Section 1: 10-Q (10-Q)

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, 2017

OR

☐ 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 0-422

MIDDLESEX WATER COMPANY

(Exact name of registrant as specified in its charter)

New Jersey	**22-1114430**
(State of incorporation)	(IRS employer identification no.)

1500 Ronson Road, Iselin, New Jersey 08830
(Address of principal executive offices, including zip code)

(732) 634-1500
(Registrant's telephone number, including area code)

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 during the preceding 12 months (or such shorter period that the registrant was required to submit and post files).

Yes ☑ No ☐

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

Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐
Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☑

The number of shares outstanding of each of the registrant's classes of common stock, as of October 31, 2017: Common Stock, No Par Value: 16,346,036 shares outstanding.

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MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands except per share amounts)

	Three Months Ended September 30, 2017	2016	Nine Months Ended September 30, 2017	2016
Operating Revenues	**$ 36,174**	$ 37,794	**$ 99,319**	$ 101,098
Operating Expenses:				
Operations and Maintenance	**16,178**	16,599	**48,563**	48,215
Depreciation	**3,587**	3,243	**10,280**	9,561
Other Taxes	**3,603**	3,796	**10,327**	10,537
Total Operating Expenses	**23,368**	23,638	**69,170**	68,313
Operating Income	**12,806**	14,156	**30,149**	32,785
Other Income (Expense):				
Allowance for Funds Used During Construction	**174**	207	**473**	387
Other Income	**43**	400	**69**	449
Total Other Income, net	**217**	607	**542**	836
Interest Charges	**1,493**	1,427	**3,965**	3,841
Income before Income Taxes	**11,530**	13,336	**26,726**	29,780
Income Taxes	**3,888**	4,523	**9,263**	10,258
Net Income	**7,642**	8,813	**17,463**	19,522
Preferred Stock Dividend Requirements	**36**	36	**108**	108
Earnings Applicable to Common Stock	**$ 7,606**	$ 8,777	**$ 17,355**	$ 19,414
Earnings per share of Common Stock:				
Basic	**$ 0.47**	$ 0.54	**$ 1.06**	$ 1.19
Diluted	**$ 0.46**	$ 0.54	**$ 1.06**	$ 1.19
Average Number of Common Shares Outstanding :				
Basic	**16,340**	16,284	**16,324**	16,262
Diluted	**16,496**	16,440	**16,480**	16,418
Cash Dividends Paid per Common Share	**$ 0.2113**	$ 0.1988	**$ 0.6338**	$ 0.5963

See Notes to Condensed Consolidated Financial Statements.

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MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands)

ASSETS		September 30, 2017	December 31, 2016
UTILITY PLANT:	Water Production	$ **149,881**	$ 146,914
	Transmission and Distribution	**449,323**	430,880
	General	**67,774**	63,514
	Construction Work in Progress	**21,752**	12,196
	TOTAL	**688,730**	653,504
	Less Accumulated Depreciation	**143,269**	135,728
	UTILITY PLANT - NET	**545,461**	517,776
CURRENT ASSETS:	Cash and Cash Equivalents	**2,701**	3,879
	Accounts Receivable, net	**11,730**	10,129
	Unbilled Revenues	**8,628**	6,590
	Materials and Supplies (at average cost)	**4,441**	4,094
	Prepayments	**2,588**	2,024
	TOTAL CURRENT ASSETS	**30,088**	26,716
AND OTHER ASSETS:	Preliminary Survey and Investigation Charges	**3,832**	2,365
	Regulatory Assets	**60,430**	60,894
	Operations Contracts, Developer and Other Receivables	**789**	1,139
	Restricted Cash	**439**	439
	Non-utility Assets - Net	**9,276**	9,131
	Federal Income Tax Receivable	**1,408**	1,408
	Other	**196**	293
	TOTAL DEFERRED CHARGES AND OTHER ASSETS	**76,370**	75,669
	TOTAL ASSETS	$ **651,919**	$ 620,161
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock, No Par Value	$ **154,626**	$ 153,045
	Retained Earnings	**72,403**	65,392
	TOTAL COMMON EQUITY	**227,029**	218,437
	Preferred Stock	**2,433**	2,436
	Long-term Debt	**135,806**	134,538
	TOTAL CAPITALIZATION	**365,268**	355,411
CURRENT LIABILITIES:	Current Portion of Long-term Debt	**6,547**	6,159
	Notes Payable	**24,500**	12,000
	Accounts Payable	**12,113**	12,343
	Accrued Taxes	**11,881**	12,385
	Accrued Interest	**391**	1,084
	Unearned Revenues and Advanced Service Fees	**962**	923
	Other	**2,618**	2,162
	TOTAL CURRENT LIABILITIES	**59,012**	47,056
COMMITMENTS AND CONTINGENT LIABILITIES (Note 7)			
DEFERRED CREDITS AND OTHER LIABILITIES:	Customer Advances for Construction	**21,307**	20,846
	Accumulated Deferred Investment Tax Credits	**694**	753
	Accumulated Deferred Income Taxes	**80,250**	72,072
	Employee Benefit Plans	**33,544**	36,139
	Regulatory Liability - Cost of Utility Plant Removal	**11,889**	11,337
	Other	**1,348**	1,443
	TOTAL DEFERRED CREDITS AND OTHER LIABILITIES	**149,032**	142,590
CONTRIBUTIONS IN AID OF CONSTRUCTION		**78,607**	75,104
	TOTAL CAPITALIZATION AND LIABILITIES	$ **651,919**	$ 620,161

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended Septmber 30, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	**$ 17,463**	$ 19,522
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	**10,677**	10,052
Provision for Deferred Income Taxes and Investment Tax Credits	**8,394**	5,382
Equity Portion of Allowance for Funds Used During Construction (AFUDC)	**(323)**	(261)
Cash Surrender Value of Life Insurance	**(161)**	(89)
Stock Compensation Expense	**673**	649
Changes in Assets and Liabilities:		
Accounts Receivable	**(1,601)**	(3,213)
Unbilled Revenues	**(2,038)**	(2,285)
Materials and Supplies	**(347)**	(1,799)
Prepayments	**(564)**	(778)
Accounts Payable	**(230)**	3,806
Accrued Taxes	**(504)**	1,506
Accrued Interest	**(693)**	(703)
Employee Benefit Plans	**(1,362)**	(1,169)
Unearned Revenue & Advanced Service Fees	**39**	24
Other Assets and Liabilities	**(774)**	16
NET CASH PROVIDED BY OPERATING ACTIVITIES	**28,649**	30,660
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility Plant Expenditures, Including AFUDC of $150 in 2017, $126 in 2016	**(35,170)**	(34,146)
NET CASH USED IN INVESTING ACTIVITIES	**(35,170)**	(34,146)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of Long-term Debt	**(5,163)**	(4,917)
Proceeds from Issuance of Long-term Debt	**6,968**	3,903
Net Short-term Bank Borrowings	**12,500**	10,600
Deferred Debt Issuance Expense	**(144)**	(158)
Proceeds from Issuance of Common Stock	**908**	1,159
Payment of Common Dividends	**(10,344)**	(9,695)
Payment of Preferred Dividends	**(108)**	(108)
Construction Advances and Contributions-Net	**726**	686
NET CASH PROVIDED BY FINANCING ACTIVITIES	**5,343**	1,470
NET CHANGES IN CASH AND CASH EQUIVALENTS	**(1,178)**	(2,016)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**3,879**	3,469
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 2,701**	$ 1,453
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:		
Utility Plant received as Construction Advances and Contributions	**$ 3,238**	$ 1,217
Long-term Debt Deobligation	**$ —**	$ 476
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash Paid During the Year for:		
Interest	**$ 4,775**	$ 4,658
Interest Capitalized	**$ 150**	$ 126
Income Taxes	**$ 1,462**	$ 4,011

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CAPITAL STOCK
AND LONG-TERM DEBT
(Unaudited)
(In thousands)

