\$1,800,799	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$48,801,080	\$41,292,817	\$39,129,736	\$37,436,374	\$35,273,641	26
Balance Transferred from Income	2,601,580	2,731,143	2,489,321	883,550	1,800,799	27
Appropriated						28
Dividends Declared-Preferred Stock						29
Dividends Declared-Common Stock						30
Adjustments to Retained Earnings		4,777,120	(326,240)	809,812	361,934	31
Net Change	2,601,580	7,508,263	2,163,081	1,693,362	2,162,733	32
Unappropriated (EOP)	51,402,660	48,801,080	41,292,817	39,129,736	37,436,374	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$51,402,660	\$48,801,080	\$41,292,817	\$39,129,736	\$37,436,374	35

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$2,601,580	\$2,731,143	\$2,489,321	\$883,550	\$1,800,799
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	1,752,080	5,855,586	1,467,309	1,629,204	1,669,308
3 Deferred Taxes & ITCs	(1,070,166)	(978,067)	1,396,441	1,733,294	2,551,625
4 Receivables and Inventory	(471,117)	3,791	(571,324)	618,623	(372,022)
5 Payables and Accrued Expenses	(985,005)	6,681,439	1,793,370	1,551,549	864,159
6 Capitalized AFUDC - Equity Funds	(1,554,155)	(1,558,765)	(679,008)	(785,100)	(594,338)
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	180,484	(366,162)	(196,970)	(706,869)	1,136,015
9	(366,004)	2,883,217	959,532	(839,610)	(508,643)
10	2,110,896	(4,681,954)	(3,478,544)	(231,516)	(4,875,861)
11 Net Cash From Operating Activities	<u>2,198,593</u>	<u>10,570,228</u>	<u>3,180,127</u>	<u>3,853,125</u>	<u>1,671,042</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(25,766,400)	(23,266,457)	(10,621,981)	(7,166,430)	(2,765,027)
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>(25,766,400)</u>	<u>(23,266,457)</u>	<u>(10,621,981)</u>	<u>(7,166,430)</u>	<u>(2,765,027)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt				(173,248)	
25 Common Stock	23,700,000	12,700,000	8,000,000	2,900,000	1,000,000
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>23,700,000</u>	<u>12,700,000</u>	<u>8,000,000</u>	<u>2,726,752</u>	<u>1,000,000</u>
33 Net Increase/(Decrease) In Cash Equivalents	132,193	3,771	558,146	(586,553)	(93,985)
34 Cash & Cash Equivalents At Beginning Of Year	52,161	48,390	(509,756)	76,797	170,782
35 Cash & Cash Equivalents At End Of Year	\$184,354	\$52,161	\$48,390	(\$509,756)	\$76,797

**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,**

	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$24,779,301	\$23,482,477	\$19,300,740	\$16,519,925	\$18,064,530	1
Sales to Other Water Companies	340,556	420,820	2,181,619	1,999,899	1,961,212	2
Other Sales of Water	419,116	393,944	352,458	282,500	343,692	3
Total Revenues from Sales of Water	25,538,974	24,297,241	21,834,817	18,802,324	20,369,434	4
Other Water Operating Revenues	3,981,547	4,102,659	1,458,501	990,270	261,846	5
Total Water Operating Revenues	\$29,520,521	\$28,399,900	\$23,293,318	\$19,792,594	\$20,631,280	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	5,523,283	5,425,644	5,696,689	5,096,469	5,461,723	8
Sales to Other Water Companies	99,622	220,142	298,099	207,221	183,970	9
Other Sales of Water	105,655	102,332	109,628	90,226	116,647	10
Total Sales of Water	5,728,560	5,748,118	6,104,416	5,393,916	5,762,340	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	31,276	31,094	30,402	30,262	30,159	13
Sales to Other Water Companies	2	2	2	2	2	14
Other Sales of Water	195	192	726	707	701	15
Total Customers	31,473	31,288	31,130	30,971	30,862	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$792.28	\$755.21	\$634.85	\$545.90	\$598.98	18
Average Consumption per Customer (T.Gal)	176.60	174.49	187.38	168.41	181.10	19
Average Revenue per T Gallons Sold	\$4.49	\$4.33	\$3.39	\$3.24	\$3.31	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	\$6,556,070	\$5,643,787	\$4,294,280	\$3,044,157	\$2,862,672	24
Power and Pumping	1,627,725	1,726,260	1,572,847	1,211,314	1,207,043	25
Purification	471,191	343,970	401,175	322,701	268,944	26
Transmission and Distribution	1,950,020	1,775,282	1,347,101	1,351,434	1,530,551	27
Customer Accounting and Collecting	1,363,515	1,454,120	1,500,999	958,112	894,614	28
Administrative and General	3,356,896	2,472,604	1,528,311	2,909,128	2,467,377	29
<b>Total O &amp; M Expense</b>	<b>\$15,325,417</b>	<b>\$13,416,023</b>	<b>\$10,644,713</b>	<b>\$9,796,845</b>	<b>\$9,231,201</b>	<b>30</b>

