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10/30/2014

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CASE MANAGEMENT

The Honorable Kristi Izzo  
Secretary  
State of New Jersey  
Board of Public Utilities  
44 South Clinton Ave.  
9th Floor  
P.O. Box 350  
Trenton, New Jersey 08625-0350

Dear Secretary Izzo,

WR1311128

Enclosed is the Quarterly Report of United Water New Jersey for the period ended September 30, 2014.

Very truly yours,



Alina Rocha, C.P.A., C.G.M.A.  
Corporate Controller

Enclosure

CERTIFIED MAIL

OCMS  
J. Kane  
Water

United Water New Jersey Inc.

Note to the Financial Statements

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As a regulated utility, United Water New Jersey (the “Company”) follows Accounting Standards Codification topic (“ASC”) 980, Regulated Operations. ASC 980 sets forth the accounting for the effects of certain types of regulation, including the recognition of regulatory assets and liabilities that are allowed by state regulators and are considered probable of recovery or refund.

United Water New York (UWNY), a wholly owned subsidiary of the Company, discovered an error in the calculation of their Revenue Reconciliation surcharge deferral that was authorized as part of its 2010 Rate Order. The 2010 Rate Order requires UWNY to reconcile the authorized level of revenues in each year covered by the Rate Order. The Ordered revenues recognized were not properly calendarized and, while correct in total for the rate periods, consequently caused incorrect timing of the recognition of revenues for certain periods. United Water New York has adjusted its financial statements to reflect the correct recognition and has also disclosed an opening equity adjustment at January 1, 2013 in the amount of \$1,759 (in thousands) to reflect the correction for this adjustment.

The aforementioned adjustment does not impact the enclosed Company’s standalone financial statements. The Company’s investment in its subsidiary, UWNY, is included on the Company’s balance sheet at original cost, adjusted for subsequent capital contribution.

DEPARTMENT OF PUBLIC UTILITIES

STATE OF NEW JERSEY

BOARD OF PUBLIC UTILITIES

QUARTERLY REPORT

of

UNITED WATER NEW JERSEY

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For the Quarter Ended  
September 30, 2014

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INSTRUCTIONS

A report on this form is to be filed by each Class "A" Water Utility with the Board of Public Utilities, Two Gateway Center, CN 350, Newark, New Jersey 07102, for the quarterly periods ending March 31, June 30, September 30 and December 31 of each year. In the alternative, the Board will accept monthly reports from each Water Utility as prepared by it on its regular forms. Either quarterly or monthly reports must be filed within 30 days after the end of each period and are in addition to the Annual Report.

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CASE MANAGEMENT

VERIFICATION

I, Alina Rocha, Corporate Controller, do hereby certify that this report has been prepared under my direction and that the report is true and correct to the best of my information, knowledge, and belief.

  
Signature

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BALANCE SHEET  
ASSETS AND OTHER DEBITS2014 NOV 4 PM 2:34  
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ACCOUNT NUMBER	TITLE OF ACCOUNT	
	UTILITY PLANT	
101 - 106	Utility Plant	1,104,719,435.12
107	Construction Work in Progress	21,462,062.66
111 - 113	Accum. Prov. for Depreciation	(251,743,192.24)
114 - 116	Accum. Prov. for Amort. of Util. Plant	(6,095,071.24)
117 - 119	Utility Plant Adjustment (Net)	106,331.15
	Net Utility Plant	868,449,565.45
	OTHER PROPERTY AND INVESTMENTS	
121	Non-Utility Property	0.00
122	Accum. Prov. for Depr. and Amort. Of Non-Utility Prop.	0.00
123	Investment in Assoc. Co's.	182,755,629.50
128	Other Special Deposits	335,600.61
	Total Other Property and Investments	183,091,230.11
	CURRENT AND ACCRUED ASSETS	
131	Cash	8,920,226.31
132 - 134	Special Deposits	77,500.00
135	Working Funds	6,449.73
142	Customer Accounts Receivable	15,596,905.98
143	Other Accounts Receivable	952,014.85
144	Accum. Prov. For Uncollect. Accts.	(3,423,253.00)
146	Receivables from Associated Companies	8,418,213.22
151 - 163	Materials and Supplies	3,145,262.84
165	Prepayments	3,652,084.82
173	Accrued Utility Revenue	15,961,115.00
	Total Current and Accrued Assets	53,306,519.75
	DEFERRED DEBITS	
181	Unamortized Debt Discount and Expense	11,077,580.29
183 - 186	Other Deferred Debits	62,906,600.07
190	Deferred Income Tax	1,817,790.55
	Total Deferred Debits	75,801,970.91
	TOTAL ASSETS AND OTHER DEBITS	1,180,649,286.22