	September 30, 2017	December 31, 2016
Common Stock, No Par Value		
Shares Authorized - 40,000		
Shares Outstanding - 2017 - 16,345; 2016 - 16,296	**$ 154,626**	$ 153,045
Retained Earnings	**72,403**	65,392
TOTAL COMMON EQUITY	**$ 227,029**	$ 218,437
Cumulative Preferred Stock, No Par Value:		
Shares Authorized - 126		
Shares Outstanding - 24		
Convertible:		
Shares Outstanding, $7.00 Series - 10	**$ 1,005**	$ 1,007
Shares Outstanding, $8.00 Series - 3	**349**	349
Nonredeemable:		
Shares Outstanding, $7.00 Series - 1	**79**	80
Shares Outstanding, $4.75 Series - 10	**1,000**	1,000
TOTAL PREFERRED STOCK	**$ 2,433**	$ 2,436
Long-term Debt:		
8.05%, Amortizing Secured Note, due December 20, 2021	**$ 1,241**	$ 1,415
6.25%, Amortizing Secured Note, due May 19, 2028	**4,480**	4,795
6.44%, Amortizing Secured Note, due August 25, 2030	**3,617**	3,827
6.46%, Amortizing Secured Note, due September 19, 2031	**3,897**	4,107
4.22%, State Revolving Trust Note, due December 31, 2022	**304**	329
3.60%, State Revolving Trust Note, due May 1, 2025	**1,958**	2,062
3.30% State Revolving Trust Note, due March 1, 2026	**392**	431
3.49%, State Revolving Trust Note, due January 25, 2027	**427**	465
4.03%, State Revolving Trust Note, due December 1, 2026	**578**	603
4.00% to 5.00%, State Revolving Trust Bond, due August 1, 2021	**162**	213
0.00%, State Revolving Fund Bond, due August 1, 2021	**128**	166
3.64%, State Revolving Trust Note, due July 1, 2028	**266**	276
3.64%, State Revolving Trust Note, due January 1, 2028	**87**	91
3.45%, State Revolving Trust Note, due August 1, 2031	**962**	1,015
6.59%, Amortizing Secured Note, due April 20, 2029	**4,040**	4,302
7.05%, Amortizing Secured Note, due January 20, 2030	**3,083**	3,271
5.69%, Amortizing Secured Note, due January 20, 2030	**6,325**	6,709
4.45%, Amortizing Secured Note, due April 20, 2040	**9,937**	10,267
4.47%, Amortizing Secured Note, due April 20, 2040	**3,687**	3,809
3.75%, State Revolving Trust Note, due July 1, 2031	**2,134**	2,191
2.00%, State Revolving Trust Note, due February 1, 2036	**1,115**	1,115
3.75%, State Revolving Trust Note, due November 30, 2030	**1,123**	1,154
0.00% Construction Loans	**14,439**	7,470
First Mortgage Bonds:		
0.00%, Series X, due August 1, 2018	**55**	107
4.25% to 4.63%, Series Y, due August 1, 2018	**61**	122
0.00%, Series Z, due August 1, 2019	**224**	336
5.25% to 5.75%, Series AA, due August 1, 2019	**300**	440
0.00%, Series BB, due August 1, 2021	**482**	603
4.00% to 5.00%, Series CC, due August 1, 2021	**636**	779
0.00%, Series EE, due August 1, 2023	**2,296**	2,713
3.00% to 5.50%, Series FF, due August 1, 2024	**3,495**	3,690
0.00%, Series GG, due August 1, 2026	**813**	903
4.00% to 5.00%, Series HH, due August 1, 2026	**880**	960
0.00%, Series II, due August 1, 2024	**610**	700
3.40% to 5.00%, Series JJ, due August 1, 2027	**750**	824
0.00%, Series KK, due August 1, 2028	**988**	1,078
5.00% to 5.50%, Series LL, due August 1, 2028	**1,095**	1,175
0.00%, Series MM, due August 1, 2030	**1,237**	1,337
3.00% to 4.375%, Series NN, due August 1, 2030	**1,505**	1,590
0.00%, Series OO, due August 1, 2031	**2,107**	2,258

2.00% to 5.00%, Series PP, due August 1, 2031		**740**		780
5.00%, Series QQ, due October 1, 2023		**9,915**		9,915
3.80%, Series RR, due October 1, 2038		**22,500**		22,500
4.25%, Series SS, due October 1, 2047		**23,000**		23,000
0.00%, Series TT, due August 1, 2032		**2,258**		2,408
3.00% to 3.25%, Series UU, due August 1, 2032		**845**		890
0.00%, Series VV, due August 1, 2033		**2,290**		2,433
3.00% to 5.00%, Series WW, due August 1, 2033		**830**		865
SUBTOTAL LONG-TERM DEBT		**144,294**		142,489
Add: Premium on Issuance of Long-term Debt		**1,335**		1,495
Less: Unamortized Debt Expense		**(3,276)**		(3,287)
Less: Current Portion of Long-term Debt		**(6,547)**		(6,159)
TOTAL LONG-TERM DEBT	**$**	**135,806**	$	134,538

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Recent Developments

Middlesex Water Company (Middlesex or the Company) is the parent company and sole shareholder of Tidewater Utilities, Inc. (Tidewater), Tidewater Environmental Services, Inc. (TESI), Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy) Inc. (USA-PA), and Twin Lakes Utilities, Inc. (Twin Lakes). Southern Shores Water Company, LLC (Southern Shores) and White Marsh Environmental Systems, Inc. (White Marsh) are wholly-owned subsidiaries of Tidewater. The financial statements for Middlesex and its wholly-owned subsidiaries (the Company) are reported on a consolidated basis. All significant intercompany accounts and transactions have been eliminated.

The consolidated notes within the 2016 Annual Report on Form 10-K (the 2016 Form 10-K) are applicable to these financial statements and, in the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary (including normal recurring accruals) to present fairly the financial position as of September 30, 2017, the results of operations for the three and nine month periods ended September 30, 2017 and 2016 and cash flows for the nine month periods ended September 30, 2017 and 2016. Information included in the Condensed Consolidated Balance Sheet as of December 31, 2016, has been derived from the Company's audited financial statements for the year ended December 31, 2016 included in the 2016 Form 10-K.

Recent Accounting Guidance

Inventory - In July 2015, the Financial Accounting Standards Board (FASB) issued guidance on simplifying the measurement of inventory. The new guidance replaces the current lower of cost or market test with a lower of cost or net realizable value test when cost is determined on a first-in, first-out or average cost basis. The guidance was effective January 1, 2017 and did not have a material impact on the Company's financial statements.

Accounting for Share-Based Payments - In March 2016, the FASB issued guidance which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The guidance was effective January 1, 2017 and did not have a material impact on the Company's financial statements.

Revenue Recognition - In May 2014, the FASB issued guidance related to revenue from contracts with customers. The update replaces most of the existing guidance with a single set of principles for recognizing revenue from contracts with customers. The FASB has deferred the effective date of these new revenue recognition standards by one year to January 1, 2018, at which time the Company will adopt this guidance using the modified retrospective method. The Company continues to assess the impact this standard will have on our financial statements by analyzing our inventory of contracts with customers, which consist primarily of regulated tariff-based sales and non-regulated operation and maintenance contracts for water and wastewater systems. Based on the Company's on-going interpretation and analysis of this guidance, this update is not expected to have an impact on the Company's regulated tariff-based sales and the impact on the Company's non-regulated operation and maintenance contracts, if any, is not expected to be material. The Company's non-regulated segment contributed approximately 12% and 6% of total revenues and net income, respectively, for the nine months ended September 30, 2017 and approximately 11% and 2% of total revenues and net income, respectively, for the year ended December 31, 2016. The Company's assessment of this guidance is not final and subject to change pending the Company's completion of its review of the guidance, including any new authoritative and interpretive guidance.

Recognition and Measurement of Financial Assets and Financial Liabilities - In January 2016, the FASB issued guidance which (i) requires all investments in equity securities, including other ownership interests such as partnerships, unincorporated joint ventures and limited liability companies, to be carried at fair value through net income, (ii) requires an incremental recognition and disclosure requirement related to the presentation of fair value changes of financial liabilities for which the fair value option has been elected, (iii) amends several disclosure requirements, including the methods and significant assumptions used to estimate fair value or a description of the changes in the methods and assumptions used to estimate fair value, and (iv) requires disclosure of the fair value of financial assets and liabilities measured at amortized cost at the amount that would be received to sell the asset or paid to transfer the liability. The guidance is effective for fiscal years beginning after December 15, 2017 with early adoption permitted. The guidance is required to be applied retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of adoption (modified retrospective method). The Company is currently assessing the impact of this standard on its consolidated financial statements and footnote disclosures, but does not expect that the adoption of this guidance to have a material impact on the Company’s financial statements.

Leases - In February 2016, the FASB issued guidance related to leases which will require lessees to recognize a lease liability (a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis) a right-of-use asset (an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term). The guidance is effective for fiscal years beginning after December 15, 2018 with early adoption permitted. The Company is currently assessing the impact of this standard on its consolidated financial statements and footnote disclosures, but, based on the Company’s current leasing activity, does not expect that the adoption of this guidance to have a material impact on the Company’s financial statements.

Statement of Cash Flows - In August 2016, the FASB issued guidance which amends the previous guidance on the classification of certain cash receipts and payments in the statement of cash flows. The primary purpose of this guidance is to reduce the diversity in practice that has resulted from the lack of consistent principles on this topic. The guidance is effective January 1, 2018 with early adoption permitted. The adoption of this guidance is not expected to have a material impact on the Company’s financial statements.

Restricted Cash - In November 2016, the FASB issued guidance related to the classification and presentation of restricted cash in the statement of cash flows, which requires entities to a) include restricted cash balances in its cash and cash-equivalent balances in the statement of cash flows and b) include a reconciliation of cash and cash-equivalents per the statement of financial position as compared to the statement of cash flows. Changes in restricted cash and restricted cash equivalents that result from transfers between cash, cash equivalents, and restricted cash and restricted cash equivalents will not be presented as cash flow activities in the statement of cash flows. In addition, an entity with a material balance of amounts described as restricted cash and restricted cash equivalents must disclose information about the nature of the restrictions. The guidance is effective January 1, 2018 with early adoption permitted. The adoption of this guidance is not expected to have a material impact on the Company’s financial statements.

