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1943

Annual Report
of
Northeastern Water
Company

FOR THE YEAR ENDED
DECEMBER 31, 1943

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NORTHEASTERN WATER COMPANY

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BOYD A. BENNETT, *President*

JOHN J. BARR
Vice President and Assistant Treasurer

JAMES T. WOODWARD

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Vice President

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BOYD A. BENNETT.....President

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WILLIAM B. MACINDOE.....Secretary and Assistant Treasurer

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Transfer Agent.....Chemical Bank & Trust Company
165 Broadway, New York 15, N. Y.

Co-Transfer AgentThe First National Bank of Jersey City, N. J.
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RegistrarThe Chase National Bank of the City of
(\$4 Prior Preferred Stock only) New York
11 Broad Street, New York 5, N. Y.

Annual MeetingFirst Tuesday in May

Office100 West 10th Street,
Wilmington 99, Delaware

Neither this report, nor any statement contained herein, is furnished in connection with any offering of securities or for the purpose of promoting or influencing the sale or purchase of securities.

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Annual Report of Northeastern Water Company

Wilmington 99, Delaware.
June 29, 1944.

To the Stockholders of

NORTHEASTERN WATER COMPANY:

During the year 1943, progress was made by your Company in its program of disposing of subsidiaries not engaged in the rendering of water and sewer utility services, and of increasing its holdings in water companies. A résumé is presented herein of the transactions effected during the year in furtherance of such program.

The sale of all securities of Caribou Water, Light and Power Company, and Brookville Electric Company completed the elimination of subsidiary companies engaged in the electric business. The water service facilities of the Caribou company were retained by the creation of a new subsidiary, Caribou Water Works Corporation.

All securities of Hazleton Water Company and The Latrobe Water Company were sold to municipal authorities, created under the laws of the Commonwealth of Pennsylvania and considered political subdivisions thereof. As a part of such transactions a subsidiary service company secured forty-year contracts to manage the operations of the water systems, for the authorities.

Nine new subsidiary water companies were acquired by cash purchases during the months of September and October, eight in New Jersey and one in Pennsylvania.

On November 30, 1943, the merger of Delaware Valley Utilities Company and Union Water Service Company, with and into your Company, as the continuing corporation, was consummated. The existence of Delaware Valley Utilities Company and Union Water Service Company thereupon terminated, all of their assets being acquired and all of their liabilities being assumed by your Company. Included in the assets so acquired were seven additional water companies and one sewer company, operating in the states of New Jersey and Pennsylvania. The operations of subsidiary companies being confined to the rendering of water and sewer services, it was deemed appropriate as a part of the merger program, that the name of the Company should be changed to Northeastern Water Company.

Certain holders of approximately 30,000 shares of formerly authorized \$4 Preferred Stock of Northeastern Water and Electric Corporation claimed to have objected to the merger and to have demanded valuation of and payment for their shares, pursuant to Section 61 of the General Corporation law of Delaware. The stockholders who have become entitled to payment for their

shares and the amount to be paid therefor, are subject to determination by the Delaware Court of Chancery in proceedings pending before that Court.

The Eastern Shore Public Service Company called for redemption on December 1, 1943 its \$6 Series and \$6.50 Series Preferred Stock, of which the Company owned 8,291 and 606 shares respectively. Also in December, the 11,000 shares of \$6 Preferred Stock of Tide Water Power Company owned by the Company, were exchanged for 5,000 shares of Prior Preferred Stock and 8,865 shares of Class B Preferred Stock of The Tidebel Company.

The Company's accounts, and the accounts of subsidiaries, for the year 1943, were examined by Leslie, Banks & Company. A copy of the audit certificate, statements of income for the years 1943 and 1942, statements of earned and capital surplus for the year 1943, and the balance sheet at December 31, 1943, on a consolidated basis, are presented herein.

Because of the changes in the investments of the Company, as previously outlined, it has been considered desirable to present herein a statement of consolidated income for the three months ended March 31, 1944, to afford a measure of the earning power of the Company as now constituted. It is to be noted that this statement, which is presented on Page 15, was prepared by the Company, and is subject to audit.

