

AQUA AMERICA INC
Form 10-Q
November 05, 2012
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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 September 30, 2012

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)

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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.)

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 October 24, 2012: 139,941,476

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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)

	September 30, 2012	December 31, 2011
Assets		
Property, plant and equipment, at cost	\$ 4,953,049	\$ 4,517,966
Less: accumulated depreciation	1,089,684	987,024
Net property, plant and equipment	3,863,365	3,530,942
Current assets:		
Cash and cash equivalents	6,122	8,204
Accounts receivable and unbilled revenues, net	103,715	75,546
Deferred income taxes	10,422	37,758
Inventory, materials and supplies	12,178	11,014
Prepayments and other current assets	13,045	9,775
Assets of discontinued operations held for sale	85,503	263,061
Total current assets	230,985	405,358
Regulatory assets	244,606	240,032
Deferred charges and other assets, net	73,894	56,239
Funds restricted for construction activity	35,575	88,905
Goodwill	38,729	26,944
	\$ 4,487,154	\$ 4,348,420
Liabilities and Equity		
Aqua America stockholders' equity:		
Common stock at \$.50 par value, authorized 300,000,000 shares, issued 140,697,726 and 139,525,580 in 2012 and 2011	\$ 70,348	\$ 69,762
Capital in excess of par value	713,627	686,106
Retained earnings	544,802	508,334
Treasury stock, at cost, 767,178 and 710,482 shares in 2012 and 2011	(14,446)	(13,145)
Accumulated other comprehensive income	76	256
Total Aqua America stockholders' equity	1,314,407	1,251,313
Noncontrolling interest	518	504
Total equity	1,314,925	1,251,817
Long-term debt, excluding current portion	1,519,694	1,395,457
Commitments and contingencies (See Note 13)		
Current liabilities:		

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Current portion of long-term debt	40,897	80,429
Loans payable	97,650	107,771
Accounts payable	45,078	67,595
Accrued interest	21,743	14,563
Accrued taxes	32,411	16,694
Dividends payable	24,488	
Other accrued liabilities	25,385	22,595
Liabilities of discontinued operations held for sale	27,458	137,171
Total current liabilities	315,110	446,818
Deferred credits and other liabilities:		
Deferred income taxes and investment tax credits	634,444	596,644
Customers advances for construction	75,906	66,198
Regulatory liabilities	48,601	41,292
Other	123,003	122,038
Total deferred credits and other liabilities	881,954	826,172
Contributions in aid of construction	455,471	428,156
	\$ 4,487,154	\$ 4,348,420

See notes to consolidated financial statements beginning on page 9 of this report.

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AQUA AMERICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF NET INCOME

(In thousands, except per share amounts)

(UNAUDITED)

	Nine Months Ended September 30,	
	2012	2011
Operating revenues	\$ 570,279	\$ 520,498
Operating expenses:		
Operations and maintenance	199,664	190,241
Depreciation	82,736	77,645
Amortization	3,773	4,041
Taxes other than income taxes	34,700	31,431
	320,873	303,358
Operating income	249,406	217,140
Other expense (income):		
Interest expense, net	58,384	58,460
Allowance for funds used during construction	(3,484)	(5,689)
Gain on sale of other assets	(826)	(475)
Equity earnings in joint venture	(931)	
Income from continuing operations before income taxes	196,263	164,844
Provision for income taxes	77,310	54,667
Income from continuing operations	118,953	110,177
Discontinued operations:		
Income from discontinued operations before income taxes	18,813	10,454
Provision for income taxes	7,758	11,567
Income (loss) from discontinued operations	11,055	(1,113)
Net income attributable to common shareholders	\$ 130,008	\$ 109,064
Income from continuing operations per share:		
Basic	\$ 0.85	\$ 0.80
Diluted	\$ 0.85	\$ 0.79
Income from discontinued operations per share:		
Basic	\$ 0.08	\$ (0.01)
Diluted	\$ 0.08	\$ (0.01)

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Net income per common share:		
Basic	\$ 0.93	\$ 0.79
Diluted	\$ 0.93	\$ 0.79
Average common shares outstanding during the period:		
Basic	139,185	138,081
Diluted	139,751	138,625
Cash dividends declared per common share	\$ 0.67	\$ 0.63

See notes to consolidated financial statements beginning on page 9 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 September 30,	
	2012	2011
Operating revenues	\$ 214,565	\$ 191,083
Operating expenses:		
Operations and maintenance	71,268	66,502
Depreciation	28,251	26,129
Amortization	1,320	979
Taxes other than income taxes	13,191	10,771
	114,030	104,381
Operating income	100,535	86,702
Other expense (income):		
Interest expense, net	19,597	19,561
Allowance for funds used during construction	(919)	(1,794)
Gain on sale of other assets	(320)	(216)
Equity earnings in joint venture	(682)	
Income from continuing operations before income taxes	82,859	69,151
Provision for income taxes	32,575	24,290
Income from continuing operations	50,284	