Employee Benefit Plans-Net Periodic Benefit Cost – In March 2017, the FASB issued guidance which requires entities to (1) disaggregate the current-service-cost component from the other components of net benefit cost and present it with other current compensation costs for related employees in the income statement and (2) present the other components elsewhere in the income statement and outside of income from operations if that subtotal is presented. In addition, the ASU requires entities to disclose the income statement lines that contain the other components if they are not presented on appropriately described separate lines. The guidance is effective January 1, 2018. The Company is currently assessing the impact of this standard on its consolidated financial statements and footnote disclosures, but does not expect that the adoption of this guidance to have a material impact on the Company’s financial statements.

There are no other new adopted or proposed accounting guidance that the Company is aware of that could have a material impact on the Company’s financial statements.

Note 2 – **Rate and Regulatory Matters**

Middlesex – On October 10, 2017, Middlesex filed a petition with the New Jersey Board of Public Utilities (NJBPU) seeking permission to increase base water rates by approximately $15.3 million per year. The request was necessitated by capital infrastructure investments Middlesex has made, or has committed to make, to drinking water infrastructure since the last filing in New Jersey in 2015 as well as increased operations and maintenance costs. We cannot predict when and whether the NJBPU will ultimately approve, deny, or reduce the amount of the request. Under New Jersey statute, the NJPBU must render a decision within nine months of filing a petition.

On October 20, 2017, the NJBPU approved Middlesex’s petition to reset its Purchased Water Adjustment Clause (PWAC) tariff rate to recover additional annual costs of $1.2 million for the purchase of untreated water from the New Jersey Water Supply Authority. A PWAC is a rate mechanism that allows for the recovery of increased purchased water costs between base rate case filings. The PWAC is reset to zero once those increased costs are included in base rates. The reset PWAC tariff rate became effective on November 1, 2017.

Tidewater - Effective July 1, 2017, Tidewater reset its Delaware Public Service Commission-approved Distribution System Improvement Charge (DSIC) rate, which is expected to generate $0.4 million of annual revenues. A DSIC is a rate-mechanism that allows water utilities to recover investments of, and generate a return on, qualifying capital improvements to their water distribution system made between base rate proceedings.

Note 3 – Capitalization

Common Stock
During the nine months ended September 30, 2017 and 2016, there were 24,154 common shares (approximately $0.9 million) and 35,350 common shares (approximately $1.2 million), respectively, issued under the Middlesex Water Company Investment Plan.

Long-term Debt
In January 2017, the NJBPU approved Middlesex’s request to borrow up to $37.0 million under the New Jersey State Revolving Fund (SRF) program to fund the construction of a large-diameter transmission pipeline from the Carl J. Olsen water treatment plant and interconnect with our distribution system. Middlesex currently expects to close on the SRF construction loan in the first quarter of 2018 with funding requisitions occurring primarily throughout 2018 and 2019.

Middlesex closed on a $9.5 million NJBPU approved SRF construction loan in August 2017. The proceeds will be used to fund the RENEW 2017 project. RENEW is an ongoing program to eliminate all unlined water distribution mains in the Middlesex system. Funding requisitions are expected to occur primarily throughout the remainder of 2017.

Middlesex closed on a $2.3 million NJBPU approved SRF construction loan in May 2017. The proceeds will be used to fund the upgrade of a booster station at one of its well fields. Funding requisitions are expected to occur through early 2018.

In November 2017, Middlesex is scheduled to close out three of its active New Jersey SRF construction loans (booster station upgrade, RENEW 2015 and RENEW 2016 projects) by issuing first mortgage bonds designated as Series XX (approximately $11.1 million) and Series YY (approximately $3.7 million). The interest rate on the Series XX bond will be zero and the interest rate on the Series YY bond will be determined at the time of closing using the credit rating of the State of New Jersey. The final maturity date for both bonds will be August 1, 2047.

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosure for financial instruments for which it is practicable to estimate that value. The carrying amounts reflected in the condensed consolidated balance sheets for cash and cash equivalents, trade receivables, accounts payable and notes payable approximate their respective fair values due to the short-term maturities of these instruments. The fair value of First Mortgage and SRF Bonds (collectively, the Bonds) issued by Middlesex is based on quoted market prices for similar issues. Under the fair value hierarchy, the fair value of cash and cash equivalents is classified as a Level 1 measurement and the fair value of notes payable and the Bonds in the table below are classified as Level 2 measurements. The carrying amount and fair value of the Bonds were as follows:

	(In Thousands)			
	September 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Bonds	$ 80,203	$ 82,573	$ 82,786	$ 84,821

For other long-term debt for which there was no quoted market price and there is not an active trading market, it was not practicable to estimate their fair value (for details, including carrying value, interest rate and due date on these series of long-term debt, please refer to those series noted as "Amortizing Secured Note", "State Revolving Trust Note" and "Construction Loans" on the Condensed Consolidated Statements of Capital Stock and Long-Term Debt). The carrying amount of these instruments was $64.1 million and $59.7 million at September 30, 2017 and December 31, 2016, respectively. Customer advances for construction have carrying amounts of $21.3 million and $20.8 million at September 30, 2017 and December 31, 2016, respectively. Their relative fair values cannot be accurately estimated since future refund payments depend on several variables, including new customer connections, customer consumption levels and future rate increases.

Note 4 – Earnings Per Share

Basic earnings per share (EPS) are computed on the basis of the weighted average number of shares outstanding during the period presented. Diluted EPS assumes the conversion of both the Convertible Preferred Stock $7.00 Series and the Convertible Preferred Stock $8.00 Series.

	(In Thousands Except per Share Amounts)			
	Three Months Ended September 30,			
	2017		2016	
Basic:	Income	Shares	Income	Shares
Net Income	$ 7,642	16,340	$ 8,813	16,284
Preferred Dividend	(36)		(36)	
Earnings Applicable to Common Stock	$ 7,606	16,340	$ 8,777	16,284
Basic EPS	$ 0.47		$ 0.54	
Diluted:				
Earnings Applicable to Common Stock	$ 7,606	16,340	$ 8,777	16,284
$7.00 Series Preferred Dividend	17	115	17	115
$8.00 Series Preferred Dividend	6	41	6	41
Adjusted Earnings Applicable to Common Stock	$ 7,629	16,496	$ 8,800	16,440
Diluted EPS	$ 0.46		$ 0.54	

	(In Thousands Except per Share Amounts) Nine Months Ended September 30,			
	2017		2016	
Basic:	Income	Shares	Income	Shares
Net Income	$ 17,463	16,324	$ 19,522	16,262
Preferred Dividend	(108)		(108)	
Earnings Applicable to Common Stock	$ 17,355	16,324	$ 19,414	16,262
Basic EPS	$ 1.06		$ 1.19	
Diluted:				
Earnings Applicable to Common Stock	$ 17,355	16,324	$ 19,414	16,262
$7.00 Series Preferred Dividend	50	115	50	115
$8.00 Series Preferred Dividend	18	41	18	41
Adjusted Earnings Applicable to Common Stock	$ 17,423	16,480	$ 19,482	16,418
Diluted EPS	$ 1.06		$ 1.19	

Note 5 – Business Segment Data

The Company has identified two reportable segments. One is the regulated business of collecting, treating and distributing water on a retail and wholesale basis to residential, commercial, industrial and fire protection customers in parts of New Jersey, Delaware and Pennsylvania. This segment also includes regulated wastewater systems in New Jersey and Delaware. The Company is subject to regulations as to its rates, services and other matters by New Jersey, Delaware and Pennsylvania with respect to utility services within these states. The other segment is primarily comprised of non-regulated contract services for the operation and maintenance of municipal and private water and wastewater systems in New Jersey and Delaware. Inter-segment transactions relating to operational costs are treated as pass-through expenses. Finance charges on inter-segment loan activities are based on interest rates that are below what would normally be charged by a third party lender.

Operations by Segments:	(In Thousands) Three Months Ended September 30, 2017	2016	Nine Months Ended September 30, 2017	2016
Revenues:				
Regulated	$ 32,252	$ 33,989	$ 88,023	$ 89,797
Non – Regulated	4,142	3,949	11,755	11,685
Inter-segment Elimination	(220)	(144)	(459)	(384)
Consolidated Revenues	$ 36,174	$ 37,794	$ 99,319	$ 101,098
Operating Income:				
Regulated	$ 12,098	$ 13,516	$ 28,195	$ 30,940
Non – Regulated	708	640	1,954	1,845
Consolidated Operating Income	$ 12,806	$ 14,156	$ 30,149	$ 32,785
Net Income:				
Regulated	$ 7,232	$ 8,154	$ 16,341	$ 18,226
Non – Regulated	410	659	1,122	1,296
Consolidated Net Income	$ 7,642	$ 8,813	$ 17,463	$ 19,522
Capital Expenditures:				
Regulated	$ 13,998	$ 14,011	$ 35,157	$ 33,961
Non – Regulated	7	24	13	185
Total Capital Expenditures	$ 14,005	$ 14,035	$ 35,170	$ 34,146

	As of September 30, 2017	As of December 31, 2016
Assets:		
Regulated	$ 654,248	$ 619,915
Non – Regulated	6,772	6,245
Inter-segment Elimination	(9,101)	(5,999)
Consolidated Assets	$ 651,919	$ 620,161

Note 6 – Short-term Borrowings

As of September 30, 2017, the Company has established lines of credit aggregating $92.0 million, an increase of $32.0 million since June 30, 2017. At September 30, 2017, the outstanding borrowings under these credit lines were $24.5 million at a weighted average interest rate of 2.28%.