On Page 16 is a listing of the 52 subsidiary companies owned at December 31, 1943. The total number of customers served is approximately 66,000 in 101 communities with an aggregate population of 264,000.

The stringencies of war again reduced new construction expenditures to a minimum, only vital and non-deferable projects being undertaken.

Mr. W. W. Bell, who so capably served the Company from its inception resigned as a Director, Vice President and Treasurer, in December 1943, and assumed a responsible position with a large utility company; in June 1944, Mr. John H. Ware, Jr. was elected a director to fill the vacancy so created. In February, 1944, Mr. C. Frank Reavis resigned as a Prior Preferred Stock Director, and Mr. Herbert W. Briggs was appointed to succeed Mr. Reavis.

At the regular meeting of the Board of Directors, on June 7, 1944, the By-laws of the Company were amended to create the office of Chairman of the Board, and Mr. John H. Ware, Jr. was elected to that office.

Many of our operating companies are located in defense areas, and are supplying industries engaged in the manufacture of materials vital to the prosecution of the war.

We pay special tribute to those of our employees who are engaged in the fighting forces of our country and hope their task will soon be finished.

Our present officers and employees number approximately 300, and, in countless ways, through their loyalty and co-operation, they have played a major part in the progress made by the Company.

Respectfully submitted,

By Order of the Board of Directors.
BOYD A. BENNETT, *President.*

LESLIE, BANKS & COMPANY

ACCOUNTANTS

CHICAGO
BOSTON
WILMINGTON (DEL.)

21 WEST STREET
NEW YORK

To the Board of Directors of

NORTHEASTERN WATER COMPANY:

We have examined the consolidated balance sheet of NORTHEASTERN WATER COMPANY AND SUBSIDIARIES as of December 31, 1943, and the related statements of consolidated income and surplus for the year then ended, have reviewed the systems of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence by methods, at times, and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

The companies have followed the policy, in general, of making provision for retirement of fixed capital in amounts which, when added to maintenance expenditures, equal fixed percentages of operating revenues and the rates used are reviewed and revised from time to time.

In December 1943, as explained in Note 3 to the accompanying financial statements to which reference is made, the company disposed of its investment in the securities of Tide Water Power Company but no loss on the transaction has been reflected in the accompanying financial statements.

In our opinion, subject to the adequacy of the current provision and accumulated reserve for retirement of fixed capital, as to which we are not in a position to express an opinion, and subject to the exception noted in the preceding paragraph, the accompanying consolidated balance sheet and related statements of consolidated income and surplus present fairly the consolidated position of NORTHEASTERN WATER COMPANY AND SUBSIDIARIES at December 31, 1943, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied, except for the change in accounting policy explained in Note 10 to the accompanying financial statements, on a basis consistent in all material respects with that of the preceding year.

LESLIE, BANKS & COMPANY

New York, N. Y.,
June 12, 1944.

NORTHEASTERN WATER COMPA

CONSOLIDATED

DECEMBER

Assets and Other Debits

FIXED CAPITAL:

Utility plant, other physical property, etc., including going value and other intangibles—at book cost, or appraised values at various dates prior to 1932 plus subsequent additions at cost, less retirements.....	\$18,669,461.64
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INVESTMENTS—at carrying values to constituent companies at date of merger on November 30, 1943, plus subsequent additions at cost (Note 1):

Preferred stocks of utility companies (quoted market value based on nominal quotations—\$3,786,331.00).....	\$ 1,929,747.00	
Water revenue bonds of Municipal Authorities (Note 2)....	2,037,283.00	
Other investments, less \$300,000.00 reserve (Note 3).....	1,151,032.60	5,118,062.60

POST-WAR FEDERAL EXCESS PROFITS TAX CREDIT—estimated	2,800.65
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SPECIAL FUNDS:

For new construction.....	\$ 1,412.78	
Sinking funds	8,876.32	
Other	24,795.69	35,084.79

DEPOSITS FOR DIVIDENDS, ETC. (unclaimed)—contra.....	6,678.26
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CURRENT AND ACCRUED ASSETS:

Cash (including \$22,606.19 working funds).....	\$ 1,218,318.33	
Interest special deposits.....	37,494.00	
Other special deposits.....	26,342.07	
U. S. Government securities—at cost.....	314,800.00	
Notes receivable.....	5,000.00	

Accounts receivable:

Customers' service accounts.....	\$212,910.81	
Other	82,712.20	
	\$295,623.01	

Less reserve for uncollectible accounts.....	32,301.61	263,321.40
Interest and dividends receivable.....	21,536.68	
Unbilled charges	23,236.19	
Accrued utility revenue—estimated.....	129,239.65	
Materials and supplies, including construction materials—at average cost or less, less \$3,927.11 reserve.....	161,063.27	
Prepayments	10,729.22	
Other current assets.....	4,300.40	

Total Current and Accrued Assets.....	2,215,381.21
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DEFERRED DEBITS:

Unamortized debt discount, premium and expense (includes \$71,529.39 applicable to refunded issues).....	\$ 243,001.11	
Abandoned property	11,522.97	
Other deferred debits	23,317.30	277,841.38
		\$26,325,310.53

NOTE: The above balance sheet should be read in conjunction with the accompanying notations.

Y AND SUBSIDIARIES (Note 1)

BALANCE SHEET

31, 1943

Liabilities and Other Credits

CAPITAL STOCK:

\$4 prior preferred stock, no par value, stated value \$100 per share, dividends cumulative to December 31, 1944 and thereafter if earned; entitled on liquidation or redemption to \$100 per share:

Authorized 200,000 shares; issued 61,351.2 shares; in treasury 6,769 shares; outstanding 54,582.2 shares..... \$ 5,458,220.00

\$2 preferred stock, no par value, stated value \$50 per share, dividends cumulative from January 1, 1944 if earned; entitled on liquidation or redemption to \$50 per share (Note 4):

Authorized 150,000 shares; issued 21,907.5 shares; in treasury 38.1 shares; outstanding 21,869.4 shares..... 1,093,470.00

Common stock, par value \$1 per share:

Authorized 500,000 shares; issued 344,470 shares; in treasury 1,098 shares; outstanding 343,372 shares (Note 4) 343,372.00

\$ 6,895,062.00

MINORITY INTEREST IN SUBSIDIARIES:

Preferred and common stock at par or stated value..... \$ 99,360.00

Deficit 8,045.97

91,314.03

LONG-TERM DEBT (schedule annexed) (Note 5)..... 6,164,750.00

DIVIDENDS, ETC. (unclaimed)—contra..... 6,678.26

CURRENT AND ACCRUED LIABILITIES:

Long-term debt matured or maturing within one year..... \$ 96,900.00

Accounts payable 63,879.87

Liability to holders of formerly authorized \$4 preferred stock (Note 7)..... 3,022,800.00

Dividends declared 1,121.21

Matured interest 610.41

Customers' deposits 20,595.95

Federal income and excess profits taxes accrued..... 535,021.75

Other accrued taxes..... 97,305.79

Interest accrued 106,884.59

Other current and accrued liabilities..... 93,328.72

Total Current and Accrued Liabilities (excluding deposits due in 1944 to sinking and other funds of approximately \$43,000.00).....

4,038,448.29

DEFERRED CREDITS:

Unamortized premium on debt..... \$ 21,429.80

Customers' advances for construction..... 102,876.34

Revenue billed in advance—estimated..... 92,729.66

217,035.80

RESERVES:

Retirement of fixed capital..... \$ 2,574,014.99

Water revenue bonds of Municipal Authorities..... 1,581,958.00

Dividends accrued on \$4 preferred stock at date of merger..... 56,337.43

Other 54,960.96

4,267,271.38

CONTRIBUTIONS IN AID OF CONSTRUCTION..... 346,357.14

SURPLUS (Note 8):

Capital surplus (Note 10)..... \$ 4,022,464.20

Earned surplus since November 30, 1943..... 275,929.43

4,298,393.63

\$26,325,310.53

CONTINGENT LIABILITIES (Note 11)

NORTHEASTERN WATER COMPANY AND SUBSIDIARIES—(Note 1)

