

MERGENT® PUBLIC UTILITY

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NOTICE – Items in this issue will be listed online weekly and printed monthly.

ARTESIAN RESOURCES CORP. Annual Report

Consolidated Income Statement, Years Ended Dec. 31 (\$):

	2017	2016 (revised)	2015 (revised)
Water sales	73,058,000	70,587,000	68,932,000
Other utility operating revenue	4,177,000	3,816,000	3,694,000
Non-utility operating revenue	5,000,000	4,686,000	4,398,000
Total operating revenues	82,235,000	79,089,000	77,024,000
Utility operating expenses	38,277,000	35,658,000	36,148,000
Non-utility operating expenses	2,777,000	2,602,000	2,305,000
Depreciation & amortization	9,555,000	9,188,000	8,837,000
State & federal income taxes - current	(929,000)	2,849,000	2,667,000
State & federal income taxes - deferred	8,224,000	5,482,000	5,117,000
Property & other taxes	4,731,000	4,491,000	4,368,000
Total operating expenses	62,635,000	60,270,000	59,442,000
Operating income	19,600,000	18,819,000	17,582,000
Allowance for funds used during construction (AFUDC)	334,000	222,000	249,000
Miscellaneous	226,000	557,000	472,000
Interest charges	6,177,000	6,644,000	6,998,000
Net income (loss)	13,983,000	12,954,000	11,305,000
Net income (loss) applicable to common stock	13,983,000	12,954,000	11,305,000
Weighted average shares outstanding - basic	9,175,000	9,098,000	8,960,000
Weighted average shares outstanding - diluted	9,242,000	9,167,000	9,005,000
Year end shares outstanding	9,215,000	9,127,000	9,058,000
Net income (loss) per share - basic	\$1.52	\$1.42	\$1.26
Net income (loss) per share - diluted	\$1.51	\$1.41	\$1.26
Cash dividends per share of common stock	\$0.93	\$0.90	\$0.87
Number of full time employees	233	225	231
Number of class A common stockholders	666	702	716
Number of class B common stockholders	151	159	161

Reclassified to conform with 2017 presentation; As of March 12, 2018; As of March 6, 2017; As of March 4, 2016

Consolidated Balance Sheet, Years Ended Dec. 31 (\$):

	2017	2016 (revised)	2015 (revised)
Utility plant in service-water -			

intangible plant	140,000	140,000	
Utility plant in service-water - source of supply plant	20,959,000	19,627,000	
Utility plant in service-water - pumping & water treatment plant	81,180,000	78,542,000	
Transmission & distribution plant - mains	252,569,000	236,261,000	
Transmission & distribution plant - services	42,232,000	38,803,000	
Transmission & distribution plant - storage tanks	24,729,000	24,108,000	
Transmission & distribution plant - meters	25,628,000	24,710,000	
Transmission & distribution plant - hydrants	13,760,000	12,870,000	
Utility plant in service-water - general plant	56,784,000	53,417,000	
Utility plant in service-wastewater - treatment & disposal plant	17,421,000	15,613,000	
Utility plant in service-wastewater - collection mains & life stations	13,692,000	8,675,000	
Utility plant in service-wastewater - general plant	1,006,000	931,000	
Property held for future use	14,647,000	14,815,000	
Construction work in progress	12,700,000	6,674,000	
Less - accumulated depreciation	116,945,000	109,684,000	
Cash & cash equivalents	952,000	226,000	
Customer accounts receivable - water, gross	5,487,000	5,437,000	
Contractual amounts due from developers & other	3,698,000	2,622,000	
Accounts receivables, gross	9,185,000	8,059,000	
Less: allowance for doubtful accounts	288,000	263,000	
Accounts receivable	8,897,000	7,796,000	
Income tax receivable	2,353,000	150,000	
Unbilled operating revenues	1,427,000	1,403,000	
Materials & supplies	1,519,000	1,564,000	
Prepaid property taxes	1,795,000	1,669,000	
Prepaid expenses & other current assets	2,042,000	1,827,000	
Total current assets	18,985,000	14,635,000	
Non-utility property, gross	4,571,000	4,492,000	
Less: accumulated depreciation	689,000	611,000	
Investment in Co-Bank	3,358,000	3,198,000	
Other deferred assets - other	363,000	386,000	
Postretirement benefit obligation	149,000	186,000	
Deferred income taxes	416,000	431,000	