The weighted average daily amounts of borrowings outstanding under the Company’s credit lines and the weighted average interest rates on those amounts were as follows:

	(In Thousands)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Average Daily Amounts Outstanding	$ 21,055	$ 11,734	$ 16,447	$ 6,177
Weighted Average Interest Rates	2.28%	1.54%	2.07%	1.52%

The maturity dates for the $24.5 million outstanding as of September 30, 2017 are all in October 2017 and November 2017 and are extendable at the discretion of the Company.

Interest rates for short-term borrowings under the lines of credit are below the prime rate with no requirement for compensating balances.

Note 7 – Commitments and Contingent Liabilities

Water Supply
Middlesex has an agreement with the New Jersey Water Supply Authority (NJWSA) for the purchase of untreated water through November 30, 2023, which provides for an average purchase of 27.0 million gallons a day (mgd). Pricing is set annually by the NJWSA through a public rate making process. The agreement has provisions for additional pricing in the event Middlesex overdrafts or exceeds certain monthly and annual thresholds.

Middlesex also has an agreement with a non-affiliated regulated water utility for the purchase of treated water. This agreement, which expires February 27, 2021, provides for the minimum purchase of 3.0 mgd of treated water with provisions for additional purchases.

Tidewater contracts with the City of Dover, Delaware to purchase 15.0 million gallons of treated water annually.

Purchased water costs are shown below:

	(In Thousands)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Treated	$ 791	$ 804	$ 2,365	$ 2,360
Untreated	673	675	1,905	1,911
Total Costs	$ 1,464	$ 1,479	$ 4,270	$ 4,271

Contract Operations - USA-PA operates the City of Perth Amboy, New Jersey's (Perth Amboy) water and wastewater systems under a 20-year agreement, which expires in December 2018. In connection with the agreement with Perth Amboy, USA-PA entered into a concurrent subcontract with a wastewater operating company for the operation and maintenance of the Perth Amboy wastewater collection system. The subcontract provides for the sharing of certain fixed and variable fees and operating expenses.

Guarantees - As part of an agreement with the County of Monmouth, New Jersey (County), Middlesex serves as guarantor of the performance of Applied Water Management, Inc. (AWM), an unaffiliated wastewater treatment contractor, to operate a County-owned leachate pretreatment facility at the Monmouth County Reclamation Center in Tinton Falls, New Jersey. The performance guaranty is effective through 2028 unless another guarantor, acceptable to the County, replaces Middlesex before such date. Under agreements with AWM and Natural Systems Utilities, LLC (NSU), the parent company of AWM, Middlesex earns a fee for providing the performance guaranty. In addition, Middlesex may provide operational support to the facility, as needed, and AWM and NSU, serving as guarantor to Middlesex with respect to the performance of AWM, agree to indemnify Middlesex against any claims that may arise under the Middlesex guaranty to the County.

If requested to perform under the guaranty to the County and, if AWM and NSU, as guarantor to Middlesex, do not fulfill their obligations to indemnify Middlesex against any claims that may arise under the Middlesex guaranty to the County, Middlesex would be required to fulfill the remaining operational commitment of AWM. As of both September 30, 2017 and December 31, 2016, the liability recognized in Other Non-Current Liabilities on the balance sheet for the guaranty is approximately $0.1 million.

Construction
The Company expects to spend approximately $52 million for its construction program in 2017. The actual timing and amount of capital expenditures is dependent on project scheduling and refinement of engineering estimates for certain projects.

Litigation
The Company is a defendant in lawsuits in the normal course of business. We believe the resolution of pending claims and legal proceedings will not have a material adverse effect on the Company's consolidated financial statements.

Change in Control Agreements
The Company has Change in Control Agreements with certain of its officers that provide compensation and benefits in the event of termination of employment in connection with a change in control of the Company.

Note 8 – Employee Benefit Plans

Pension Benefits
The Company's Pension Plan covers all active employees hired prior to April 1, 2007. Employees hired after March 31, 2007 are not eligible to participate in this plan, but do participate in a defined contribution plan that provides an annual contribution at the discretion of the Company, based upon a percentage of the participants' compensation. In order to be eligible for a contribution, the participant must be employed by the Company on December 31st of the year to which the contribution relates. For each of the three month periods ended September 30, 2017 and 2016, the Company made Pension Plan cash contributions of $1.0 million. For each of the nine month periods ended September 30, 2017 and 2016, the Company made Pension Plan cash contributions of $2.5 million. The Company expects to make Pension Plan cash contributions of approximately $0.8 million over the remainder of the current year. The Company also maintains an unfunded supplemental retirement benefit plan for certain active and retired Company officers and currently pays $0.3 million in annual benefits to the retired participants.

Other Postretirement Benefits
The Company's retirement plan other than pensions (Other Benefits Plan) covers substantially all of its current retired employees. Employees hired after March 31, 2007 are not eligible to participate in this plan. Coverage includes healthcare and life insurance. For each of the three month periods ended September 30, 2017 and 2016, the Company made Other Benefits Plan cash contributions of $0.2 million. For each of the nine month periods ended September 30, 2017 and 2016, the Company made Other Benefits Plan cash contributions of $0.7 million. The Company expects to make Other Benefits Plan cash contributions of approximately $0.9 million over the remainder of the current year.

The following tables set forth information relating to the Company's periodic costs for its employee retirement benefit plans:

	(In Thousands)			
	Pension Benefits		Other Benefits	
	Three Months Ended September 30,			
	2017	2016	2017	2016
Service Cost	$ 600	$ 577	$ 272	$ 275
Interest Cost	786	761	491	488
Expected Return on Assets	(1,122)	(1,004)	(601)	(558)
Amortization of Unrecognized Losses	391	357	445	443
Amortization of Unrecognized Prior Service Cost (Credit)	—	—	(432)	(432)
Net Periodic Benefit Cost	$ 655	$ 691	$ 175	$ 216

	(In Thousands)			
	Pension Benefits		Other Benefits	
	Nine Months Ended September 30,			
	2017	2016	2017	2016
Service Cost	$ 1,799	$ 1,731	$ 817	$ 824
Interest Cost	2,357	2,284	1,473	1,464
Expected Return on Assets	(3,367)	(3,011)	(1,804)	(1,674)
Amortization of Unrecognized Losses	1,174	1,070	1,336	1,330
Amortization of Unrecognized Prior Service Cost (Credit)	—	—	(1,296)	(1,296)
Net Periodic Benefit Cost	$ 1,963	$ 2,074	$ 526	$ 648

Note 9 – Income Taxes

As part of its 2014 Federal income tax return, the Company adopted the final Internal Revenue Service (IRS) regulations pertaining to the tax deductibility of costs that qualify as repairs on tangible property. The adoption resulted in a net reduction of $17.6 million in taxes previously remitted to the IRS, for which the Company has already sought and received refunds pertaining to tax years 2012 through 2014 in accordance with IRS regulations. Subsequently, the Company's 2014 federal income tax return was selected for examination by the IRS. It is unknown at this time whether the results of this examination will result in any changes to the filed Federal income tax return.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements of Middlesex Water Company (Middlesex or the Company) included elsewhere herein and with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Forward-Looking Statements

Certain statements contained in this periodic report and in the documents incorporated by reference constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The Company intends that these statements be covered by the safe harbors created under those laws. They include, but are not limited to statements as to:

- expected financial condition, performance, prospects and earnings of the Company;
- strategic plans for growth;
- the amount and timing of rate increases and other regulatory matters, including the recovery of certain costs recorded as regulatory assets;
- the Company's expected liquidity needs during the upcoming fiscal year and beyond and the sources and availability of funds to meet its liquidity needs;
- expected customer rates, consumption volumes, service fees, revenues, margins, expenses and operating results;
- financial projections;
- the expected amount of cash contributions to fund the Company's retirement benefit plans, anticipated discount rates and rates of return on retirement benefit plan assets;
- the ability of the Company to pay dividends;
- the Company's compliance with environmental laws and regulations and estimations of the materiality of any related costs;
- the safety and reliability of the Company's equipment, facilities and operations;
- the Company's plans to renew municipal franchises and consents in the territories it serves;
- trends; and
- the availability and quality of our water supply.

These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from anticipated results and outcomes include, but are not limited to:

- effects of general economic conditions;
- increases in competition for growth in non-franchised markets to be potentially served by the Company;
- ability of the Company to adequately control selected operating expenses which are necessary to maintain safe and proper utility services, and which may be beyond the Company's control;
- availability of adequate supplies of water;
- actions taken by government regulators, including decisions on rate increase requests;
- new or modified water quality standards;
- weather variations and other natural phenomena impacting utility operations;
- financial and operating risks associated with acquisitions and/or privatizations;
- acts of war or terrorism;
- changes in the pace of housing development;
- availability and cost of capital resources; and
- other factors discussed elsewhere in this quarterly report.