STATEMENT OF CONSOLIDATED INCOME For the Years Ended December 31, 1943 and 1942

OPERATING REVENUES:	1943	1942
Water and sewer.....	\$1,613,433.42	\$1,874,409.54
Electric	127,910.92	765,380.57
Management services	90,570.10	
Total Operating Revenues.....	<u>\$1,831,914.44</u>	<u>\$2,639,790.11</u>
OPERATING REVENUE DEDUCTIONS:		
Operation, administrative and general expenses	\$ 814,595.74	\$1,087,703.27
Maintenance	103,939.70	153,244.32
Provision for retirement of fixed capital (exclusive of amounts charged to clearing accounts)	147,976.91	221,230.46
Provision for taxes:		
Federal income	190,669.11	293,544.42
Federal excess profits (less debt retirement credit and/or post-war refund of \$2,683.79 in 1943; \$5,906.24 in 1942)	22,685.62	53,156.16
Income taxes other than Federal	12,082.45	16,345.08
Other	175,964.90	213,754.75
Total Operating Revenue Deductions....	<u>\$1,467,914.43</u>	<u>\$2,038,978.46</u>
OPERATING INCOME	<u>\$ 364,000.01</u>	<u>\$ 600,811.65</u>
OTHER INCOME:		
Dividends (including \$3,000.00 in 1943 from constituent company)	\$ 169,616.50	\$ 165,594.00
Interest (including \$14,219.37 in 1943 from constituent company)	60,187.79	6,936.59
Miscellaneous	7,734.14	26,333.84
Profit on sales of investments in subsidiaries and other utility companies, less \$319,082.37 federal income tax thereon (Note 3)	1,022,664.53	
Total Other Income	<u>\$1,260,202.96</u>	<u>\$ 198,864.43</u>
GROSS INCOME	<u>\$1,624,202.97</u>	<u>\$ 799,676.08</u>
INCOME DEDUCTIONS:		
Interest on long-term debt.....	\$ 150,125.56	\$ 183,698.94
Amortization of debt discount, premium and expense	4,354.77	3,616.46
Other interest	2,451.58	3,121.98
Interest charged to construction (credit).....	60.07	1,880.84
Miscellaneous	1,412.23	848.93
Minority interest in net income.....	4,386.21	3,095.29
Total Income Deductions.....	<u>\$ 162,670.28</u>	<u>\$ 192,500.76</u>
NET INCOME (Note 3).....	<u>\$1,461,532.69</u>	<u>\$ 607,175.32</u>
Net Income for eleven months ended November 30, 1943	\$1,185,537.68	
Net Income for month ended December 31, 1943 (Note 3)	275,995.01	
	<u>\$1,461,532.69</u>	

Note: The above statement of consolidated income should be read in conjunction with the accompanying notations.

NORTHEASTERN WATER COMPANY AND SUBSIDIARIES—(Note 1)

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS For the Year Ended December 31, 1943

BALANCE, December 31, 1942.....	\$6,906,341.89
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DEDUCTIONS:

Stock dividend declared of 172,235 shares of common stock	\$172,235.00	
Loss on sales of investments in subsidiaries applicable to capital surplus—net, less \$54,758.45 estimated reduction in federal income tax resulting therefrom	45,014.44	
Excess of cost over stated value of 2,160.5 shares of \$4 preferred stock of Northeastern Water and Electric Corporation reacquired....	20,719.26	
Other charges	1,730.13	239,698.83

BALANCE, November 30, 1943, before merger adjustments.....	\$6,666,643.06
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DEDUCT—Merger adjustments	2,661,450.38
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BALANCE, November 30, 1943, after merger adjustments.....	\$4,005,192.68
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ADDITIONS:

Excess of par or stated value over cost of 612 shares of \$4 prior preferred stock, 38.1 shares of \$2 preferred stock and 1,098 shares of common stock of Northeastern Water Company reacquired (net)	\$ 16,863.52	
Reduction in reserve for dividends accrued at date of merger on \$4 preferred stock of Northeastern Water and Electric Corporation.....	408.00	17,271.52

BALANCE, December 31, 1943.....	<u>\$4,022,464.20</u>
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Note: The above statement of consolidated capital surplus should be read in conjunction with the accompanying notations.

