

AQUA AMERICA INC  
Form 10-Q  
May 06, 2016  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended March 31, 2016

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-6659

AQUA AMERICA, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania  
(State or other jurisdiction of  
incorporation or organization)

23-1702594  
(I.R.S. Employer  
Identification No.)

762 W. Lancaster Avenue, Bryn Mawr, Pennsylvania  
(Address of principal executive offices)

19010 -3489  
(Zip Code)

(610) 527-8000  
(Registrant's telephone number, including area code)

(Former Name, former address and former fiscal year, if changed since last report.)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12(b)-2 of the Exchange Act.:

Large accelerated filer Accelerated filer  
Non-accelerated filer (do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of

April 22, 2016: 177,271,652

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AQUA AMERICA, INC. AND SUBSIDIARIES

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## AQUA AMERICA, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(In thousands of dollars, except per share amounts)

(UNAUDITED)

	March 31, 2016	December 31, 2015
Assets		
Property, plant and equipment, at cost	\$ 6,183,513	\$ 6,088,011
Less: accumulated depreciation	1,430,632	1,399,086
Net property, plant and equipment	4,752,881	4,688,925
Current assets:		
Cash and cash equivalents	3,981	3,229
Accounts receivable and unbilled revenues, net	91,761	99,146
Inventory, materials and supplies	12,499	12,414
Prepayments and other current assets	12,713	11,802
Assets held for sale	1,779	1,779
Total current assets	122,733	128,370
Regulatory assets	859,830	830,118
Deferred charges and other assets, net	30,228	28,878
Investment in joint venture	7,467	7,716
Goodwill	42,304	33,866
Total assets	\$ 5,815,443	\$ 5,717,873
Liabilities and Equity		
Stockholders' equity:		
Common stock at \$.50 par value, authorized 300,000,000 shares, issued 180,176,073 and 179,363,660 as of March 31, 2016 and December 31, 2015	\$ 90,088	\$ 89,682
Capital in excess of par value	790,749	773,585
Retained earnings	950,158	930,061
Treasury stock, at cost, 2,910,671 and 2,819,569 shares as of March 31, 2016 and December 31, 2015	(70,912)	(68,085)
Accumulated other comprehensive income	624	687
Total stockholders' equity	1,760,707	1,725,930
Long-term debt, excluding current portion	1,766,662	1,743,612
Less: debt issuance costs	22,554	23,165
Long-term debt, excluding current portion, net of debt issuance costs	1,744,108	1,720,447
Commitments and contingencies (See Note 13)	-	-

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Current liabilities:		
Current portion of long-term debt	29,096	35,593
Loans payable	28,041	16,721
Accounts payable	33,971	56,452
Accrued interest	21,778	12,651
Accrued taxes	21,821	21,887
Other accrued liabilities	39,636	49,895
Total current liabilities	174,343	193,199
Deferred credits and other liabilities:		
Deferred income taxes and investment tax credits	1,152,343	1,118,923
Customers' advances for construction	86,546	86,934
Regulatory liabilities	255,434	259,507
Other	110,509	100,498
Total deferred credits and other liabilities	1,604,832	1,565,862
Contributions in aid of construction	531,453	512,435
Total liabilities and equity	\$ 5,815,443	\$ 5,717,873

See notes to consolidated financial statements beginning on page 8 of this report.

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## AQUA AMERICA, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF NET INCOME

(In thousands, except per share amounts)

(UNAUDITED)

	Three Months Ended March 31,	
	2016	2015
Operating revenues	\$ 192,607	\$ 190,326
Operating expenses:		
Operations and maintenance	73,541	73,189
Depreciation	32,145	30,500
Amortization	450	849
Taxes other than income taxes	14,140	14,621
Total operating expenses	120,276	119,159
Operating income	72,331	71,167
Other expense (income):		
Interest expense, net	19,853	18,665
Allowance for funds used during construction	(2,308)	(1,182)
Gain on sale of other assets	(207)	(169)
Equity loss in joint venture	249	714
Income before income taxes	54,744	53,139
Provision for income taxes	3,007	4,594
Net income	\$ 51,737	\$ 48,545
Net income per common share:		
Basic	\$ 0.29	\$ 0.27
Diluted	\$ 0.29	\$ 0.27
Average common shares outstanding during the period:		
Basic	177,104	176,888
Diluted	177,819	177,792
Cash dividends declared per common share	\$ 0.178	\$ 0.165