Many of these factors are beyond the Company's ability to control or predict. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements, which only speak to the Company's understanding as of the date of this report. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

For an additional discussion of factors that may affect the Company’s business and results of operations, see Item 1A. - Risk Factors in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Overview

Middlesex Water Company (Middlesex) has operated as a water utility in New Jersey since 1897, in Delaware through our wholly-owned subsidiary, Tidewater Utilities, Inc. (Tidewater), since 1992 and in Pennsylvania through our wholly-owned subsidiary, Twin Lakes Utilities, Inc. (Twin Lakes), since 2009. We are in the business of collecting, treating and distributing water for domestic, commercial, municipal, industrial and fire protection purposes. We also operate two New Jersey municipal water and wastewater systems under contract and provide regulated wastewater services in New Jersey and Delaware through our subsidiaries. We are regulated as to rates charged to customers for water and wastewater services, as to the quality of water service we provide and as to certain other matters in New Jersey, Delaware and Pennsylvania. Only our Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy), Inc. (USA-PA) and White Marsh Environmental Services, Inc. (White Marsh) subsidiaries are not regulated utilities.

Our New Jersey water utility system (the Middlesex System) provides water services to approximately 61,000 retail customers, primarily in central New Jersey. The Middlesex System also provides water service under contract to municipalities in central New Jersey with a total population of approximately 219,000. Our Bayview subsidiary provides water services in Downe Township, New Jersey. Our other New Jersey subsidiaries, Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), provide water and wastewater services to approximately 2,500 residents in Southampton Township, New Jersey.

In partnership with our subsidiary, USA-PA, we operate the water supply system and wastewater system for the City of Perth Amboy, New Jersey.

USA operates the Borough of Avalon, New Jersey’s (Avalon) water utility, sewer utility and storm water system under a ten-year operations and maintenance contract expiring in 2022. In addition to performing day to day operations, USA is responsible for billing, collections, customer service, emergency responses and management of capital projects funded by Avalon. Under a marketing agreement with HomeServe USA (HomeServe), USA offers residential customers in New Jersey and Delaware a menu of water and wastewater related home maintenance programs. HomeServe is a leading national provider of such home maintenance service programs. USA receives a service fee for the billing, cash collection and other administrative matters associated with HomeServe’s service contracts. The agreement expires in 2021. USA also provides unregulated water and wastewater services under contract with several New Jersey municipalities.

Our Delaware subsidiaries, Tidewater and Southern Shores Water Company, LLC, provide water services to approximately 44,000 retail customers in New Castle, Kent and Sussex Counties, Delaware. Tidewater’s subsidiary, White Marsh, services approximately 4,000 customers in Kent and Sussex Counties through various operations and maintenance contracts.

Our Tidewater Environmental Services, Inc. subsidiary provides wastewater services to approximately 3,500 residential retail customers in Sussex County, Delaware.

Our Pennsylvania subsidiary, Twin Lakes, provides water services to approximately 120 retail customers in the Township of Shohola, Pike County, Pennsylvania.

The majority of our revenue is generated from retail and contract water services to customers in our service areas. We record water service revenue as such service is rendered and include estimates for amounts unbilled at the end of the period for services provided after the last billing cycle. Fixed service charges are billed in advance by our subsidiary, Tidewater, and are recognized in revenue as the service is provided.

Our ability to increase operating income and net income is based significantly on four factors: weather, adequate and timely rate relief, effective cost management, and customer growth. These factors are evident in the discussions below which compare our results of operations with the prior period.

Recent Developments

Capital Construction Program - The Company's multi-year capital construction program involves numerous projects designed to upgrade and replace infrastructure as well as enhance the integrity of system assets to better serve the current and future generations of water and wastewater customers. The Company plans to invest approximately $106 million through 2018 in connection with this plan for projects that include, but are not limited to;

- Construction of a 4.6 mile water transmission pipeline to provide critical resiliency and redundancy capability to the Company's water transmission system in New Jersey;
- Replacement of five miles of water mains including service lines, valves, fire hydrants and meters in the Borough of South Plainfield, New Jersey;
- Enhanced treatment process at the Company's largest water plant in Edison, New Jersey, to mitigate the formation of disinfection by-products that can develop during treatment;
- Additional elevated storage tanks to supplement water supply during emergencies and peak usage periods;
- Upgrades to water interconnections with neighboring utilities for greater resiliency and emergency response capability;
- Relocation of water meters from inside customers' premises to exterior meter pits to allow quicker access by crews in emergencies, enhanced customer safety and convenience and reduced unmetered water; and
- Additional standby emergency power generation.

Middlesex- On October 10, 2017, Middlesex filed a petition with the New Jersey Board of Public Utilities (NJBPU) seeking permission to increase base water rates by approximately $15.3 million per year. The request was necessitated by capital infrastructure investments Middlesex has made, or has committed to make, to drinking water infrastructure since the last filing in New Jersey in 2015, as well as increased operations and maintenance costs. We cannot predict when and whether the NJBPU will ultimately approve, deny, or reduce the amount of the request. Under New Jersey statute, the NJPBU must render a decision within nine months of filing a petition.

On October 20, 2017, the NJBPU approved Middlesex's petition to reset its Purchased Water Adjustment Clause (PWAC) tariff rate to recover additional annual costs of $1.2 million for the purchase of untreated water from the New Jersey Water Supply Authority. A PWAC is a rate mechanism that allows for the recovery of increased purchased water costs between base rate case filings. The PWAC is reset to zero once those increased costs are included in base rates. The reset PWAC tariff rate became effective on November 1, 2017.

Tidewater Distribution System Improvement Charge (DSIC) - Effective July 1, 2017, Tidewater reset its Delaware Public Service Commission-approved DSIC rate, which is expected to generate $0.4 million of annual revenues. A DSIC is a rate-mechanism that allows water utilities to recover investments of, and generate a return on, qualifying capital improvements to the water distribution system made between base rate proceedings.

Outlook

Favorable weather patterns which impact outdoor water use, and additional sales to neighboring municipal water utilities due to emergency conditions experienced by those entities in 2015 and 2016, and which contributed to overall increases in operating revenues during those periods, have not reoccurred to-date in 2017. Changes in customer water usage habits, as well as increases in capital expenditures and operating costs, are significant factors in determining the timing and extent of rate increase requests (see discussion of the Middlesex base water rate increase request above under "*Recent Developments*"). We continue to execute plans to further streamline operations and further reduce, and mitigate increases in, operating costs.

Organic residential customer growth for 2017, largely the result of new housing from developer activity in Delaware, is expected to be consistent with that experienced in recent years.

Our strategy for profitable growth is focused on five key areas:

- Timely and adequate recovery of prudent investments in utility plant required to maintain appropriate utility services;
- Operate municipal, commercial and industrial water and wastewater systems under contract;
- Prudent acquisitions of investor- and municipally-owned water and wastewater utilities;
- Invest in, and/or operate under contract, renewable energy and industrial and commercial treatment projects that are complementary to the provision of water and wastewater services and related competencies; and
- Invest in other products, services and opportunities that complement our core water and wastewater competencies.

Operating Results by Segment

The discussion of the Company's operating results is on a consolidated basis and includes significant factors by subsidiary. The Company has two operating segments, Regulated and Non-Regulated. The operations of the Regulated segment are subject to regulations promulgated by state public utility commissions as to rates and level of service. Rates and level of service in the Non-Regulated segment are subject to the terms of individually-negotiated and executed contracts with municipal, industrial and other clients. Both segments are subject to federal and state environmental, water and wastewater quality and other associated legal, contractual and regulatory requirements.

The segments in the tables included below consist of the following companies: Regulated-Middlesex, Tidewater, Pinelands, Southern Shores, TESI and Twin Lakes; Non-Regulated-USA, USA-PA, and White Marsh.

Results of Operations – Three Months Ended September 30, 2017

	(In Thousands) Three Months Ended September 30,					
	2017			2016		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	$ 32,132	$ 4,042	$ 36,174	$ 33,946	$ 3,848	$ 37,794
Operations and maintenance expenses	12,980	3,198	16,178	13,527	3,072	16,599
Depreciation expense	3,540	47	3,587	3,194	49	3,243
Other taxes	3,513	90	3,603	3,709	87	3,796
Operating income	12,099	707	12,806	13,516	640	14,156
Other income, net	197	20	217	82	525	607
Interest expense	1,493	—	1,493	1,427	—	1,427
Income taxes	3,571	317	3,888	4,017	506	4,523
Net income	$ 7,232	$ 410	$ 7,642	$ 8,154	$ 659	$ 8,813

Operating Revenues

Operating revenues for the three months ended September 30, 2017 decreased $1.6 million from the same period in 2016 due to the following factors:

- Middlesex System revenues decreased $1.8 million due to lower water consumption across all classes of customers largely as a result of weather patterns in the summer months in 2017 in addition to lower bulk water sales to neighboring municipal systems who experienced emergency conditions in the same period in 2016;
- Tidewater System revenues remained consistent due to additional residential customers, offset by lower water consumption, also largely a result of weather patterns in the summer months in 2017; and
- All other revenue categories increased $0.2 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the three months ended September 30, 2017 decreased $0.4 million from the same period in 2016, primarily related to the following factors:

- Lower retirement plan expenses of $0.7 million due mostly to reimbursement of retiree healthcare insurance premiums;
- Lower water production costs of $0.2 million in our Middlesex System, primarily due to weather-driven decreased water consumption, partially offset by a rate increase by the municipal wastewater utility that receives the water treatment residuals in the Middlesex System;
- Higher main break repair activity in our Middlesex System in 2017 as compared to 2016 resulted in additional costs of $0.3 million;
- Higher labor costs of $0.1 million, primarily due to higher average labor rates and additional personnel required to address increased regulatory requirements and other critical needs; and
- All other operation and maintenance expense categories increased $0.1 million.

