

**AQUA PENNSYLVANIA, INC.**  
**2011 RATE CASE**  
**FILING REQUIREMENTS**

**J. Balance Sheet**

- BS1. Provide a comparative balance sheet for the historic test year-end and the preceding year-end.
- A. See attached.

	June 30, 2011	June 30, 2010	VARIANCE	
			CURRENT ACTUAL vs PRIOR YEAR AMOUNT	PERCENT
Utility Prop Plant Equip	2,513,453,495	2,322,029,565	191,423,930	8.24%
Net Utility Plant Adjustment	828,456	(580,899)	1,409,355	-242.62%
Subtotal	2,514,281,950	2,321,448,666	192,833,284	8.31%
Less Allow for Depreciation	(481,425,339)	(433,360,767)	(48,064,572)	11.09%
Net Utility Plant	2,032,856,612	1,888,087,899	144,768,713	7.67%
CWIP	40,263,202	22,885,958	17,377,244	75.93%
Net Plant	2,073,119,812	1,910,973,858	162,145,954	8.48%
Other Physical Property	2,369,317	2,389,503	(20,186)	-0.84%
Investments	134,190,785	77,592,804	56,597,981	72.94%
Investments in Subsidiary	2,918,044	2,542,438	375,606	14.77%
CSV Life Insurance	0	0	0	
Other	0	0	0	
Total Other Investments	139,478,146	82,524,745	56,953,401	69.01%
Cash	1,167,825	4,421,851	(3,254,026)	-73.59%
Interest Rec. Affiliates	0	0	0	
Dividends Rec. Affiliates	0	0	0	
Temporary Investments	0	0	0	
Accounts Receivable Trade	29,063,845	24,892,530	4,171,315	16.76%
Allowance for Bad BebtS	(2,225,521)	(2,248,376)	22,855	-1.02%
Accounts Rec. Affiliates	10,860,295	20,577,917	(9,717,622)	-47.22%
Notes Receivable	149,473	369,509	(220,036)	-59.55%
Notes Rec. Affiliates	0	0	0	
Materials and Supplies	6,351,505	3,764,553	2,586,952	68.72%
Unbilled Revenue	18,831,844	19,064,517	(232,673)	-1.22%
Prepayments	349,162	271,872	77,290	28.43%
Other Current Assets	605,771	0	605,771	
Total Current Assets	65,154,197	71,114,372	(5,960,175)	-8.38%
Unamortized Debt Expense	15,150,073	13,833,976	1,316,097	9.51%
Rate Case Expense	495,927	849,452	(353,525)	-41.62%
Prelim Survey & Invest	3,300	0	3,300	
Regulatory Assets	110,208,727	104,379,062	5,829,665	5.59%
Restricted Cash	0	0	0	
RWIP	38,651	147,707	(109,056)	-73.83%
Accum Def Income Taxes	0	0	0	
Other non-current assets	1,084,547	3,074,714	(1,990,167)	-64.73%
Total Non-current Assets	126,981,223	122,284,910	4,696,313	3.84%
Total Assets	2,404,733,381	2,186,897,885	217,835,496	9.96%