NORTHEASTERN WATER COMPANY AND SUBSIDIARIES—(Note 1)

STATEMENT OF CONSOLIDATED EARNED SURPLUS For the Year Ended December 31, 1943

Earned Surplus

BALANCE, December 31, 1942.....		\$ 232,478.41
ADD:		
Net income for eleven months ended November 30, 1943.....	1,185,537.68	
	<u>1,418,016.09</u>	
DEDUCT:		
Cash dividends declared on \$4 preferred stock— \$4 per share.....	\$342,073.80	
Cash dividends declared on common stock—\$2.10 per share	723,387.00	
Other charges	<u>321.83</u>	<u>1,065,782.63</u>
BALANCE, November 30, 1943, before merger adjustments.....		\$ 352,233.46
DEDUCT—Merger adjustments		<u>352,233.46</u>
BALANCE, November 30, 1943, after merger adjustments.....		<u>\$ —</u>

Earned Surplus Since November 30, 1943

NET INCOME FOR MONTH ENDED DECEMBER 31, 1943 (Note 3).....	\$ 275,995.01
DEDUCT—Miscellaneous charges	<u>65.58</u>
BALANCE, December 31, 1943.....	<u>\$ 275,929.43</u>

Note: The above statement of consolidated earned surplus should be read in conjunction with the accompanying notations.

NORTHEASTERN WATER COMPANY AND SUBSIDIARIES

NOTATIONS TO FINANCIAL STATEMENTS

December 31, 1943

1. On November 30, 1943, Delaware Valley Utilities Company and Union Water Service Company were merged with and into Northeastern Water and Electric Corporation which was the receiving and continuing corporation; the name of the continuing corporation to be Northeastern Water Company. There was no revaluation of assets of the three constituent companies and their assets, including investments in subsidiary and other companies, were carried forward at the same values at which they were carried on the books of the constituent companies.

In comparing the consolidated financial statements for the years 1942 and 1943, consideration should be given to the effect thereon of acquisitions and sales or other disposition of the following subsidiaries on dates indicated. The subsidiaries acquired were: Clarion Water Company, April 22, 1942; Frenchtown Water Company, Ideal Beach Water Company, Jamesburg Water Company, The Junction Water Company, Laurel Springs Water Works Company, The Riverton and Palmyra Water Company, The Washington Water Company, Mauch Chunk Water Company, September 7, 1943; Caribou Water Works Company, October 11, 1943; The Delaware River Water Company, October 29, 1943; Citizens Water Service Company, Clymer Water Service Company, Morris Water Company, Neptunus Water Company, New Jersey Water Service Company, Ocean City Sewer Service Company, Ocean City Water Service Company, Punxsutawney Water Service Company, Water Utilities Service Company, November 30, 1943. The subsidiaries sold or otherwise disposed of were: The Presque Isle Water Company, April 15, 1942; Dawson Springs Waterworks Company, The General Utilities Company, The Ohio Northern Public Service Company, The Western Reserve Power and Light Company and its subsidiary, The New London Power Company, November 13, 1942; The City Water Company, November 24, 1942; Hazleton Water Company, April 19, 1943; The Latrobe Water Company, May 4, 1943; Brookville Electric Company, August 26, 1943; Caribou Water, Light and Power Company, September 2, 1943.

2. Water revenue bonds of Municipal Authorities carried at \$1,742,208.00 have been deposited under escrow and other agreements, and \$141,958.00 of such bonds are further pledged as collateral to the first collateral trust and refunding 6% bonds of Delaware Valley Utilities Company.
3. In December 1943, the company disposed of its investment in securities of Tide Water Power Company in exchange for certain securities of The Tidebel Company. The latter securities are carried in the accompanying consolidated balance sheet at the same value at which the securities given in exchange were carried and no gain or loss was recognized on the transaction. However, for income tax purposes a loss of \$378,427.48 will be claimed.
4. There are issued and outstanding 25,526 preferred rights granting a holder of three shares of common stock the right to exchange them for one share of \$2 preferred stock on or before June 1, 1944.