Depreciation

Depreciation expense for the three months ended September 30, 2017 increased $0.3 million from the same period in 2016 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the three months ended September 30, 2017 decreased $0.2 million from the same period in 2016 due to lower revenue related taxes on decreased revenues in our Middlesex system partially offset by higher payroll taxes.

Other Income, net

Other Income, net for the three months ended September 30, 2017 decreased $0.4 million from the same period in 2016, due primarily to the 2016 recognition by USA of previously deferred income associated with the 10-year marketing agreement with HomeServe.

Interest Charges

Interest charges for the three months ended September 30, 2017 increased $0.1 million from the same period in 2016 due to higher average short-term debt balances outstanding and higher average interest rates on short-term debt.

Income Taxes

Income taxes for the three months ended September 30, 2017 decreased $0.6 million from the same period in 2016, due to lower pre-tax income in 2017 as compared to 2016.

Net Income and Earnings Per Share

Net income for the three months ended September 30, 2017 decreased $1.2 million as compared with the same period in 2016. Basic earnings per share were $0.47 and $0.54 for the three months ended September 30, 2017 and 2016, respectively. Diluted earnings per share were $0.46 and $0.54 for the three months ended September 30, 2017 and 2016, respectively.

Results of Operations – Nine Months Ended September 30, 2017

(In Thousands)
Nine Months Ended September 30,

	2017			2016		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	$ 87,866	$ 11,453	$ 99,319	$ 89,712	$ 11,386	$ 101,098
Operations and maintenance expenses	39,476	9,087	48,563	39,075	9,140	48,215
Depreciation expense	10,136	144	10,280	9,420	141	9,561
Other taxes	10,059	268	10,327	10,277	260	10,537
Operating income	28,195	1,954	30,149	30,940	1,845	32,785
Other income, net	492	50	542	317	519	836
Interest expense	3,965	—	3,965	3,841	—	3,841
Income taxes	8,381	882	9,263	9,190	1,068	10,258
Net income	$ 16,341	$ 1,122	$ 17,463	$ 18,226	$ 1,296	$ 19,522

Operating Revenues

Operating revenues for the nine months ended September 30, 2017 decreased $1.8 million from the same period in 2016.

- Middlesex System revenues decreased $2.8 million due to lower water consumption across all classes of customers largely as a result of weather patterns in the spring and summer months in 2017 in addition to lower bulk water sales to neighboring municipal systems who experienced emergency conditions in the same period in 2016;
- Tidewater System revenues increased $0.9 million due to additional residential customers offset by lower water consumption, also largely a result of weather patterns in the spring and summer months in 2017; and
- All other operating revenue categories increased $0.1 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the nine months ended September 30, 2017 increased $0.3 million from the same period in 2016, primarily related to the following factors:

- Higher labor costs of $0.6 million, primarily due to higher average labor rates and additional personnel required to address increased regulatory requirements and other critical needs;
- Higher water production costs of $0.5 million in our Middlesex System, primarily due to a rate increase by the municipal wastewater utility that receives the water treatment residuals in the Middlesex system and lower raw water quality;
- Higher main break repair activity in our Middlesex System in 2017 as compared to 2016 resulted in higher costs of $0.5 million;
- Lower retirement plan expenses of $0.8 million due mostly to reimbursement of retiree healthcare insurance premiums; and
- Decreased liability insurance costs of $0.5 million, primarily due to prior policy year refunds; and

Depreciation

Depreciation expense for the nine months ended September 30, 2017 increased $0.7 million from the same period in 2016 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the nine months ended September 30, 2017 decreased $0.2 million from the same period in 2016 due to lower revenue related taxes on decreased revenues in our Middlesex system offset by higher payroll taxes.

Other Income, net

Other Income, net for the nine months ended September 30, 2017 decreased $0.3 million from the same period in 2016 due to the 2016 recognition by USA of previously deferred income associated with the 10-year marketing agreement with HomeServe offset by higher AFUDC, resulting from a higher level of capital projects in progress.

Interest Charges

Interest charges for the nine months ended September 30, 2017 increased $0.1 million from the same period in 2016 due to higher average short-term debt balances outstanding and higher average interest rates on short-term debt.

Income Taxes

Income taxes for the nine months ended September, 2017 decreased $1.0 million from the same period in 2016, due to lower pre-tax income in 2017 as compared to 2016.

Net Income and Earnings Per Share

Net income for the nine months ended September 30, 2017 decreased $2.1 million as compared with the same period in 2016. Basic and diluted earnings per share were $1.06 and $1.19 for the nine months ended September 30, 2017 and 2016, respectively.

Liquidity and Capital Resources

Operating Cash Flows

Cash flows from operations are largely based on four factors: weather, adequate and timely rate increases, effective cost management and growth. The effect of those factors on net income is discussed in "*Results of Operations*"

For the nine months ended September 30, 2017, cash flows from operating activities decreased $2.0 million to $28.6 million. The decrease in cash flows from operating activities primarily resulted from lower water sales and timing of vendor payments, offset by lower income tax payments and a decreased level of inventory purchases as compared to 2016. The $28.6 million of net cash flow from operations enabled the Company to fund approximately 41% of utility plant expenditures internally for the period.

Investing Cash Flows

For the nine months ended September 30, 2017, cash flows used in investing activities increased $1.0 million to $35.2 million. The increase in cash flows used in investing activities resulted from higher utility plant expenditures as compared to 2016.

For further discussion on the Company's future capital expenditures and expected funding sources, see "*Capital Expenditures and Commitments*" below.

Financing Cash Flows

For the nine months ended September 30, 2017, cash flows from financing activities increased $3.9 million to $5.3 million as compared to 2016. The increase in cash flows from financing activities resulted from an increase in short-term and long-term debt funding partially offset by increased common stock dividend payments and lower proceeds from sales of common stock under the Middlesex Water Company Investment Plan (the Dividend Investment Plan).

Capital Expenditures and Commitments

To fund our capital program, we use internally generated funds, short-term and long-term debt borrowings, proceeds from sales of common stock under the Dividend Investment Plan and proceeds from sales offerings to the public of our common stock. See below for a more detailed discussion regarding the funding of our capital program.

The capital investment program for 2017 is currently estimated to be approximately $52 million. Through September 30, 2017, we have expended $35.2 million and expect to incur approximately $17 million for capital projects for the remainder of 2017.

We currently project that we will expend approximately $163 million for capital projects in 2018 and 2019. The actual amount and timing of capital expenditures is dependent on further refinement of engineering estimates related to the timing and cost of specific capital projects.

To fund our capital program for the remainder of 2017, we intend to utilize:

- Internally generated funds;
- Proceeds from the Dividend Investment Plan;
- Requisitions from active loans under the New Jersey State Revolving Fund (SRF) program (approximately $6 million depending on actual construction schedule). The SRF program provides low cost financing for projects that meet certain water quality and system improvement benchmarks; and
- Short-term borrowings, as needed, through $92.0 million of available lines of credit with several financial institutions. As of September 30, 2017, there remains $67.5 million of available credit under these lines.

Recent Accounting Pronouncements – See Note 1 of the Notes to Unaudited Condensed Consolidated Financial Statements for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures of Market Risk

We are exposed to market risk associated with changes in interest rates and commodity prices. The Company is subject to the risk of fluctuating interest rates in the normal course of business. Our policy is to manage interest rates through the use of fixed rate long-term debt and, to a lesser extent, short-term debt. The Company's interest rate risk related to existing fixed rate, long-term debt is not material due to the term of the majority of our First Mortgage Bonds, which have final maturity dates ranging from 2018 to 2047. Over the next twelve months, approximately $6.5 million of the current portion of existing long-term debt instruments will mature. Applying a hypothetical 10% change in the rate of interest charged on those borrowings would not have a material effect on our earnings.

Our risks associated with commodity price increases for chemicals, electricity and other commodities are reduced through contractual arrangements and the ability to recover market-based price increases through customers' rates. Non-performance by these commodity suppliers could have a material adverse impact on our results of operations, financial position and cash flows.