Expense of rate & regulatory proceedings	70,000	116,000
Debt issuance cost	5,965,000	1,648,000
Goodwill	303,000	310,000
Deferred acquisition & franchise costs	646,000	683,000
Total assets	494,639,000	450,976,000
Common stock	9,215,000	9,127,000
Additional paid-in capital	99,526,000	97,480,000
Retained earnings	37,903,000	32,416,000
Total stockholders' equity	146,644,000	139,023,000
First mortgage bonds	99,600,000	95,600,000
State revolving fund loans	7,331,000	8,047,000
Less: current maturities (principal amount)	1,344,000	1,316,000
Long-term debt, net of current portion	105,587,000	102,331,000
Total capitalization	252,231,000	241,354,000
Lines of credit	9,610,000	7,130,000
Current portion of long-term debt	1,344,000	1,316,000
Accounts payable	8,853,000	5,532,000
Accrued expenses	2,888,000	1,309,000
Overdraft payable	304,000	32,000
Accrued interest	1,805,000	1,000,000
Customer deposits	969,000	864,000
Other current liabilities	2,688,000	2,145,000
Total current liabilities	28,461,000	19,328,000
Net advances for construction	7,797,000	8,169,000
Regulatory liabilities	23,201,000	1,022,000
Deferred investment tax credits	526,000	544,000
Deferred income taxes	54,137,000	68,453,000
Total deferred credits & other liabilities	85,661,000	78,188,000
Net contributions in aid of construction	128,286,000	112,106,000

Reclassified to conform with 2017 presentation

Recent Dividends:

1. Artesian Resources Corp. class A non-voting common.

No dividends paid.

2. Artesian Resources Corp. class B common.

No dividends paid.

Annual Dividends:

1. Artesian Resources Corp. class A non-voting common.

No dividends paid.

2. Artesian Resources Corp. class B common.

No dividends paid.

CONNECTICUT WATER SERVICE INC

Annual Report Consolidated Income Statement, Years Ended Dec. 31 (\$000):

	2017	2016 (revised)	2015 (revised)
Operating revenues	107,054	98,667	96,041
Operation & maintenance expense	48,017	44,191	48,052
Depreciation expense	16,684	13,905	12,871
Income taxes	(1,993)	2,570	(818)
Taxes other than income taxes	10,941	9,796	9,294
Other utility			