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

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
1 Revenues	\$29,520,521	\$28,399,901	\$23,293,318	\$19,792,594	\$20,631,280
2 Sales (Thousands of Gallons)	5,728,560	5,748,118	6,104,416	5,393,916	5,762,340
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$7,776,899	\$6,608,674	\$5,175,765	\$3,795,750	\$3,613,487
4 Wages and Benefits	3,720,911	3,303,274	2,448,703	2,673,145	2,641,436
5 Other Operation and Maintenance Expense	3,827,607	3,504,076	3,020,245	3,327,950	2,976,279
6 Depreciation and Amortization Expense	1,752,080	1,697,647	1,467,309	1,629,204	1,669,308
7 Income Taxes-Operating	1,822,778	3,825,367	1,701,897	725,904	972,180
8 Other Taxes-Operating	5,997,343	5,734,770	5,286,886	5,154,622	5,298,091
9 Capital Costs	4,622,903	3,726,094	4,192,513	2,486,019	3,460,499
10 Total	\$29,520,521	\$28,399,901	\$23,293,318	\$19,792,594	\$20,631,280
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	26.3	23.3	22.2	19.2	17.5
12 Wages and Benefits	12.6	11.6	10.5	13.5	12.8
13 Other Operation and Maintenance Expense	13.0	12.3	13.0	16.8	14.4
14 Depreciation and Amortization Expense	5.9	6.0	6.3	8.2	8.1
15 Income Taxes-Operating	6.2	13.5	7.3	3.7	4.7
16 Other Taxes-Operating	20.3	20.2	22.7	26.0	25.7
17 Capital Costs	15.7	13.1	18.0	12.6	16.8
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	1.36	1.15	0.85	0.70	0.63
20 Wages and Benefits	0.65	0.57	0.40	0.50	0.46
21 Other Operation and Maintenance Expense	0.67	0.61	0.49	0.62	0.52
22 Depreciation and Amortization Expense	0.31	0.30	0.24	0.30	0.29
23 Income Taxes-Operating	0.32	0.67	0.28	0.13	0.17
24 Other Taxes-Operating	1.05	1.00	0.87	0.96	0.92
25 Capital Costs	0.81	0.65	0.69	0.46	0.60
26 Total	5.15	4.94	3.82	3.67	3.58

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

Purchased Water	6,506,682	5,553,746	4,216,188	2,978,845	2,802,200
Fuel for Pumping	1,002,895	904,776	808,682	701,783	706,081
Chemicals	267,322	150,151	150,895	115,123	105,205
Total PW, Fuel and Chemicals	7,776,899	6,608,674	5,175,765	3,795,750	3,613,487
Total - Ultimate Customers	7,776,899	6,608,674	5,175,765	3,795,750	3,613,487

**Wages and Benefits**

Salaries	2,021,912	2,165,543	1,944,580	2,033,693	2,214,178
Pensions and Benefits	1,698,999	1,137,731	504,123	639,452	427,258
Total Wages and Benefits	3,720,911	3,303,274	2,448,703	2,673,145	2,641,436

**Other Expenses**

Total O&M Expenses	15,325,417	13,416,023	10,644,713	9,796,845	9,231,201
-Total PW, Fuel and Chemicals	7,776,899	6,608,674	5,175,765	3,795,750	3,613,487
-Wages and Benefits	3,720,911	3,303,274	2,448,703	2,673,145	2,641,436
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	3,827,607	3,504,076	3,020,245	3,327,950	2,976,279

**Depreciation and Amortization**

Depreciation Exp	1,752,080	1,697,647	1,793,549	1,640,256	1,691,412
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	1,752,080	1,697,647	1,793,549	1,640,256	1,691,412

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

Total PW, Fuel and Chemicals	7,776,899	6,608,674	5,175,765	3,795,750	3,613,487
divided by Total Gallons	5,728,560	5,748,118	6,104,416	5,393,916	5,762,340
Cost per KWH	0.0014	0.0011	0.0008	0.0007	0.0006
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,**

	2007	2006	2005	2004	2003	
<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	244,548	244,548	244,548	2
Pumping	2,451,753	2,662,296	2,662,296	2,605,219	2,605,219	3
Water Treatment	839,825	858,206	858,206	1,110,499	1,110,499	4
Transmission and Distribution	83,267,937	78,828,079	73,386,776	69,464,563	64,298,397	5
General	4,326,825	5,815,712	5,671,380	5,606,405	4,897,042	6
Purchased or Sold						7
Total Plant in Service	91,183,280	88,461,233	82,870,634	79,078,662	73,203,132	8
Plant Leased To Others						9
Construction Work In Progress	55,874,663	33,860,365	14,970,982	8,713,763	7,029,301	10
Plant Held For Future Use						11
Plant Acquisition Adjustments						12
Accum. Gains & Losses - Utility Land & Land Rights	(90,846)	(90,846)	(90,846)	(90,846)	(90,846)	13
<b>Total Plant</b>	<b>146,967,097</b>	<b>122,230,752</b>	<b>97,750,770</b>	<b>87,701,579</b>	<b>80,141,587</b>	<b>14</b>
Accum. Prov. - Depr. & Amort.	17,076,712	18,116,397	16,971,545	16,637,349	15,995,430	15
<b>Net Plant</b>	<b>\$129,890,384</b>	<b>\$104,114,355</b>	<b>\$80,779,225</b>	<b>\$71,064,230</b>	<b>\$64,146,157</b>	<b>16</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.48	0.34	0.89	1.12	1.82	17
Total Capitalization	\$121,638,910	\$94,718,149	\$75,129,067	\$64,965,986	\$60,372,624	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	2.2	3.4	2.8	1.7	2.2	23
Com. Stock Dividends as a % of Earnings						24
Return on Common Equity	2.4%	3.2%	3.6%	1.4%	3.1%	25
Internal Cash Generated as a % of Cash Outflows for Construction	8.5%	45.4%	29.9%	53.8%	60.4%	26
CWIP as a % of Plant	38.0%	27.7%	15.3%	9.9%	8.8%	27
Number of Employees	57	47	49	49	43	28