NORTHEASTERN WATER COMPANY AND SUBSIDIARIES

NOTATIONS TO FINANCIAL STATEMENTS (*continued*)

December 31, 1943

5. The Company has in its treasury \$1,478,200 6% debentures of Delaware Valley Utilities Company (a constituent company) of which \$30,000 have been deposited in escrow on account of pending litigation and, \$1,445,600 have been retired and cancelled subsequent to December 31, 1943.
6. The Company owns \$125,000 principal amount of Subordinated First Mortgage $5\frac{1}{4}\%$ Bonds of Punxsutawney Water Service Company (a subsidiary), which have been deposited under an escrow agreement. The bonds have been eliminated in the accompanying consolidated balance sheet.
7. As a result of the merger of Delaware Valley Utilities Company and Union Water Service Company into the corporation, claims have been filed for the valuation of and payment for 30,228 shares of its formerly authorized \$4 preferred stock. Under Delaware law, stockholders who object to a merger and demand payment for their stock may be entitled to be paid the value thereof as agreed with the continuing corporation or as determined by the Court of Chancery. The stated value of said \$4 preferred stock was \$50 per share; the market value was approximately \$60 per share and the redemption or liquidating value was \$100 per share. Until the liability on this account is ascertained, it is reflected at \$100 per share, the stated value of the \$4 prior preferred stock into which the same would otherwise have been converted.
8. Surplus is restricted to the extent of \$414,256.35 on account of acquisitions of treasury stock.
9. The property of Norway Water Company (a subsidiary) is in process of being acquired by the Norway Water District through the exercise of the right of eminent domain; the price to be paid is to be determined by appraisal. The property of West Helena Water Works Company (a subsidiary) was sold on March 31, 1944.
10. At date of merger, the difference at acquisition between combined investments in subsidiaries and parent's equity in their combined net assets, formerly deducted from fixed capital, has been credited to capital surplus.
11. Contingent liabilities:
 - (a) Additional federal income taxes in dispute exclusive of interest—\$17,838.52.
 - (b) Guarantees on contracts with Municipal Authorities exclusive of those covered by bonds deposited for which reserves have been provided in the accompanying consolidated balance sheet—estimated at not in excess of \$175,000.
 - (c) Guarantee of obligations of Delaware Association, Incorporated—\$11,000.00.
 - (d) Pending litigation—loss, if any, not significant.

NORTHEASTERN WATER COMPANY AND SUBSIDIARIES

LONG-TERM DEBT HELD BY THE PUBLIC December 31, 1943

<i>Description</i>	<i>Amount</i>
NORTHEASTERN WATER COMPANY:	
Delaware Valley Utilities Company (Constituent company)	
First Collateral Trust and Refunding 6% Gold Bonds, due May 1, 1952 (less \$53,720 in Treasury).....	\$ 812,150
6% Debentures, due July 1, 1956 (less \$1,478,200 in Treasury) (Note 5)	39,600
SUBSIDIARIES:	
Citizens Water Service Company	
First Mortgage 5% Gold Bonds, Series A, due March 1, 1961.....	275,000
Clymer Water Service Company	
First Mortgage 5% Gold Bonds, Series A, due March 1, 1958.....	369,000
Eastport Water Company	
First Mortgage 5% Gold Bonds, due October 1, 1944.....	78,500*
Edwardsville Water Company	
First Mortgage Bonds, Series A, 3½%, due July 1, 1965.....	150,000
Ellwood Consolidated Water Company	
First Mortgage Bonds, Series B, 3¼%, due April 1, 1966.....	250,000
Everett Water Company	
First Mortgage Bonds, Series A, 4%, due July 1, 1965.....	50,000
Frenchtown Water Company	
First Mortgage Bonds, Series A, 4%, due August 1, 1966.....	33,000
Gettysburg Water Company	
First Mortgage Bonds, Series A, 4%, due January 1, 1964.....	55,000
The Grafton Water Company	
First Mortgage Bonds, Series A, 4%, due January 1, 1964.....	48,000
The Guilford Water Company	
First Mortgage Bonds, Series A, 4¼%, due January 1, 1964.....	36,000
The Hampton Water-Works Company	
First Mortgage Bonds, Series A, 3¼%, due January 1, 1964.....	260,000
Jamesburg Water Company	
First Mortgage Bonds, Series A, 4%, due August 1, 1966.....	39,000
The Junction Water Company	
First Mortgage 5% Bonds, due November 1, 1948 (less \$1,000 in sinking fund)	23,000
Laurel Springs Water Works Company	
First Mortgage Bonds, Series A, 3¾%, due August 1, 1964.....	152,000
Limestone Water and Sewer Company	
First Mortgage 5% Gold Bonds, Matured August 1, 1932.....	500*
Louisa Water Company	
First Mortgage Bonds, Series A, 4¼%, due January 1, 1964.....	46,000
Mars Hill and Blaine Water Company	
First Mortgage Bonds, Series A, 4¼%, due January 1, 1964.....	46,000