Preferred Stock	0	0	0	
Common Shares	120,000	100,000	20,000	20.00%
Premium on Common Shares	0	0	0	
Capital in Excess of Par	272,811,716	323,024,800	(50,213,084)	-15.54%
Capital in Excess of Par Disc	0	0	0	
Reinvested Earnings	0	0	0	
Balance January 1	519,367,534	471,415,745	47,951,789	10.17%
Income Current Year	50,064,722	38,688,402	11,376,320	29.40%
Dividends - Common	(8,000,000)	(12,500,000)	4,500,000	-36.00%
Other	(3,797,158)	(8,652,764)	4,855,606	-56.12%
<b>Subtotal</b>	<b>838,566,814</b>	<b>824,576,184</b>	<b>13,990,630</b>	<b>1.70%</b>
Mortgage Bonds	903,268,756	821,858,106	81,410,650	9.91%
<b>Subtotal</b>	<b>903,268,756</b>	<b>821,858,106</b>	<b>81,410,650</b>	<b>9.91%</b>
Short Term Debt	97,142,523	23,081,510	74,061,013	320.87%
<b>Subtotal</b>	<b>97,142,523</b>	<b>23,081,510</b>	<b>74,061,013</b>	<b>320.87%</b>
Total Capitalization	1,838,978,092	1,669,515,799	169,462,293	10.15%
Minority Int in Water Subs	247,867	223,788	24,079	10.76%
Current Portion of LTD	25,325,911	4,709,787	20,616,124	437.73%
Operating Acc/Pay Trade	19,085,866	26,811,932	(7,726,066)	-28.82%
Accounts Payable Affiliates	0	0	0	
Construction Accounts Payable	0	0	0	
Dividends Payable	0	0	0	
Accrued Taxes - Federal	(41,072,470)	6,207,482	(47,279,952)	-761.66%
Accrued Taxes - State	(1,208,782)	2,189,227	(3,398,009)	-155.22%
Accrued Taxes - Other	627,059	(396,943)	1,024,002	-257.97%
Accrued Interest	10,833,693	10,975,311	(141,618)	-1.29%
Other Current Liabilities	3,904,687	4,028,046	(123,359)	-3.06%
<b>Total Current Liabilities</b>	<b>17,743,832</b>	<b>54,748,628</b>	<b>(37,004,796)</b>	<b>-67.59%</b>
Cust Advances for Const	38,979,481	39,355,651	(376,170)	-0.96%
Long Term Deferred FIT	400,784,300	299,772,993	101,011,307	33.70%
Long Term Deferred SIT	16,915,906	18,259,886	(1,343,980)	-7.36%
Unamortized ITC	4,799,692	4,843,227	(43,535)	-0.90%
Regulatory Liabilities	19,939,852	14,033,040	5,906,812	42.09%
Total Other Non-Current Liab	(11,783,106)	(4,998,178)	(6,784,928)	135.75%
<b>Total Def Cr &amp; Non-current Lia</b>	<b>469,636,124</b>	<b>371,266,619</b>	<b>98,369,505</b>	<b>26.50%</b>
Contrib in Aid of Const	92,750,982	91,366,837	1,384,145	1.51%
Contrib in Aid of Const Amort	(14,375,649)	0	(14,375,649)	
<b>Contrib in Aid of Const</b>	<b>78,375,333</b>	<b>91,366,837</b>	<b>(12,991,504)</b>	<b>-14.22%</b>
<b>Total Liabilities and Capital</b>	<b>2,404,733,381</b>	<b>2,186,897,885</b>	<b>217,835,496</b>	<b>9.96%</b>

**AQUA PENNSYLVANIA, INC.**  
**2011 RATE CASE**  
**FILING REQUIREMENTS**

**J. Balance Sheet**

BS2. Provide a detail of Other Physical Property, Investments in Affiliated Companies and Other Investments.

A. Other Physical Property-see attached	\$ 2,785,314
B. Investments in Affiliated Cos.-Investment in Little Washington Wastewater Company	\$ 2,918,044
C. Other Investments-Tax Free Financing	\$ 134,190,785

**AQUA PENNSYLVANIA, INC.**  
**2011 RATE CASE**  
**FILING REQUIREMENTS**

**J. Balance Sheet**

BS3. Provide the amounts and purpose of Special Cash Accounts as of the historic test-year end.

A. At 6/30/011, special cash account balances were as follows:

Special Deposits:	\$ 0
Working Funds:	<u>\$ 35,965</u>
Total	<u>\$ 35,965</u>

The working fund account serves the following purpose:

- Petty cash needs

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**J. Balance Sheet**

BS4. Describe the nature and amounts of notes receivable, accounts receivable from associated companies, and any other significant receivables, other than customers' accounts, greater than 15% of the total. Limit the explanation to variances greater than \$10,000.

A. The nature and amounts of other than customer accounts receivables at 6/30/11 are as follows:

- Notes Receivable \$ 325,473

- Accounts Rec. – Affiliates \$10,860,295

Inter-company receivables totaling \$(9,277,279) primarily relate to routine services and sundry billings. Advances to Little Washington Wastewater totaled \$20,137,574.

Other Receivables \$170,361

Other receivables include jobbing as well as employee receivables for items such as computer purchase loans.

**AQUA PENNSYLVANIA, INC.**  
**2011 RATE CASE**  
**FILING REQUIREMENTS**

**J. Balance Sheet**

BS5. Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued and amounts written-off in each of the last three years.

A.	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>
Accumulated Reserve	\$2,225,521	\$2,570,171	\$1,989,459
Amount Accrued	0	0	0
Amount Written Off	\$2,033,634	\$2,155,837	\$2,362,210

**AQUA PENNSYLVANIA, INC.**  
**2011 RATE CASE**  
**FILING REQUIREMENTS**

**J. Balance Sheet**

BS6. Provide a list of prepayments and give an explanation of special prepayments.