Current Assets	7,328,350.62	5,895,588.00	6,888,007	5,631,834	6,971,075
Current Liabilities	15,378,093	17,342,176	7,772,519	5,014,318	3,828,350
Total Capitalization	121,638,910	94,718,149	75,129,067	64,965,986	60,372,624
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	121,638,910	94,718,149	75,129,067	64,965,986	60,372,624
Short-Term Debt					
Pretax Income	8,147,269	9,272,773	6,526,724	4,134,546	5,131,981
Interest Expense	3,726,064	2,692,760	2,333,933	2,413,260	2,359,001
Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	2,601,580	2,731,143	2,489,321	883,550	1,800,799
Internal Cash	2,198,593	10,570,228	3,180,129	3,853,125	1,671,042
Cash Outflows for Construction	25,766,400	23,266,457	10,621,981	7,166,430	2,765,027
CWIP	55,874,662	33,860,365	14,970,982	8,713,763	7,029,301
Total Plant	146,967,096	122,230,752	97,750,770	87,701,579	80,141,587
Number of Employees	57	47	49	49	43
Salaries and Wages					

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$219,885,524	\$192,085,851	\$180,898,806	\$174,391,378	\$169,558,655
<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	1,014,181	555,193	1,180,163	868,824	(766,201)
7 Notes and Accounts Receivables - Net	3,588,600	2,985,186	3,017,911	2,697,931	3,781,428
8 Receivables from Associated Companies					40
9 Materials and Supplies	1,001,323	788,883	1,180,650	1,271,123	901,431
10 Prepayments	10,839,599	8,278,020	13,826,690	14,157,546	14,239,601
11 Accrued Utility Revenue	3,417,699	3,553,958			
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	19,861,402	16,161,240	19,205,414	18,995,424	18,156,299
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense	2,525,124	2,678,520	2,831,916	2,985,312	3,138,708
15 Other Deferred Debits	7,173,966	11,638,186	13,583,980	13,604,165	12,506,800
16 Accumulated Deferred Income Taxes	1,784,077	1,193,484	9,026,995	9,249,668	9,432,367
17 Total Deferred Debits	11,483,167	15,510,190	25,442,891	25,839,145	25,077,875
18 <b>Total Assets and Other Debits</b>	<b>\$251,230,093</b>	<b>\$223,757,281</b>	<b>\$225,547,111</b>	<b>\$219,225,947</b>	<b>\$212,792,829</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	44,278,053	34,278,053	26,874,603	26,874,603	16,874,603
22 Retained Earnings	51,637,068	49,147,002	45,978,014	43,540,806	40,536,360
23 Reacquired Capital Stock					
24 Total Proprietary Capital	109,771,611	97,281,545	86,709,107	84,271,899	71,267,453
<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	33,000,000	23,000,000	21,000,000	19,900,000	29,000,000
27 Accounts Payable	5,458,042	4,075,600	3,266,317	1,641,861	2,501,525
28 Payables to Associated Companies	555,680	327,544	602,588	256,678	
29 Customer Deposits	144,687	124,612	121,096	114,211	122,411
30 Taxes Accrued	2,895,896	565,436	3,021,863	1,234,596	(454,353)
31 Interest Accrued	1,415,929	1,363,011	1,352,480	1,270,311	1,311,912
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	1,431,102	815,173	438,188	732,884	111,115
34 Total Current and Accrued Liabilities	44,901,336	30,271,376	29,802,532	25,150,541	32,592,610
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	4,047,268	3,800,184	4,495,740	4,979,329	4,754,400
36 Other Deferred Credits	6,306,610	7,785,441	14,820,355	14,517,422	14,211,448
37 Accumulated Deferred Investment Tax Credits	785,703	805,203	824,703	842,578	863,703
38 Accumulated Deferred Income Taxes	33,826,635	32,284,896	35,755,834	35,852,793	34,956,142
39 Total Deferred Credits	44,966,216	44,675,724	55,896,632	56,192,122	54,785,693
<b>OPERATING RESERVES</b>					
40 Operating Reserves	590,930	528,636	2,138,840	2,611,385	3,147,073
41 <b>Total Liabilities and Other Credits</b>	<b>\$251,230,093</b>	<b>\$223,757,281</b>	<b>\$225,547,111</b>	<b>\$219,225,947</b>	<b>\$212,792,829</b>

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

	2007	2006	2005	2004	2003	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$53,989,753	\$47,968,223	\$44,602,191	\$43,309,503	\$43,501,221	1
Operating Expense:						
Operation Expense	16,855,573	15,155,245	14,064,043	13,504,614	13,654,862	2
Maintenance Expense	4,080,932	3,670,250	3,106,377	2,453,321	2,132,286	3
Depreciation and Amortization Expense	5,631,325	5,574,781	5,373,763	5,113,250	4,761,919	4
Taxes Other than Income Taxes	10,855,895	10,493,399	9,715,123	9,241,656	9,641,516	5
Income Taxes	6,379,355	2,362,502	2,883,810	3,248,890	3,787,864	6
Total Operating Expenses	43,803,080	37,256,177	35,143,116	33,561,731	33,978,447	7
Net Operating Revenues	10,186,673	10,712,046	9,459,075	9,747,772	9,522,774	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	10,186,673	10,712,046	9,459,075	9,747,772	9,522,774	10
<b>OTHER INCOME</b>						
Interest and Dividend Income	4,251	121,608	306,582	88,635	521,273	11
Allowance for Funds Used During Construction	658,013	431,839	120,359	83,991	890,345	12
Miscellaneous Nonoperating Income	43,171	724,853	297,219	143,555	228,666	13
Other Income				7,822		14
Total Other Income	705,435	1,278,300	724,160	324,003	1,640,284	15
Other Income Deductions	55,661	36,694	42,031	86,870	181,772	16
Taxes-Other Income and Deductions					3,136	17
<b>Income Available</b>	10,836,447	11,953,652	10,141,204	9,984,905	10,978,150	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	1,589,887	1,712,539	1,808,953	1,393,868	1,669,746	21
Total Interest Charges	5,181,883	5,304,535	5,400,949	4,985,864	5,261,742	22
Income Before Extraordinary Items	5,654,564	6,649,117	4,740,255	4,999,041	5,716,408	23
Net Extraordinary Items						24
<b>Net Income</b>	\$5,654,564	\$6,649,117	\$4,740,255	\$4,999,041	\$5,716,408	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$49,147,002	\$45,978,014	\$43,540,806	\$40,536,360	\$37,364,778	26
Balance Transferred from Income	5,654,564	6,649,117	4,740,255	4,999,041	5,716,408	27
Appropriated						28
Dividends Declared-Preferred Stock	2,800,000	2,600,000	2,600,000	2,600,000		29
Dividends Declared-Common Stock					2,600,000	30
Adjustments to Retained Earnings	(364,498)	(880,129)	296,953	605,405	55,174	31
Net Change	2,490,066	3,168,988	2,437,208	3,004,446	3,171,582	32
Unappropriated (EOP)	51,637,068	49,147,002	45,978,014	43,540,806	40,536,360	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$51,637,068	\$49,147,002	\$45,978,014	\$43,540,806	\$40,536,360	35