BALANCE SHEET  
LIABILITIES AND OTHER CREDITS

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ACCOUNT NUMBER	TITLE OF ACCOUNT	
	<b>PROPRIETARY CAPITAL</b>	
201 - 203	Common Capital Stock	20,805,730.00
204 - 206	Preferred Capital Stock	0.00
207 - 211	Other Paid-In Capital	286,557,573.52
216	Unappropriated Earned Surplus	179,975,647.83
	<b>Total Proprietary Capital</b>	<b>487,338,951.35</b>
	<b>LONG TERM DEBT</b>	
221 - 222	Bonds	0.00
223	Advances from Associated Companies	0.00
224	Other Long-Term Debt	305,255,323.09
	<b>Total Long-Term Debt</b>	<b>305,255,323.09</b>
	<b>CURRENT AND ACCRUED LIABILITIES</b>	
231	Notes Payable	80,000,000.00
232	Accounts Payable	9,377,888.78
234	Payables to Associated Companies	0.00
235	Customer Deposits	1,343,178.78
236	Taxes Accrued	53,283,183.34
237	Interest Accrued	5,737,487.49
238	Dividends Declared	0.00
241	Misc Tax Withholdings	0.00
242	Other Current and Accrued Liabilities	10,822,368.99
	<b>Total Current and Accrued Liabilities</b>	<b>160,564,107.38</b>
	<b>DEFERRED CREDITS</b>	
251	Unamortized Premium on Debt	0.00
252	Advances for Construction	8,171,792.13
253	Other Deferred Credits	32,121,517.86
	<b>Total Deferred Credits</b>	<b>40,293,309.99</b>
	<b>OPERATING RESERVES</b>	
262	Injuries and Damages	1,352,689.00
263	Pensions and Benefits Reserve	12,028,417.05
265	Other Operating Reserves	0.00
	<b>Total Operating Reserves</b>	<b>13,381,106.05</b>
271	<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	<b>39,161,368.36</b>
283	<b>DEFERRED INCOME TAX AND ITC</b>	<b>134,655,120.00</b>
	<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b>1,180,649,286.22</b>

## STATEMENT OF INCOME

ACCOUNT NUMBER	TITLE OF ACCOUNT	Current Quarter	12 Months Ended Current Quarter
	UTILITY OPERATING INCOME		
400	Operating Revenues	63,958,243.49	212,810,940.91
	OPERATING EXPENSES		
401	Operating Expense	16,431,332.92	66,856,003.15
402	Maintenance Expense	3,431,111.08	11,051,918.04
403	Depreciation Expense	6,418,574.82	25,254,705.56
404 - 407	Amortization Expense	131,800.30	545,119.41
408	Taxes Other Than Income Taxes	10,965,638.46	38,147,006.72
409 - 411	Income Taxes	8,232,300.00	20,386,968.00
	Total Operating Expenses	45,610,757.58	162,241,720.88
	Net Operating Revenues	18,347,485.91	50,569,220.03
412 -413	Income from Utility Plant Leased	0.00	0.00
	Utility Operating Income	18,347,485.91	50,569,220.03
	OTHER INCOME		
417	Income from Non-Utility Operations	0.00	0.00
418	Non-Operating Rental Income	0.00	0.00
419	Interest and Dividend Income	0.00	0.00
421	Misc. Non-Operating Income	0.00	0.00
	Total Other Income	0.00	0.00
	Gross Income	18,347,485.91	50,569,220.03
	MISCELLANEOUS INCOME DEDUCTIONS		
425	Misc. Amortization	8,616.06	34,464.24
426	Other Income Deductions	87,503.23	604,970.87
	Net Income Before Interest Charges	18,251,366.62	49,929,784.92
	INTEREST EXPENSE		
427	Interest on Long-Term Debt	2,651,708.99	11,109,577.96
428 - 429	Amortization Deductions (Net)	220,827.00	857,670.00
430	Interest on Debt to Assoc. Co's.	0.00	0.00
431	Other Interest Expense	306,506.17	981,252.50
432	Interest - Construction Credit	(187,254.35)	(843,489.66)
	Total Interest Expense	2,991,787.81	12,105,010.80
	Net Income before Preferred Stock Dividends	15,259,578.81	37,824,774.12

NAME OF UTILITY: UNITED WATER NEW JERSEY

QUARTER YEAR ENDED 9/30/2014

WATER OPERATING REVENUES

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ACCOUNT NUMBER	TITLE OF ACCOUNT	OPERATING REVENUES	GALLONS*	NUMBER OF CUSTOMERS END OF QTR
	<b>SALES OF WATER</b>			
461	Metered Sales to General Customers	53,296,600.13	8,684,003	201,325
462	Private Fire Protection Service	3,799,123.07		
463	Public Fire Protection Service Inch-Foot Charge-Hydrant Chg	2,280,566.10	(A) 197,231	57
464	Other Sales to Public Authorities	2,280,677.75		
466	Sales for Resale	1,842,246.62	590,859	9
	<b>Total Sales of Water</b>	<b>63,499,213.67</b>	<b>9,472,093</b>	<b>201,391</b>
	<b>OTHER OPERATING REVENUES</b>			
470	Forfeited Discounts	-	*****	*****
471	Misc. Service Revenues	398,064.81	*****	*****
472	Rents from Water Property	60,965.01	*****	*****
473	Interdepartmental Rents	-	*****	*****
474	Other Water Revenues	-	*****	*****
	<b>Total Other Operating Revenues</b>	<b>459,029.82</b>	<b>*****</b>	<b>*****</b>
	<b>Total Operating Revenues</b>	<b>63,958,243.49</b>		

\* Thousands of Gallons Delivered to Customers During Quarter

(A) Estimated



UNITED WATER NEW JERSEY  
STATEMENT OF RETAINED EARNINGS  
FOR THE THREE MONTHS ENDED

September 30, 2014

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Balance beginning of period	174,716,069.02
Add :	
Net Income	15,259,578.81
Total Additions	<u>15,259,578.81</u>
Deduct :	
Common Stock Dividends Declared	10,000,000.00
Total Deductions	<u>10,000,000.00</u>
Balance End of Period	<u><u>179,975,647.83</u></u>



UNITED WATER NEW JERSEY  
BOARD OF PUBLIC UTILITIES QUARTERLY REPORT  
September 30, 2014

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DIVIDENDS DECLARED AND PAID

Common :

10,000,000.00

Total Dividends Declared

10,000,000.00