A. Please see detail of prepayments below.

	<u>6/30/11</u>
FIS-Hardware & Software Maintenance	-0-
Rent	209,508
Miscellaneous	<u>90,654</u>
Total Prepayments	<u>\$ 300,162</u>



**AQUA PENNSYLVANIA, INC.**  
**2011 RATE CASE**  
**FILING REQUIREMENTS**

**J. Balance Sheet**

BS7. Explain in detail any other significant items, greater than 15% of the total, in the current assets listed on balance sheet. Limit the explanation to variances greater than \$10,000.

A. Significant current assets are detailed as follows:

	<u>6/30/11</u>	<u>6/30/12 (a)</u>
Customer Accounts Receivable	\$28,897,831	
Miscellaneous Accounts Receivable	166,014	
Accounts Receivable-Affiliates	<u>10,860,295</u>	
Total Accounts Receivable	<u>\$39,924,140</u>	\$40,000,000
Materials and Supplies	\$ 6,351,505	\$6,000,000
Accrued Utility Revenues	\$18,831,844	\$14,000,000

(a) 6/30/12 estimated

**AQUA PENNSYLVANIA, INC.**  
**2011 RATE CASE**  
**FILING REQUIREMENTS**

**J. Balance Sheet**

- BS8. Explain in detail, including the amount and purpose, the deferred asset accounts that currently operate to affect or will at a later date affect the operating account supplying:
- a. Origin of these accounts.
  - b. Probable changes to this account in the near future.
  - c. Amortization of these accounts currently charged to operations or to be charged in the near future.
- A.
- a. The attached deferred debit items were set up by the Company in order to properly match the regulatory amortization period. In addition, the Company maintains a regulatory asset account which arose as a result of the adoption of SFAS No. 106 and SFAS No. 109.
  - b. Refer to Exhibit 1-A for the pro-forma future test year rate adjustments involving amortizations of deferred debits.
  - c. See attached schedule for historic test year amortization. For future test year amortization, see Exhibit 1-A.

**AQUA PENNSYLVANIA, INC.  
ANALYSIS OF OTHER DEFERRED ASSETS  
ATTACHMENT TO BS8**

<b><u>DESCRIPTION</u></b>	<b><u>JULY 2010 THRU JUNE 2011 EXPENSES</u></b>	<b><u>DEFERRED DEBIT BALANCE 6/30/11</u></b>
UCMR II-WATER SAMPLING PROGRAM	47,496	7,920
SHARON, PA CUSTOMERS-IN-HOME BOOSTERS	(14,173)	0
BEAR CREEK PROJECT	0	(143,292)
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	33,323	(135,372)
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**AQUA PENNSYLVANIA, INC.**  
**2011 RATE CASE**  
**FILING REQUIREMENTS**

**J. Balance Sheet**

BS9. Explain the nature of accounts payable to associated companies, and note amounts of significant items. Provide a breakdown by category.

A. There were no accounts payable to associated companies at 6/30/11

**AQUA PENNSYLVANIA, INC.**  
**2011 RATE CASE**  
**FILING REQUIREMENTS**

**J. Balance Sheet**

BS10. Provide details of other deferred credits as to their origin and disposition policy (e.g. - amortization).

A. Other deferred credits are detailed as follows:

	<u>6/30/11</u>
253200-OPEB Reserve	(1) 3,627,466
253250-Pension Reserve	(2) (19,939,852)
253350-SERP Reserve	(3) 1,530,815
	<hr/>
Total Other Deferred Credits	<u>\$ (11,783,106)</u>

- (1) Per FASB 106
- (2) Per FASB 109
- (3) Paid out annually

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**J. Balance Sheet**

BS11. Provide details of any significant reserves, other than depreciation and bad debt, appearing on historic balance sheet.

A. The Company has the following significant reserves as of 6/30/11:

FAS 87 Pension Reserve -	\$ (15,636,054)
FAS 106 Post Retirement -	\$ 3,627,466
Pension Additional Liability-	\$ 225,482

**AQUA PENNSYLVANIA, INC.**  
**2011 RATE CASE**  
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**J. Balance Sheet**

BS12. Provide an analysis of unappropriated retained earnings for the historic test year and two preceding years.

A. Unappropriated Retained Earnings for the test year and two preceding calendar years is as follows:

<u>6/30/11</u>	<u>12/31/10</u>	<u>12/31/09</u>
\$519,367,534	\$471,415,745	\$402,599,337

**AQUA PENNSYLVANIA, INC.**  
**2009 RATE CASE**  
**FILING REQUIREMENTS**

**J. Balance Sheet**

- BS13. Describe the purpose of any advances made by the Company to its parent corporation and describe all terms and conditions associated with such advances, including an estimate of future advances or repayments that are expected to occur.
- A. There were no advances made by the Company to its parent corporation that were outstanding at 6/30/11.