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$5,654,564	\$6,649,117	\$4,740,255	\$4,999,041	\$5,716,408
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	5,686,703	6,593,474	5,815,171	5,863,111	4,961,549
3 Deferred Taxes & ITCs	931,646	4,343,074	107,839	1,058,225	7,262,450
4 Receivables and Inventory	(679,595)	(3,129,466)	(229,507)	713,845	(692,068)
5 Payables and Accrued Expenses	2,299,500	925,271	1,764,724	(31,018)	(792,174)
6 Capitalized AFUDC - Equity Funds	(658,013)	(431,839)	(306,582)	(83,991)	(890,345)
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	4,464,220	1,945,793	20,185	(1,097,365)	30,522
9	(1,478,831)	(7,034,914)	302,933	305,974	(2,844,901)
10	(168,825)	1,482,039	1,645,578	1,235,316	(1,782,979)
11 Net Cash From Operating Activities	<u>16,051,369</u>	<u>11,342,549</u>	<u>13,860,596</u>	<u>12,963,138</u>	<u>10,968,462</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(32,674,967)	(16,307,723)	(11,565,668)	(9,853,042)	(18,560,241)
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>(32,674,967)</u>	<u>(16,307,723)</u>	<u>(11,565,668)</u>	<u>(9,853,042)</u>	<u>(18,560,241)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt	9,882,586	4,940,204	(483,589)	10,224,929	4,376,903
25 Common Stock					
26 Preferred Stock					
27 Short-Term Debt	10,000,000	2,000,000	1,100,000	(9,100,000)	4,000,000
28 Dividends Paid	(2,800,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)
29 Other Cash Flows - Financing Activities					
30					
31					
32 Net Cash From Financing Activities	<u>17,082,586</u>	<u>4,340,204</u>	<u>(1,983,589)</u>	<u>(1,475,071)</u>	<u>5,776,903</u>
33 Net Increase/(Decrease) In Cash Equivalents	458,988	(624,970)	311,339	1,635,025	(1,814,876)
34 Cash & Cash Equivalents At Beginning Of Year	555,193	1,180,163	868,824	(766,201)	1,048,675
35 Cash & Cash Equivalents At End Of Year	\$1,014,181	\$555,193	\$1,180,163	\$868,824	(\$766,201)

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

	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$46,162,639	\$38,402,902	\$39,297,646	\$37,025,495	\$36,615,751	1
Sales to Other Water Companies						2
Other Sales of Water	6,077,200	5,030,636	4,902,746	4,860,272	4,815,240	3
Total Revenues from Sales of Water	52,239,839	43,433,538	44,200,392	41,885,767	41,430,991	4
Other Water Operating Revenues*	1,740,727	4,525,851	395,960	1,411,200	2,070,230	5
Total Water Operating Revenues	\$53,980,566	\$47,959,389	\$44,596,352	\$43,296,967	\$43,501,221	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	9,106,923	9,023,418	9,188,359	8,755,694	8,526,911	8
Sales to Other Water Companies						9
Other Sales of Water	79,982	81,912	75,386	73,693	60,716	10
Total Sales of Water	9,186,905	9,105,330	9,263,745	8,829,387	8,587,627	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	70,230	69,265	68,738	68,251	67,703	13
Sales to Other Water Companies						14
Other Sales of Water	1,284	1,182	1,110	1,067	1,036	15
Total Customers	71,514	70,447	69,848	69,318	68,739	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$657.31	\$554.43	\$571.70	\$542.49	\$540.83	18
Average Consumption per Customer (T.Gal)	129.67	130.27	133.67	128.29	125.95	19
Average Revenue per T Gallons Sold	\$5.07	\$4.26	\$4.28	\$4.23	\$4.29	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	\$967,327	\$615,545	\$425,435	\$364,967	\$536,401	24
Power and Pumping	4,567,623	4,664,995	4,014,012	3,373,437	3,332,709	25
Purification	2,923,471	2,340,522	2,295,731	1,733,840	1,939,196	26
Transmission and Distribution	4,393,635	4,088,773	3,847,470	3,299,643	2,901,582	27
Customer Accounting and Collecting	2,544,850	2,572,028	2,570,402	2,226,023	2,148,981	28
Administrative and General	5,539,597	4,541,637	4,017,370	4,960,025	4,928,279	29
Total O & M Expense	\$20,936,504	\$18,823,501	\$17,170,420	\$15,957,935	\$15,787,148	30