income, net of taxes	824	744	797	Total current assets	35,678	29,364	05/27/2016	0.28	05/13/2016	06/01/2016	06/15/2016	
Total utility operating income	34,229	28,949	27,439	Unrecovered income taxes - regulatory asset	66,631	93,264	08/30/2016	0.28	08/26/2016	09/01/2016	09/15/2016	
Gain (loss) on real estate transactions	33	(54)	349	Pension benefits - regulatory asset	11,339	12,266	11/29/2016	0.28	11/10/2016	12/01/2016	12/15/2016	
Non-water sales earnings	1,167	1,219	1,394	Post-retirement benefits other than pension - regulatory asset	116	265	02/27/2017	0.28	01/23/2017	03/01/2017	03/15/2017	
Allowance for funds used during construction	774	1,198	530	Goodwill	67,016	30,427	05/30/2017	0.30	05/11/2017	06/01/2017	06/15/2017	
Other income (deductions), net of taxes	(2,308)	(1,009)	(214)	Deferred charges & other costs	9,618	8,449	08/30/2017	0.30	08/14/2017	09/01/2017	09/15/2017	
Interest on long-term debt	9,054	7,714	7,087	Total assets	898,783	784,502	11/30/2017	0.30	11/10/2017	12/01/2017	12/15/2017	
Other interest charges (income), net	(359)	(922)	(458)	Common stock	191,641	145,739	02/28/2018	0.30	01/22/2018	03/01/2018	03/15/2018	
Amortization of debt expense & premium, net	146	124	108	Retained earnings (accumulated deficit)	102,417	91,213	2. Connecticut Water Service Inc cumulative series \$0.90 non-voting preferred.					
Total interest & debt expenses	8,841	6,916	6,737	Unrealized gains (losses) on investments	442	235	ExDate	Amt	Declared	Record	Payable	
Net income	25,054	23,387	22,761	Defined benefit items	(870)	(1,159)	01/16/2015	0.23	11/13/2014	01/21/2015	02/04/2015	
Preferred stock dividend requirement	38	38	38	Accumulated other comprehensive income (loss)	(428)	(924)	04/16/2015	0.23	01/22/2015	04/20/2015	05/04/2015	
Total net income applicable to common stock	25,016	23,349	22,723	Common stockholders' equity	293,630	236,028	07/16/2015	0.23	05/07/2015	07/20/2015	08/03/2015	
Weighted average shares outstanding - basic	11,540	11,009	10,958	Preferred stock	772	772	10/15/2015	0.23	08/21/2015	10/19/2015	11/02/2015	
Weighted average shares outstanding - diluted	11,762	11,228	11,164	Connecticut Water Service, Inc. - term loan note & supplement	12,358	13,437	01/13/2016	0.23	11/20/2015	01/18/2016	02/01/2016	
Year end shares outstanding	12,065	11,248	11,193	Term note payable	14,881	...	04/14/2016	0.23	01/22/2016	04/18/2016	05/02/2016	
Net earnings per share - basic	\$2.17	\$2.12	\$2.07	The Connecticut Water Company long-term debt	199,060	164,255	07/15/2016	0.23	05/13/2016	07/19/2016	08/01/2016	
Net earnings per share - diluted	\$2.13	\$2.08	\$2.04	Bank loan	4,464	...	10/17/2016	0.23	08/26/2016	10/19/2016	11/01/2016	
Total number of employees	294	266	266	Mortgage note payable	3,302	...	01/19/2017	0.23	11/10/2016	01/23/2017	02/06/2017	
Number of common stockholders	3,100	3,000	3,200	The Maine Water Company long-term debt	30,431	29,211	04/13/2017	0.23	01/19/2017	04/18/2017	05/02/2017	
Dividends declared per common share	\$1.18	\$1.11	\$1.05	long-term debt	30,431	29,211	07/19/2017	0.23	05/11/2017	07/21/2017	08/04/2017	
				Add: acquisition fair value adjustment	(51)	321	10/19/2017	0.23	08/14/2017	10/20/2017	11/03/2017	
				Less: current portion	6,173	4,859	01/19/2018	0.23	11/10/2017	01/22/2018	02/05/2018	
				Less: unamortized debt issuance expense	(4,905)	(5,318)	3. Connecticut Water Service Inc common.					
				Long-term debt	253,367	197,047	No dividends paid.					
				Total capitalization	547,769	433,847	4. Connecticut Water Service Inc Barnstable Water Company 6% cumulative preferred.					
				Current portion of long-term debt	6,173	4,859	ExDate	Amt	Declared	Record	Payable	
				Interim bank loans payable	19,281	32,953	12/30/2014	0.20	11/13/2014	01/02/2015	01/16/2015	
				Accounts payable & accrued expenses	11,319	13,116	03/30/2015	0.20	01/22/2015	04/01/2015	04/15/2015	
				Accrued interest	1,439	1,012	06/29/2015	0.20	05/08/2015	07/01/2015	07/15/2015	
				Current portion of refund to customers - regulatory liability	64	855	09/29/2015	0.20	08/21/2015	10/01/2015	10/15/2015	
				Other current liabilities	3,262	2,330	12/29/2015	0.20	11/20/2015	12/31/2015	01/14/2016	
				Total current liabilities	41,538	55,125	03/29/2016	0.20	01/22/2016	03/31/2016	04/14/2016	
				Advances for construction	20,024	19,127	06/29/2016	0.20	05/13/2016	07/01/2016	07/15/2016	
				Deferred federal & state income taxes	33,579	50,558	09/29/2016	0.20	08/26/2016	10/03/2016	10/14/2016	
				Unfunded future income taxes	58,384	90,977	12/29/2016	0.20	11/10/2016	01/03/2017	01/17/2017	
				Long-term compensation arrangements	32,649	33,540	03/29/2017	0.20	01/19/2017	03/31/2017	04/14/2017	
				Unamortized investment tax credits - regulatory liability	1,133	1,189	06/29/2017	0.20	05/11/2017	07/03/2017	07/17/2017	
				Excess accumulated deferred income tax - regulatory liability	30,937	4,373	09/29/2017	0.20	08/14/2017	10/02/2017	10/16/2017	
				Refund to customers - regulatory liability	...	108	12/29/2017	0.20	11/10/2017	01/02/2018	01/18/2018	
				Other long-term liabilities	1,241	701	Annual Dividends:					
				Contributions in aid of construction	131,529	94,957	1. Connecticut Water Service Inc cumulative series A voting preferred.					
							2015	1.05	2016	1.12	2017	1.18
							2018	0.30				
							2. Connecticut Water Service Inc cumulative series \$0.90 non-voting preferred.					
							2015	0.90	2016	0.90	2017	0.90
							2018	0.23				
							3. Connecticut Water Service Inc common.					
							No dividends paid.					
							4. Connecticut Water Service Inc Barnstable Water Company 6% cumulative preferred.					
							2015	0.80	2016	0.80	2017	0.80
							2018	0.20				
							CONNECTICUT WATER SERVICE INC					
							Merger Development					
							On Mar. 15, 2018, Co. and SJW Group announced that both companies' boards of directors have unanimously approved a definitive agreement to combine through a merger of equals to create the 3rd largest investor-owned water and wastewater utility in the United States, based on pro forma enterprise value and combined rate base. The combined company would have had operating revenue of approximately \$496,000,000 and recurring net income of \$74,000,000 based on a 2017 pro forma basis. Under the terms of the agreement, Co. shareholders will receive 1.1375 shares of SJW common stock for each share of Co. common stock they own, the equivalent of \$61.86 per share, or about \$750,000,000 in the aggregate, based on SJW's closing stock price as of Mar. 14, 2018, and the agreed upon exchange ratio. Following closing of the transaction, SJW shareholders will own approximately 60 percent of the combined company, and Co. shareholders will own approximately 40 percent, on a fully diluted basis. Based on each company's closing share price as of Mar. 14, 2018 and the 1.1375x transaction exchange ratio, the combined					