We are exposed to credit risk for both our Regulated and Non-Regulated business segments. Our Regulated operations serve residential, commercial, industrial and municipal customers while our Non-Regulated operations engage in business activities with developers, government entities and other customers. Our primary credit risk is exposure to customer default on contractual obligations and the associated loss that may be incurred due to the non-payment of customer accounts receivable balances. Our credit risk is managed through established credit and collection policies which are in compliance with applicable regulatory requirements and involve monitoring of customer exposure and the use of credit risk mitigation measures such as letters of credit or prepayment arrangements. Our credit portfolio is diversified with no significant customer or industry concentrations. In addition, our Regulated businesses are generally able to recover all prudently incurred costs including uncollectible customer accounts receivable expenses and collection costs through rates.

The Company's retirement benefit plan assets are exposed to fluctuating market prices of debt and equity securities. Changes to the Company's retirement benefit plan assets' value can impact the Company's retirement benefit plan expense, funded status and future minimum funding requirements. Our risk is reduced through our ability to recover retirement benefit plan costs through rates.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Securities and Exchange Act of 1934 (the Exchange Act), an evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures was conducted by the Company’s Chief Executive Officer along with the Company’s Chief Financial Officer. Based upon that evaluation, the Company’s Chief Executive Officer and the Company’s Chief Financial Officer concluded that the Company’s disclosure controls and procedures are effective as of the end of the period covered by this Report. There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company’s Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding disclosure.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

The information about risk factors does not differ materially from those set forth in Part I, Item 1A. of the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

10.32(a) Amendment To and Extension of the Expiration Date of the Line of Credit included in the Amended and Restated Loan Agreement between registrant, registrant's subsidiaries and PNC Bank, N.A.

10.33(a) Amendment To and Extension of the Expiration Date of the Line of Credit included in the Amended and Restated Loan Agreement between registrant, registrant's subsidiaries and Bank of America, N.A.

10.47 Copy of Construction Loan Agreement (CFP 17-2) By and Between New Jersey Environmental Infrastructure Trust and Middlesex Water Company

31.1 Section 302 Certification by Dennis W. Doll pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.

31.2 Section 302 Certification by A. Bruce O'Connor pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.

32.1 Section 906 Certification by Dennis W. Doll pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.2 Section 906 Certification by A. Bruce O'Connor pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

101.INS XBRL Instance Document

101.SCH XBRL Schema Document

101.CAL XBRL Calculation Linkbase Document

101.LAB XBRL Labels Linkbase Document

101.PRE XBRL Presentation Linkbase Document

101.DEF XBRL Definition Linkbase Document

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MIDDLESEX WATER COMPANY

By: /s/A. Bruce O'Connor
A. Bruce O'Connor
Vice President, Treasurer and
Chief Financial Officer
(Principal Accounting Officer)

Date: November 2, 2017

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Section 2: EX-10.32A (EX-10.32A)

Exhibit 10.32(a)

Amendment to Loan Documents

THIS AMENDMENT TO LOAN DOCUMENTS (this "**Amendment**") is made as of September 26, 2017, by and between **MIDDLESEX WATER COMPANY, PINELANDS WASTEWATER COMPANY, PINELANDS WATER COMPANY, TIDEWATER ENVIRONMENTAL SERVICES, INC., TIDEWATER UTILITIES, INC., UTILITY SERVICE AFFILIATES (PERTH AMBOY) INC., UTILITY SERVICE AFFILIATES INC.** and **WHITE MARSH ENVIRONMENTAL SYSTEMS, INC. (**individually and collectively, the "**Borrower**"), and **PNC BANK, NATIONAL ASSOCIATION** (the "**Bank**").

BACKGROUND

A. The Borrower has executed and delivered to the Bank (or a predecessor which is now known by the Bank's name as set forth above), one or more promissory notes, letter agreements, loan agreements, security agreements, mortgages, pledge agreements, collateral assignments, and other agreements, instruments, certificates and documents, some or all of which are more fully described on attached Exhibit A, which is made a part of this Amendment (collectively as amended from time to time, the "**Loan Documents**") which evidence or secure some or all of the Borrower's obligations to the Bank for one or more loans or other extensions of credit (the "**Obligations**").

B. The Borrower and the Bank desire to amend the Loan Documents as provided for in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain of the Loan Documents are amended as set forth in Exhibit A. Any and all references to any Loan Document in any other Loan Document shall be deemed to refer to such Loan Document as amended by this Amendment. This Amendment is deemed incorporated into each of the Loan Documents. Any initially capitalized terms used in this Amendment without definition shall have the meanings assigned to those terms in the Loan Documents. To the extent that any term or provision of this Amendment is or may be inconsistent with any term or provision in any Loan Document, the terms and provisions of this Amendment shall control.

2. The Borrower hereby certifies that: (a) all of its representations and warranties in the Loan Documents, as amended by this Amendment, are, except as may otherwise be stated in this Amendment: (i) true and correct as of the date of this Amendment, (ii) ratified and

confirmed without condition as if made anew, and (iii) incorporated into this Amendment by reference, (b) no Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, exists under any Loan Document which will not be cured by the execution and effectiveness of this Amendment, (c) no consent, approval, order or authorization of, or registration or filing with, any third party is required in connection with the execution, delivery and carrying out of this Amendment or, if required, has been obtained, and (d) this Amendment has been duly authorized, executed and delivered so that it constitutes the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms. The Borrower confirms that the Obligations remain outstanding without defense, set off, counterclaim, discount or charge of any kind as of the date of this Amendment.

3. The Borrower hereby confirms that any collateral for the Obligations, including liens, security interests, mortgages, and pledges granted by the Borrower or third parties (if applicable), shall continue unimpaired and in full force and effect, and shall cover and secure all of the Borrower's existing and future Obligations to the Bank, as modified by this Amendment.

4. As a condition precedent to the effectiveness of this Amendment, the Borrower shall comply with the terms and conditions (if any) specified in Exhibit A.

5. To induce the Bank to enter into this Amendment, the Borrower waives and releases and forever discharges the Bank and its officers, directors, attorneys, agents, and employees from any liability, damage, claim, loss or expense of any kind that it may have against the Bank or any of them arising out of or relating to the Obligations. The Borrower further agrees to indemnify and hold the Bank and its officers, directors, attorneys, agents and employees harmless from any loss, damage, judgment, liability or expense (including attorneys' fees) suffered by or rendered against the Bank or any of them on account of any claims arising out of or relating to the Obligations. The Borrower further states that it has carefully read the foregoing release and indemnity, knows the contents thereof and grants the same as its own free act and deed.

6. This Amendment may be signed in any number of counterpart copies and by the parties to this Amendment on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile transmission shall be effective as delivery of a manually executed counterpart. Upon written request by the other party (which may be made by electronic mail), any party so executing this Amendment by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

7. Notwithstanding any other provision herein or in the other Loan Documents, the Borrower agrees that this Amendment, the Note, the other Loan Documents, any other amendments thereto and any other information, notice, signature card, agreement or authorization related thereto (each, a "**Communication**") may, at the Bank's option, be in the form of an electronic record. Any Communication may, at the Bank's option, be signed or executed using electronic signatures. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format) for transmission, delivery and/or retention. The Borrower and the Bank acknowledge and agree that the methods for delivering Communications, including notices, under the Loan Documents include electronic transmittal to any electronic address provided by either party to the other party from time to time.

8. The Bank may modify this Amendment for the purposes of completing missing content or correcting erroneous content, without the need for a written amendment, provided that the Bank shall send a copy of any such modification to the Borrower (which notice may be given by electronic mail).

9. This Amendment will be binding upon and inure to the benefit of the Borrower and the Bank and their respective heirs, executors, administrators, successors and assigns.

10. This Amendment has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank's office indicated in the Loan Documents is located. This Amendment will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the State where the Bank's office indicated in the Loan Documents is located, excluding its conflict of laws rules, including without limitation the Electronic Transactions Act (or equivalent) in such State (or, to the extent controlling, the laws of the United States of America, including without limitation the Electronic Signatures in Global and National Commerce Act).

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11. Except as amended hereby, the terms and provisions of the Loan Documents remain unchanged, are and shall remain in full force and effect unless and until modified or amended in writing in accordance with their terms, and are hereby ratified and confirmed. Except as expressly provided herein, this Amendment shall not constitute an amendment, waiver, consent or release with respect to any provision of any Loan Document, a waiver of any default or Event of Default under any Loan Document, or a waiver or release of any of the Bank's rights and remedies (all of which are hereby reserved). **The Borrower expressly ratifies and confirms the confession of judgment (if applicable) and waiver of jury trial or arbitration provisions contained in the Loan Documents, all of which are incorporated herein by reference.**

WITNESS the due execution of this Amendment as a document under seal as of the date first written above.