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

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
1 Revenues	\$53,980,566	\$47,959,389	\$44,596,352	\$43,296,967	\$43,501,221
2 Sales (Thousands of Gallons)	9,186,905	9,105,330	9,263,745	8,829,387	8,587,627
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$3,994,587	\$4,102,479	\$3,258,686	\$2,710,477	\$2,977,558
4 Wages and Benefits	7,074,472	5,859,854	5,521,668	5,405,272	5,508,434
5 Other Operation and Maintenance Expense	9,867,445	8,861,167	8,390,066	7,842,186	7,301,156
6 Depreciation and Amortization Expense	5,631,325	5,574,781	5,373,763	5,113,250	4,761,919
7 Income Taxes-Operating	6,379,355	2,362,502	2,883,810	3,248,890	3,787,864
8 Other Taxes-Operating	10,855,895	10,493,399	9,715,123	9,241,656	9,641,516
9 Capital Costs	10,177,486	10,705,207	9,453,236	9,735,236	9,522,774
10 Total	\$53,980,566	\$47,959,389	\$44,596,352	\$43,296,967	\$43,501,221
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	7.4	8.6	7.3	6.3	6.8
12 Wages and Benefits	13.1	12.2	12.4	12.5	12.7
13 Other Operation and Maintenance Expense	18.3	18.5	18.8	18.1	16.8
14 Depreciation and Amortization Expense	10.4	11.6	12.0	11.8	10.9
15 Income Taxes-Operating	11.8	4.9	6.5	7.5	8.7
16 Other Taxes-Operating	20.1	21.9	21.8	21.3	22.2
17 Capital Costs	18.9	22.3	21.2	22.5	21.9
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	0.43	0.45	0.35	0.31	0.35
20 Wages and Benefits	0.77	0.64	0.60	0.61	0.64
21 Other Operation and Maintenance Expense	1.07	0.97	0.91	0.89	0.85
22 Depreciation and Amortization Expense	0.61	0.61	0.58	0.58	0.55
23 Income Taxes-Operating	0.69	0.26	0.31	0.37	0.44
24 Other Taxes-Operating	1.18	1.15	1.05	1.05	1.12
25 Capital Costs	1.11	1.18	1.02	1.10	1.11
26 Total	5.88	5.27	4.81	4.90	5.07

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

Purchased Water	135,387	5,082	100,031	18,402	143,425
Fuel for Pumping	3,310,483	3,421,309	2,647,739	2,344,291	2,511,475
Chemicals	548,717	676,088	510,916	347,784	322,658
Total PW, Fuel and Chemicals	3,994,587	4,102,479	3,258,686	2,710,477	2,977,558
Total - Ultimate Customers	3,994,587	4,102,479	3,258,686	2,710,477	2,977,558

**Wages and Benefits**

Salaries	5,350,264	4,662,616	4,687,120	4,378,534	4,477,468
Pensions and Benefits	1,724,208	1,197,238	834,548	1,026,738	1,030,966
Total Wages and Benefits	7,074,472	5,859,854	5,521,668	5,405,272	5,508,434

**Other Expenses**

Total O&M Expenses	20,936,505	18,823,501	17,170,420	15,957,935	15,787,148
-Total PW, Fuel and Chemicals	3,994,587	4,102,479	3,258,686	2,710,477	2,977,558
-Wages and Benefits	7,074,472	5,859,854	5,521,668	5,405,272	5,508,434
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	9,867,445	8,861,167	8,390,066	7,842,186	7,301,156

**Depreciation and Amortization**

Depreciation Exp	5,631,325	5,574,781	5,373,763	5,113,250	4,761,919
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	5,631,325	5,574,781	5,373,763	5,113,250	4,761,919

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

Total PW, Fuel and Chemicals	3,994,587	4,102,479	3,258,686	2,710,477	2,977,558
divided by Total Gallons	9,186,905	9,105,330	9,263,745	8,829,387	8,587,627
Cost per Gallon	0.0004	0.0005	0.0004	0.0003	0.0003

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

	2007	2006	2005	2004	2003	
<b>WATER UTILITY PLANT</b>						
<b>Plant in Service</b>						
Intangible	\$89,248	\$89,248	\$80,005	\$80,005	\$80,005	1
Source of Supply	26,003,004	25,886,067	24,355,628	23,892,857	23,808,184	2
Pumping	21,558,617	20,843,121	19,183,492	19,220,215	18,003,221	3
Water Treatment	34,940,135	27,722,121	22,950,472	22,621,378	22,961,330	4
Transmission and Distribution	166,387,769	152,470,329	146,328,914	141,667,531	135,827,065	5
General	16,475,884	20,372,239	19,097,729	18,741,057	17,290,816	6
Purchased or Sold						7
Plant In Service	265,454,657	247,383,125	231,996,240	226,223,043	217,970,621	8
Plant Leased To Others						9
Construction Work In Progress	18,982,277	9,195,921	8,033,943	2,462,225	1,607,514	10
Plant Held For Future Use	8,792,615	8,792,615	8,785,612	8,751,908	8,749,983	11
Plant Acquisition Adjustments	1,001,391	1,001,391	1,001,391	1,001,391	1,001,391	12
Accum. Gains & Losses - Utility Land & Land Rights	(1,179,412)	(1,179,409)	(1,179,408)	(1,179,408)	(1,179,408)	13
<b>Total Plant</b>	<b>293,051,528</b>	<b>265,193,644</b>	<b>248,637,778</b>	<b>237,259,159</b>	<b>228,150,101</b>	<b>14</b>
Accum. Prov. - Depr. & Amort.	73,166,004	73,107,793	67,738,972	62,867,781	58,591,446	15
<b>Net Plant</b>	<b>\$219,885,524</b>	<b>\$192,085,851</b>	<b>\$180,898,806</b>	<b>\$174,391,378</b>	<b>\$169,558,655</b>	<b>16</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.44	0.53	0.64	0.76	0.56	17
Total Capitalization	\$193,771,611	\$171,281,545	\$158,709,107	\$155,171,899	\$151,267,453	18
<u>Percent Of Capitalization (incl S-T Debt)</u>						
Long-Term Debt	26.3%	29.8%	32.1%	32.9%	33.7%	19
Preferred Stock						20
Common Stock & Retained Earnings	56.6%	56.8%	54.6%	54.3%	47.1%	21
Short-Term Debt	17.0%	13.4%	13.2%	12.8%	19.2%	22
Pretax Coverage of Interest Expense	3.3	2.7	2.4	2.7	2.8	23
Com. Stock Dividends as a % of Earnings	98.1%	64.2%	121.5%	108.4%	45.5%	24
Return on Common Equity	2.8%	4.4%	2.5%	3.1%	8.5%	25
Internal Cash Generated as a % of Cash Outflows for Construction	49.1%	69.6%	119.8%	131.6%	59.1%	26
CWIP as a % of Plant	6.5%	3.5%	3.2%	1.0%	0.7%	27
Number of Employees	104	97	96	91	90	28

