

SJW CORP
Form 10-Q
November 06, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2009

Commission file number 1-8966

SJW Corp.

(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

77-0066628
(I.R.S. Employer
Identification No.)

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110 West Taylor Street, San Jose, CA
(Address of principal executive offices)

95110
(Zip Code)

408-279-7800

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year 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 definitions of large accelerated filer, accelerated filer, non-accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (check one)

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Common shares outstanding as of October 19, 2009 are 18,498,897.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SJW Corp. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

AND COMPREHENSIVE INCOME

(UNAUDITED)

(in thousands, except share and per share data)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2009	2008	2009	2008
OPERATING REVENUE	\$ 69,326	69,507	\$ 167,541	170,818
OPERATING EXPENSE:				
Operation:				
Purchased water	15,174	16,390	35,564	37,562
Power	2,666	2,579	5,243	5,655
Groundwater extraction charges	10,743	11,845	25,275	26,678
Total production costs	28,583	30,814	66,082	69,895
Administrative and general	6,807	6,322	20,834	17,809
Other	4,697	4,343	13,221	12,095
Maintenance	3,550	3,296	9,682	9,612
Property taxes and other nonincome taxes	1,882	1,763	6,564	4,994
Depreciation and amortization	6,403	5,988	19,192	18,035
Income taxes	5,735	5,516	8,811	11,611
Total operating expense	57,657	58,042	144,386	144,051
OPERATING INCOME	11,669	11,465	23,155	26,767
OTHER (EXPENSE) INCOME:				
Interest on senior notes	(3,638)	(3,122)	(10,384)	(9,291)
Mortgage and other interest expense	(476)	(627)	(1,506)	(1,768)
Dividends	324	322	973	965
Other, net	138	219	313	580
NET INCOME	8,017	8,257	12,551	17,253
Other comprehensive income (loss):				
Unrealized income (loss) on investment	2,310	6,303	(8,239)	1,628
Less: income taxes related to other comprehensive				
income (loss)	(947)	(2,585)	3,378	(668)
Other comprehensive income (loss), net	1,363	3,718	(4,861)	960
COMPREHENSIVE INCOME	\$ 9,380	11,975	\$ 7,690	18,213
EARNINGS PER SHARE				

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Basic	\$	0.43	0.45	\$	0.68	0.94
Diluted	\$	0.43	0.44	\$	0.67	0.93
DIVIDENDS PER SHARE	\$	0.16	0.16	\$	0.49	0.48
WEIGHTED AVERAGE SHARES OUTSTANDING						
Basic		18,494,274	18,423,325		18,482,362	18,401,458
Diluted		18,689,769	18,618,780		18,672,855	18,602,557

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

SJW Corp. and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(in thousands, except share and per share data)

	SEPTEMBER 30, 2009	DECEMBER 31, 2008
ASSETS		
Utility plant:		
Land	\$ 8,502	8,134
Depreciable plant and equipment	894,656	855,427
Construction in progress	16,013	7,142
Intangible assets	11,278	8,040
	930,449	878,743
Less accumulated depreciation and amortization	292,215	272,562
	638,234	606,181
Real estate investment	88,000	88,000
Less accumulated depreciation and amortization	6,769	5,511
	81,231	82,489
CURRENT ASSETS:		
Cash and cash equivalents	1,860	3,406
Accounts receivable:		
Customers, net of allowances for uncollectible accounts	15,974	11,622
Income tax	333	657
Other	491	1,154
Accrued unbilled utility revenue	18,598	12,896
Materials and supplies	924	933
Prepaid expenses	1,681	1,293
	39,861	31,961
OTHER ASSETS:		
Investment in California Water Service Group	42,832	51,071
Debt issuance costs, net of accumulated amortization	3,147	3,162
Regulatory assets	74,000	73,778
Other	1,959	2,235
	121,938	130,246
	\$ 881,264	850,877

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

SJW Corp. and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(in thousands, except share and per share data)

	SEPTEMBER 30, 2009	DECEMBER 31, 2008
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Shareholders' equity:		
Common stock, \$0.521 par value; authorized 36,000,000 shares; issued and outstanding 18,498,897 shares on September 30, 2009 and 18,426,502 on September 30, 2008	\$ 9,635	9,611
Additional paid-in capital	21,859	20,548
Retained earnings	208,351	204,744
Accumulated other comprehensive income	14,562	19,423
Total shareholders' equity	254,407	254,326
Long-term debt, less current portion	246,013	216,613
	500,420	470,939
CURRENT LIABILITIES:		
Line of credit	4,300	18,400
Current portion of long-term debt	781	705
Accrued groundwater extraction charges and purchased water	8,291	5,256
Purchased power	1,511	563
Accounts payable	9,125	5,758
Accrued interest	3,951	4,567
Accrued taxes	2,222	855
Accrued payroll	2,889	3,325
Other current liabilities	4,254	3,894
	37,324	43,323
DEFERRED INCOME TAXES	100,564	97,038
UNAMORTIZED INVESTMENT TAX CREDITS	1,630	1,675
ADVANCES FOR CONSTRUCTION	70,819	74,787
CONTRIBUTIONS IN AID OF CONSTRUCTION	120,338	114,082
DEFERRED REVENUE	1,212	1,247
POSTRETIREMENT BENEFIT PLANS	43,281	42,331
OTHER NONCURRENT LIABILITIES	5,676	5,455
COMMITMENTS AND CONTINGENCIES		
	\$ 881,264	850,877

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

SJW Corp. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(in thousands)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2009	2008
OPERATING ACTIVITIES:		
Net income	\$ 12,551	17,253
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,192	18,035
Deferred income taxes	7,114	5,064
Share-based compensation	605	443
Changes in operating assets and liabilities:		
Accounts receivable and accrued unbilled utility revenue	(9,390)	(13,119)
Accounts payable, purchased power and other current liabilities	976	60
Accrued groundwater extraction charges and purchased water	3,033	3,559
Accrued taxes	1,691	5,132
Accrued interest	(616)	(1,092)
Accrued payroll	(436)	123
Postretirement benefits	1,321	(743)
Other changes, net	561	846
NET CASH PROVIDED BY OPERATING ACTIVITIES	36,602	35,561
INVESTING ACTIVITIES:		
Additions to utility plant	(43,722)	(47,612)
Payments for business acquisition	(3,720)	
Cost to retire utility plant, net of salvage	(310)	(1,204)
NET CASH USED IN INVESTING ACTIVITIES	(47,752)	(48,816)
FINANCING ACTIVITIES:		
Borrowings from line of credit	9,600	22,450
Repayments of line of credit	(23,700)	(8,550)
Long-term borrowings	30,000	1,069
Repayments of long-term borrowings	(524)	(472)