Reclassified to conform with 2017 presentation; As is; As of February 1, 2016

Consolidated Balance Sheet, Years Ended Dec. 31 (\$000):

	2017	2016	2015
Land	15,120	13,724	13,724
Source of supply	38,448	36,405	36,405
Pumping	51,639	38,902	38,902
Water treatment	129,428	84,594	84,594
Transmission & distribution	605,587	530,716	530,716
General	88,492	75,438	75,438
Held for future use	219	432	432
Acquisition adjustment	(1,644)	(2,351)	(2,351)
Construction work in progress	11,761	33,748	33,748
Accumulated provision for depreciation	241,327	210,212	210,212
Net utility plant	697,723	601,396	601,396
Other property & investments	10,662	9,071	9,071
Cash & cash equivalents	3,618	1,564	1,564
Accounts receivable, gross	16,230	14,124	14,124
Less allowance for doubtful accounts	1,265	1,100	1,100
Accounts receivable, net	14,965	13,024	13,024
Accrued unbilled revenues	8,481	8,171	8,171
Materials & supplies, at average cost	1,593	1,536	1,536
Prepayments & other current assets	7,021	5,069	5,069

Reclassified to conform with 2017 presentation

Recent Dividends:

1. Connecticut Water Service Inc cumulative series A voting preferred.

ExDate	Amt	Declared	Record	Payable
02/26/2015	0.26	01/23/2015	03/02/2015	03/16/2015
05/28/2015	0.26	05/08/2015	06/01/2015	06/15/2015
08/28/2015	0.27	08/21/2015	09/01/2015	09/15/2015
11/27/2015	0.27	11/20/2015	12/01/2015	12/15/2015
02/26/2016	0.27	01/22/2016	03/01/2016	03/15/2016

company would have a pro forma \$1,900,000,000 equity value and a \$2,600,000,000 enterprise value.

SJW GROUP

Merger Development On Mar. 15, 2018, Co. and Connecticut Water Service, Inc. ("Connecticut Water") announced that both companies' boards of directors have unanimously approved a definitive agreement to combine through a merger of equals to create the 3rd largest investor-owned water and wastewater utility in the United States, based on pro forma enterprise value and combined rate base. The combined company would have had operating revenue of approximately \$496,000,000 and recurring net income of \$74,000,000 based on a 2017 pro forma basis. Under the terms of the agreement, Connecticut Water shareholders will receive 1.1375 shares of Co. common stock for each share of Connecticut Water common stock they own, the equivalent of \$61.86 per share, or about \$750,000,000 in the aggregate, based on Co.'s closing stock price as of Mar. 14, 2018, and the agreed upon exchange ratio. Following closing of the transaction, Co. shareholders will own approximately 60 percent of the combined company, and Connecticut Water shareholders will own approximately 40 percent, on a fully diluted basis. Based on each company's closing share price as of Mar. 14, 2018 and the 1.1375x transaction exchange ratio, the combined company would have a pro forma \$1,900,000,000 equity value and a \$2,600,000,000 enterprise value.

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