Current Assets	19,861,402	16,161,240	19,205,414	18,995,424	18,156,299
Current Liabilities	44,901,336	30,271,376	29,802,532	25,150,541	32,592,610
Total Capitalization	193,771,611	171,281,545	158,709,107	155,171,899	151,267,453
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)	109,771,611	97,281,545	86,709,107	84,271,899	71,267,453
Short-Term Debt	33,000,000	23,000,000	21,000,000	19,900,000	29,000,000
Pretax Income	17,271,463	14,352,848	13,067,045	13,320,665	14,947,786
Interest Expense	5,181,883	5,304,535	5,400,949	4,985,864	5,261,742
Dividends Paid	2,800,000	2,600,000	2,600,000	2,600,000	2,600,000
Net Income (Excl. Preferred Stock Dividends)	2,854,564	4,049,117	2,140,255	2,399,041	5,716,408
Internal Cash	16,051,369	11,342,549	13,860,596	12,963,138	10,968,462
Cash Outflows for Construction	32,674,967	16,307,723	11,565,668	9,853,042	18,560,241
CWIP	18,982,277	9,195,921	8,033,943	2,462,225	1,607,514
Total Plant	293,051,529	265,193,645	248,637,778	237,259,159	228,150,101
Number of Employees	104	97	96	91	90
Salaries and Wages					

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Net Utility Plant	\$3,023,860	\$2,877,339	\$2,717,331	\$2,567,820	\$2,453,732
<b>OTHER PROPERTY AND INVESTMENTS</b>					
2 Nonutility Property (Net)					
3 Other Investments	693,771	557,894	461,998	371,439	330,072
4 Sinking Funds and Other Special Funds					
5 Total Other Property and Investments	693,771	557,894	461,998	371,439	330,072
<b>CURRENT AND ACCRUED ASSETS</b>					
6 Cash and Cash Equivalents	22,696	3,472	123,303	283,272	71,202
7 Notes and Accounts Receivables - Net	86,661	97,690	88,614	97,036	63,033
8 Receivables from Associated Companies					
9 Materials and Supplies	53,491	37,389	29,315	25,256	20,882
10 Prepayments	(421,909)	(422,143)	(329,700)	(278,661)	(213,445)
11 Accrued Utility Revenue	91,850	89,092	91,877	83,968	88,461
12 Misc Current and Accrued Assets					
13 Total Current and Accrued Assets	(167,211)	(194,500)	3,409	210,871	30,133
<b>DEFERRED DEBITS</b>					
14 Unamort. Debt Expense					
15 Other Deferred Debits	(139,170)	(129,415)	(146,968)	(222,185)	84,089
16 Accumulated Deferred Income Taxes	80,336	76,152	63,801	73,378	89,642
17 Total Deferred Debits	(58,834)	(53,263)	(83,167)	(148,807)	173,731
18 <b>Total Assets and Other Debits</b>	<b>\$3,491,586</b>	<b>\$3,187,470</b>	<b>\$3,099,571</b>	<b>\$3,001,323</b>	<b>\$2,987,668</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	2,426,181	1,811,181	1,651,181	1,651,181	1,211,181
22 Retained Earnings	455,807	614,314	529,298	507,860	469,619
23 Reacquired Capital Stock					
24 Total Proprietary Capital	2,915,588	2,459,095	2,214,079	2,192,642	1,714,400
<b>LONG-TERM DEBT</b>					
25 Long-Term Debt					
<b>CURRENT AND ACCRUED LIABILITIES</b>					
26 Notes Payable					
27 Accounts Payable	68,585	95,308	35,165	60,033	185,409
28 Payables to Associated Companies	2,703	25,006	15,144	7,256	
29 Customer Deposits					
30 Taxes Accrued	(145,898)	(44,964)	97,739	4,653	55,311
31 Interest Accrued					
32 Matured Long-Term Debt					
33 Misc Current and Accrued Liabilities	24,289	21,092	22,189	24,149	31,331
34 Total Current and Accrued Liabilities	(50,321)	96,442	170,237	96,091	272,051
<b>DEFERRED CREDITS</b>					
35 Customer Advances for Construction	242,967	242,967	242,968	242,968	198,591
36 Other Deferred Credits	3,697	16,896	80,394	130,922	193,494
37 Accumulated Deferred Investment Tax Credits	16,731	17,439	18,147	18,855	19,563
38 Accumulated Deferred Income Taxes	362,923	354,631	247,688	159,175	390,044
39 Total Deferred Credits	626,318	631,933	589,197	551,920	801,692
<b>OPERATING RESERVES</b>					
40 Operating Reserves			126,058	160,671	199,525
41 <b>Total Liabilities and Other Credits</b>	<b>\$3,491,586</b>	<b>\$3,187,470</b>	<b>\$3,099,571</b>	<b>\$3,001,323</b>	<b>\$2,987,668</b>