NORTHEASTERN WATER COMPANY AND SUBSIDIARIES

LONG-TERM DEBT HELD BY THE PUBLIC *(continued)*

December 31, 1943

<i>Description</i>	<i>Amount</i>
SUBSIDIARIES: (Continued)	
The Maryland Water Works Company	
First and Refunding Mortgage Bonds, Series A, 4¼%, due January 1, 1964.....	\$ 160,000
First and Refunding Mortgage Bonds, Series B, 3¾%, due January 1, 1964.....	31,000
Bel Air Water and Light Company	
First Mortgage Bonds, 5%, due April 1, 1944 (less \$1,500 in Treasury and \$5,600 in sinking fund).....	17,900*
Massachusetts Water Works Company	
First Mortgage Bonds, Series A, 4%, due January 1, 1964.....	115,000
Mystic Valley Water Company	
First Mortgage Bonds, Series A, 4%, due January 1, 1964.....	250,000
New Jersey Water Service Company	
First Mortgage 3¾% Bonds, Series A, due August 1, 1968.....	165,500
Norway Water Company	
First Mortgage Bonds, Series A, 4%, due January 1, 1964.....	40,000
Ocean City Sewer Service Company	
First Mortgage 3½% Bonds, Series A, due August 1, 1968.....	380,000
Ocean City Water Service Company	
First Mortgage 3½% Bonds, Series A, due August 1, 1968.....	650,000
The Oxford Water Company	
First Mortgage Bonds, Series A, 4%, due January 1, 1964.....	35,000
Penobscot County Water Company	
First Mortgage Bonds, Series B, 3½%, due April 1, 1966.....	316,000
Punxsutawney Water Service Company	
First Mortgage 5½% Gold Bonds, Series A, due March 1, 1958....	375,000
Riverton Consolidated Water Company	
First Mortgage Bonds, Series B, 3¾%, due April 1, 1966.....	525,000
The Salisbury Water Supply Company	
First Mortgage Bonds, Series A, 4%, due January 1, 1964.....	67,500
Skowhegan Water Company	
First Mortgage Bonds, Series A, 4%, due January 1, 1964.....	116,000
West Penn Water Company	
First Mortgage Bonds, Series A, 4¼%, due January 1, 1964.....	255,000
Total	\$6,261,650
Less amounts matured or maturing within one year, classified as Current Liabilities in Consolidated Balance Sheet.....	96,900*
Total, per Consolidated Balance Sheet.....	<u>\$6,164,750</u>

NORTHEASTERN WATER COMPANY AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED INCOME For the Three Months Ended March 31, 1944

OPERATING REVENUES:

Water and sewer.....	\$533,760.49	
Management services	<u>17,102.27</u>	\$550,862.76

OPERATING REVENUE DEDUCTIONS:

Operating, administrative and general expenses.....	\$228,088.93	
Maintenance	24,861.64	
Provision for retirement of fixed capital (exclusive of amounts charged to clearing accounts)....	45,449.39	
Provision for taxes:		
Federal income and excess profits.....	47,558.21	
Income taxes other than Federal.....	2,053.78	
Other	<u>59,115.52</u>	407,127.47
OPERATING INCOME		<u>\$143,735.29</u>

OTHER INCOME:

Dividends	\$ 28,980.25	
Interest	21,376.69	
Profit on sale of investments.....	7.45	
Miscellaneous	<u>3,218.43</u>	53,582.82
GROSS INCOME		<u>\$197,318.11</u>

INCOME DEDUCTIONS:

Interest on long-term debt.....	\$ 66,145.15	
Amortization of debt discount, premium and expense	2,820.03	
Other interest	500.20	
Interest charged to construction (credit).....	862.75	
Miscellaneous	227.50	
Minority interest in net income.....	<u>1,870.32</u>	70,700.45
NET INCOME		<u><u>\$126,617.66</u></u>

Note: This statement is on the basis of interim figures shown by the books of the Company and its subsidiaries, and is subject to audit.

NORTHEASTERN WATER COMPANY

OPERATING SUBSIDIARY COMPANIES

As at December 31, 1943

<i>Arkansas</i>	WEST HELENA WATER WORKS COMPANY	
<i>Connecticut</i>	MYSTIC VALLEY WATER COMPANY	
<i>Illinois</i>	EDWARDSVILLE WATER COMPANY	
<i>Kentucky</i>	LOUISA WATER COMPANY	
<i>Maine</i>	CARIBOU WATER WORKS CORPORATION	
	EASTPORT WATER COMPANY	
	GREENVILLE WATER COMPANY	
	THE GUILFORD WATER COMPANY	
	THE HARTLAND WATER COMPANY	
	LIMESTONE WATER AND SEWER COMPANY	
	MARS HILL & BLAINE WATER COMPANY	
	THE MECHANIC FALLS WATER COMPANY	
	THE NORTH BERWICK WATER COMPANY	
	NORWAY WATER COMPANY	
	PENOBSCOT COUNTY WATER COMPANY	
	THE SANGERVILLE WATER SUPPLY COMPANY	
	SKOWHEGAN WATER COMPANY	
	THE SOUTHWEST HARBOR WATER COMPANY	
	THE STOCKTON SPRINGS WATER COMPANY	
	THE WALDOBORO WATER COMPANY	
<i>Maryland</i>	THE MARYLAND WATER WORKS COMPANY	
<i>Massachusetts</i>	THE GRAFTON WATER COMPANY	
	MASSACHUSETTS WATER WORKS COMPANY	
	THE OXFORD WATER COMPANY	
	THE SALISBURY WATER SUPPLY COMPANY	
<i>New Hampshire</i>	THE HAMPTON WATER WORKS COMPANY	
<i>New Jersey</i>	THE DELAWARE RIVER WATER COMPANY	(a)
	FRENCHTOWN WATER COMPANY	(a)
	IDEAL BEACH WATER COMPANY	(a)
	JAMESBURG WATER COMPANY	(a)
	THE JUNCTION WATER COMPANY	(a)
	LAUREL SPRINGS WATER WORKS COMPANY	(a)
	NEPTUNUS WATER COMPANY	(b)
	NEW JERSEY WATER SERVICE COMPANY	(b)
	OCEAN CITY SEWER SERVICE COMPANY	(b)
	OCEAN CITY WATER SERVICE COMPANY	(b)
	THE RIVERTON AND PALMYRA WATER COMPANY	(a)
	THE WASHINGTON WATER COMPANY	(a)
<i>Pennsylvania</i>	BIGLERVILLE WATER COMPANY	
	CITIZENS WATER SERVICE COMPANY	(b)
	CLARION WATER COMPANY	
	OLYMER WATER SERVICE COMPANY	(b)
	THE CONSUMERS WATER COMPANY OF MONTROSE, PA.	
	ELLWOOD CONSOLIDATED WATER COMPANY	
	EVERETT WATER COMPANY	
	GETTYSBURG WATER COMPANY	
	MAUCH CHUNK WATER COMPANY	(a)
	MORRIS WATER COMPANY	(b)
	THE PARKESBURG WATER COMPANY	
	PUNXSUTAWNEY WATER SERVICE COMPANY	(b)
	RIVERTON CONSOLIDATED WATER COMPANY	
	WEST PENN WATER COMPANY	

(a) Acquired in 1943 by purchase.

(b) Acquired in 1943 by merger.