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

	2007	2006	2005	2004	2003	
<b>UTILITY OPERATING INCOME</b>						
Operating Revenues	\$931,450	\$945,640	\$953,927	\$935,492	\$935,048	1
Operating Expense:						
Operation Expense	660,387	478,312	450,284	488,134	469,432	2
Maintenance Expense	115,350	89,577	94,239	88,683	78,963	3
Depreciation and Amortization Expense	99,124	90,068	94,623	85,888	93,597	4
Taxes Other than Income Taxes	202,035	240,365	185,788	185,122	215,201	5
Income Taxes	(87,722)	(29,547)	25,272	5,494	2,645	6
Total Operating Expenses	989,175	868,775	850,206	853,321	859,837	7
Net Operating Revenues	(57,725)	76,865	103,721	82,171	75,210	8
Other Utility Operating Income						9
<b>Total Utility Operating Income</b>	(57,725)	76,865	103,721	82,171	75,210	10
<b>OTHER INCOME</b>						
Interest and Dividend Income			208	2,206	2,591	11
Allowance for Funds Used During Construction	2,783	3				12
Miscellaneous Nonoperating Income						13
Other Income						14
Total Other Income	2,783	3	208	2,206	2,591	15
Other Income Deductions	1,006	(3,668)	104	109		16
Taxes-Other Income and Deductions				(77)	92	17
<b>Income Available</b>	(55,948)	80,536	103,825	84,345	77,709	18
<b>INTEREST CHARGES</b>						
Interest on Long-Term Debt						19
Interest on Debt to Associated Co.	71,970	63,204	67,966	60,275	63,058	20
Other Interest Expense	1,466	1,143	(121)	89	2,975	21
Total Interest Charges	73,436	64,347	67,845	60,364	66,033	22
Income Before Extraordinary Items	(129,384)	16,189	35,980	23,981	11,676	23
Net Extraordinary Items						24
<b>Net Income</b>	(\$129,384)	\$16,189	\$35,980	\$23,981	\$11,676	25
<b>RETAINED EARNINGS</b>						
Unappropriated (Beginning)	\$614,314	\$529,298	\$507,860	\$469,619	\$785,732	26
Balance Transferred from Income	(129,384)	16,189	35,980	23,981	11,676	27
Appropriated						28
Dividends Declared-Preferred Stock						29
Dividends Declared-Common Stock					350,000	30
Adjustments to Retained Earnings	(29,123)	68,827	(14,542)	14,260	22,211	31
Net Change	(158,507)	85,016	21,438	38,241	(316,113)	32
Unappropriated (EOP)	455,807	614,314	529,298	507,860	469,619	33
Appropriated (EOP)						34
<b>Total Retained Earnings</b>	\$455,807	\$614,314	\$529,298	\$507,860	\$469,619	35

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	(\$129,384)	\$16,189	\$35,980	\$23,981	\$11,676
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	99,124	172,999	121,404	112,437	141,827
3 Deferred Taxes & ITCs	3,400	93,884	(6,243)	58,627	18,760
4 Receivables and Inventory	(7,831)	(14,365)	4,364	(38,377)	(42,592)
5 Payables and Accrued Expenses	(45,829)	68,908	(17,813)	(125,302)	176,323
6 Capitalized AFUDC - Equity Funds	(2,783)	3			
7 Equity In Loss (Earnings) Of Affiliates					
8 Other Adjustments	9,755	(17,553)			
9	(13,199)	(63,498)	(7,909)	4,493	29,751
10	(101,168)	(176,318)	74,384	(3,813)	304,797
11 Net Cash From Operating Activities	<u>(187,914)</u>	<u>80,249</u>	<u>204,167</u>	<u>32,046</u>	<u>640,542</u>
<b>Cash Flows From Investing Activities</b>					
12 Cash Outflows For Construction	(242,862)	(250,079)	(244,135)	(199,976)	(252,182)
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					
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>(407,862)</u>	<u>(200,079)</u>	<u>(364,135)</u>	<u>180,024</u>	<u>(252,182)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
24 Long-Term Debt					
25 Common Stock		(1)			
26 Preferred Stock					
27 Short-Term Debt					
28 Dividends Paid					
29 Other Cash Flows - Financing Activities	615,000				(350,000)
30					
31					
32 Net Cash From Financing Activities	<u>615,000</u>	<u>(1)</u>			<u>(350,000)</u>
33 Net Increase/(Decrease) In Cash Equivalents	19,224	(119,831)	(159,968)	212,070	38,360
34 Cash & Cash Equivalents At Beginning Of Year	3,472	123,303	283,271	71,201	32,842
35 Cash & Cash Equivalents At End Of Year 1	\$22,696	\$3,472	\$123,303	\$283,271	\$71,201

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,**

	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Sales to General Customers	\$844,594	\$863,959	\$766,641	\$766,186	\$760,205	1
Sales to Other Water Companies	49,271	51,106	48,940	49,019	47,873	2
Other Sales of Water	30,023	27,235	124,481	118,556	151,435	3
Total Revenues from Sales of Water	923,888	942,300	940,062	933,761	959,513	4
Other Water Operating Revenues		3,339	13,865	1,730	(24,465)	5
Total Water Operating Revenues	\$923,888	\$945,639	\$953,927	\$935,491	\$935,048	6
<b>WATER SALES (Thousands of Gallons)</b>						
Sales to General Customers	451,010	492,219	455,763	455,405	428,106	8
Sales to Other Water Companies	36,235	36,965	35,559	35,423	34,758	9
Other Sales of Water	6,760	5,610	7,616	8,605	8,512	10
Total Sales of Water	494,005	534,794	498,938	499,433	471,376	11
<b>AVG CUSTOMERS PER MONTH</b>						
Sales to General Customers	1,408	1,414	1,389	1,396	1,381	13
Sales to Other Water Companies	2	2	2	2	2	14
Other Sales of Water	36	36	64	59	58	15
Total Customers	1,446	1,452	1,455	1,457	1,441	16
<b>OPERATING REVENUE RELATIONSHIP</b>						
<b>METERED GENERAL CUSTOMERS</b>						
Average Annual Bill per Customer	\$599.85	\$611.00	\$551.94	\$548.84	\$550.47	18
Average Consumption per Customer (T.Gal)	320.32	348.10	328.12	326.22	310.00	19
Average Revenue per T Gallons Sold	\$1.87	\$1.76	\$1.68	\$1.68	\$1.78	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	\$22,275	\$12,540	15,845	8,082	7,163	24
Power and Pumping	205,486	171,349	173,266	152,165	148,920	25
Purification	42,107	39,865	35,643	36,067	25,906	26
Transmission and Distribution	124,886	106,709	100,524	109,798	92,644	27
Customer Accounting and Collecting	89,366	86,125	92,860	59,032	51,042	28
Administrative and General	291,617	151,301	126,384	211,674	222,719	29
Total O & M Expense	\$775,738	\$567,889	\$544,522	\$576,818	\$548,395	30

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

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
1 Revenues	\$923,888	\$945,639	\$953,927	\$935,491	\$935,048
2 Sales (Thousands of Gallons)	494,005	534,794	498,938	499,433	471,376
<b>DOLLAR AMOUNTS</b>					
3 Purchased Water, Fuel or Power for Pumping, and Chemicals	\$148,159	\$120,276	\$123,893	\$118,015	\$115,017
4 Wages and Benefits	327,441	227,829	212,759	209,009	205,760
5 Other Operation and Maintenance Expense	300,138	219,783	207,870	249,793	227,618
6 Depreciation and Amortization Expense	99,124	90,068	94,623	85,888	93,597
7 Income Taxes-Operating	(87,722)	(29,547)	25,272	5,494	2,645
8 Other Taxes-Operating	202,035	240,365	185,788	185,122	215,201
9 Capital Costs	(65,287)	76,864	103,722	82,170	75,211
10 Total	\$923,888	\$945,639	\$953,927	\$935,491	\$935,048
<b>PERCENT OF REVENUES</b>					
11 Purchased Water, Fuel or Power for Pumping, and Chemicals	16.0	12.7	13.0	12.6	12.3
12 Wages and Benefits	35.4	24.1	22.3	22.3	22.0
13 Other Operation and Maintenance Expense	32.5	23.2	21.8	26.7	24.3
14 Depreciation and Amortization Expense	10.7	9.5	9.9	9.2	10.0
15 Income Taxes-Operating	(9.5)	(3.1)	2.6	0.6	0.3
16 Other Taxes-Operating	21.9	25.4	19.5	19.8	23.0
17 Capital Costs	(7.1)	8.1	10.9	8.8	8.0
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	0.30	0.22	0.25	0.24	0.24
20 Wages and Benefits	0.66	0.43	0.43	0.42	0.44
21 Other Operation and Maintenance Expense	0.61	0.41	0.42	0.50	0.48
22 Depreciation and Amortization Expense	0.20	0.17	0.19	0.17	0.20
23 Income Taxes-Operating	-0.18	-0.06	0.05	0.01	0.01
24 Other Taxes-Operating	0.41	0.45	0.37	0.37	0.46
25 Capital Costs	-0.13	0.14	0.21	0.16	0.16
26 Total	1.87	1.77	1.91	1.87	1.98

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

Purchased Water					
Fuel for Pumping	140,748	111,889	117,926	113,495	111,078
Chemicals	7,411	8,387	5,967	4,520	3,939
Total PW, Fuel and Chemicals	148,159	120,276	123,893	118,015	115,017
Total - Ultimate Customers	148,159	120,276	123,893	118,015	115,017

**Wages and Benefits**

Salaries	201,086	180,435	169,685	165,109	152,381
Pensions and Benefits	126,355	47,394	43,074	43,900	53,379
Total Wages and Benefits	327,441	227,829	212,759	209,009	205,760

**Other Expenses**

Total O&M Expenses	775,738	567,889	544,522	576,818	548,395
-Total PW, Fuel and Chemicals	148,159	120,276	123,893	118,015	115,017
-Wages and Benefits	327,441	227,829	212,759	209,009	205,760
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	300,138	219,783	207,870	249,793	227,618

**Depreciation and Amortization**

Depreciation Exp	99,124	90,068	94,623	85,888	93,597
Amort of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Total Depre and Amort	99,124	90,068	94,623	85,888	93,597

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

Total PW, Fuel and Chemicals	148,159	120,276	123,893	118,015	115,017
divided by Total Gallons	494,005	534,794	498,938	499,433	471,376
Cost per KWH	0.0003	0.0002	0.0002	0.0002	0.0002
times Sales for Resale MWHs					
Sales for Resale Cost					



Current Assets	(167,211)	(194,500)	3,409	210,871	30,133
Current Liabilities	(50,321)	75,152	170,237	96,091	272,051
Total Capitalization	2,915,588	2,466,558	2,214,079	2,192,642	1,714,400
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,915,588	2,466,558	2,214,079	2,192,642	1,714,400
Short-Term Debt					
Pretax Income	(142,664)	47,321	129,201	89,948	80,355
Interest Expense	73,436	64,347	67,845	60,364	66,033
Dividends Paid					350,000
Net Income (Excl. Preferred Stock Dividends)	(129,384)	37,479	35,980	23,981	11,676
Internal Cash	(217,038)	80,249	204,166	32,046	640,542
Cash Outflows for Construction	242,862	250,079	244,135	199,976	252,182
CWIP	150,535	141,660	181,000	13,117	225,341
Total Plant	4,319,478	4,199,760	3,967,031	3,749,969	3,549,993
Number of Employees	5	5	5	5	5
Salaries and Wages					