WITNESS / ATTEST:

/s/Jay Kooper

Print Name: Jay Kooper
Title: VP, General Counsel and Secretary
(Include title only if an officer of entity signing to the right)

MIDDLESEX WATER COMPANY

By: :/s/A. Bruce O'Connor (SEAL)

A. Bruce O'Connor
Vice President & Treasurer

WITNESS / ATTEST:

/s/Jay Kooper

Print Name: Jay Kooper
Title: Secretary and General Counsel
(Include title only if an officer of entity signing to the right)

PINELANDS WASTEWATER COMPANY

By /s/A. Bruce O'Connor (SEAL)

A. Bruce O'Connor
Vice President & Treasurer

WITNESS / ATTEST:

/s/Jay Kooper

Print Name: Jay Kooper
Title: Secretary and General Counsel
(Include title only if an officer of entity signing to the right)

PINELANDS WATER COMPANY

By /s/A. Bruce O'Connor (SEAL)

A. Bruce O'Connor
Vice President & Treasurer

WITNESS / ATTEST:

/s/Jay Kooper

Print Name: Jay Kooper
Title: Secretary and General Counsel
(Include title only if an officer of entity signing to the right)

TIDEWATER UTILITIES, INC.

By /s/A. Bruce O'Connor (SEAL)

A. Bruce O'Connor
Treasurer

[SIGNATURES CONTINUE ON NEXT PAGE]

WITNESS / ATTEST:

/s/Jay Kooper

Print Name: Jay Kooper
Title: Secretary and General Counsel
(Include title only if an officer of entity signing to the right)

UTILITY SERVICE AFFILIATES (PERTH AMBOY) INC.

By: /s/A. Bruce O'Connor (SEAL)

A. Bruce O'Connor
Vice President & Treasurer

WITNESS / ATTEST:

/s/Jay Kooper

Print Name: Jay Kooper
Title: Secretary and General Counsel
(Include title only if an officer of entity signing to the right)

UTILITY SERVICE AFFILIATES INC.

By: /s/A. Bruce O'Connor (SEAL)

A. Bruce O'Connor
Treasurer

WITNESS / ATTEST:
/s/Jay Kooper

Print Name: Jay Kooper
Title: Secretary and General Counsel
(Include title only if an officer of entity signing to the right)

TIDEWATER ENVIRONMENTAL SERVICES, INC.

By: /s/A. Bruce O'Connor (SEAL)

A. Bruce O'Connor
Treasurer

WITNESS / ATTEST:

/s/Jay Kooper

Print Name: Jay Kooper
Title: Secretary and General Counsel
(Include title only if an officer of entity signing to the right)

WHITE MARSH ENVIRONMENTAL SYSTEMS, INC.

By: /s/A. Bruce O'Connor (SEAL)

A. Bruce O'Connor
Treasurer

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Cheryl L. Sekelsky (SEAL)

Print Name: Cheryl L. Sekelsky
Title: Vice President

EXHIBIT A TO
AMENDMENT TO LOAN DOCUMENTS
DATED AS OF SEPTEMBER 26, 2017

A. The "Loan Documents" that are the subject of this Amendment include the following (as any of the foregoing have previously been amended, modified or otherwise supplemented):

1. Amended and Restated Loan Agreement between the Borrower and the Bank dated April 29, 2015 between the Borrower and the Bank (the "**Loan Agreement**")

2. $20,000,000.00 Amended and Restated Committed Line of Credit Note dated April 29, 2015 executed and delivered by the Borrower to the Bank (the "**Existing Note**")

3. Amendment to Loan Documents dated June 30, 2015 between the Borrower and the Bank

4. All other documents, instruments, agreements, and certificates executed and delivered in connection with the Loan Documents listed in this Section A.

B. The Loan Documents are amended as follows:

1. **Restated Note.** Concurrently with the execution and delivery of this Amendment, the Borrower shall execute and deliver to the Bank an amended and restated note (the "**Restated Note**") evidencing the Line of Credit in the original principal amount of $40,000,000.00, in form and substance satisfactory to the Bank. Upon receipt by the Bank of the Restated Note, the Existing Note shall be canceled; the loan evidenced by the Existing Note (the "**Existing Loan**") and all accrued and unpaid interest on the Existing Note shall thereafter be evidenced by the Restated Note; and all references to the promissory note evidencing the Existing Loan in any documents relating thereto, howsoever named, shall thereafter be deemed to refer to the Restated Note. Without duplication, the Restated Note shall not constitute a novation and shall in no way extinguish the Borrower's unconditional obligation to repay all indebtedness, including accrued and unpaid interest, evidenced by the Existing Note.

2. Section 1.1 of the Loan Agreement is hereby amended and restated to read as follows:

"1.1 Line of Credit. One of the Loans governed by this Agreement is a committed revolving line of credit under which the Borrower may request and the Bank, subject to the terms and conditions of this Agreement, will make advances to the Borrower from time to time until the Expiration Date, in an aggregate amount outstanding at any time not to exceed $40,000,000.00 (the "**Line of Credit**"). The "**Expiration Date**" shall mean **January 31, 2020**, or such later date as may be designated by the Bank by written notice from the Bank to the Borrower. The Borrower acknowledges and agrees that in no event will the Bank be under any obligation to extend or renew the Line of Credit beyond the Expiration Date. In no event shall the aggregate unpaid principal amount of advances under the Line of Credit exceed the face amount of the Line of Credit. Advances under the Line of Credit will be used for working capital or other general business purposes of the Borrower. Notwithstanding anything to the contrary stated in the note evidencing the Line of Credit, the Borrower shall repay the outstanding principal balance of the Line of Credit, together with all accrued and unpaid interest thereon, in an amount sufficient to reduce the outstanding principal balance thereof to zero, for a period of at least thirty (30) consecutive days prior to the original Expiration Date, and annually thereafter if the Expiration Date is extended, at the Bank's sole discretion."

C. Conditions to Effectiveness of Amendment: The Bank's willingness to agree to the amendments set forth in this Amendment is subject to the prior satisfaction of the following conditions:

Execution by all parties and delivery to the Bank of this Amendment and the Restated Note.

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Section 3: EX-10.33A (EX-10.33A)

Exhibit 10.33(a)

Bank of America

AMENDMENT

This Amendment (the "Amendment"), dated as of September 19, 2017, is between Bank of America, N.A., a national banking association (the "Bank") and Middlesex Water Company, a New Jersey corporation, and its subsidiaries, Tidewater Utilities, Inc., a Delaware corporation, White Marsh Environmental Systems, Inc., a Delaware corporation, Pinelands Water Company, a New Jersey corporation, Pinelands Wastewater Company, a New Jersey corporation, Utility Service Affiliates, Inc., a New Jersey corporation, Utility Service Affiliates (Perth Amboy) Inc., a New Jersey corporation, and Tidewater Environmental Services, Inc., a Delaware corporation, as joint and several co-borrowers (parent and subsidiary corporations individually and collectively referred to herein as "Borrower").

RECITALS

A. The Bank and the Borrower entered into a certain Letter Agreement ("Letter Agreement") and Master Promissory Note ("Note"), each dated September 25, 2015, evidencing an uncommitted line of credit in the maximum amount of Twenty Eight Million Dollars ($28,000,000) (The Letter Agreement and the Note as amended from time to time are referred to herein as the "Loan Documents").

B. The Bank and the Borrower desire to amend the Loan Documents to increase the maximum principal amount of the Uncommitted Facility and extend the Expiration Date and to address other changes to the Loan Documents.

AGREEMENT

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Loan Documents.

2. Amendments.

(a) The Letter Agreement is hereby amended as follows:

(i) The second sentence of the first paragraph is hereby amended and restated in its entirety as follows:

"The aggregate Advances outstanding under the Uncommitted Facility shall not at any time exceed Forty Million Dollars ($40,000,000) (the "Uncommitted Facility Limit")."

(ii) "September 21, 2018" is hereby substituted for "September 22, 2017" in the section entitled "Expiration Date" on page one of the Letter Agreement.

(b) The Note is hereby amended as follows:

(i) All references in the Note to "Twenty Eight Million Dollars" or "($28,000,000)" are deleted and replaced by "Forty Million Dollars" and "($40,000,000)".
Specifically:

- The reference to "$28,000,000" in the top left corner of the first page of the Note is deleted and "$40,000,000" is substituted therefor.

- The first paragraph of the Note is amended and restated as follows.

  "FOR VALUE RECEIVED, the undersigned, Middlesex Water Company, a New Jersey corporation, and its subsidiaries, Tidewater Utilities, Inc., a Delaware corporation, White Marsh Environmental Systems, Inc., a Delaware corporation, Pinelands Water Company, a New Jersey corporation, Pinelands Wastewater Company, a New Jersey corporation, Utility Service Affiliates, Inc., a New Jersey corporation, Utility Service Affiliates (Perth Amboy) Inc., a New Jersey corporation, and Tidewater Environmental Services, Inc., a Delaware corporation, as joint and several co-borrowers (parent and subsidiary corporations individually and collectively referred to herein as "Borrower"), jointly and severally, hereby promise to pay to BANK OF AMERICA, N.A., a national banking association (the "Bank") or order, at such place as the Bank may designate from time to time, in lawful money of the United States of America and in immediately available funds, the principal amount of Forty Million Dollars ($40,000,000) or such lesser amount as shall equal the aggregate unpaid principal amount of the advances (the "Loans") made by the Bank to the Borrower (the "Uncommitted Facility") under this Master Promissory Note (this "Note"), and to pay interest on the unpaid principal amount of each such Loan at the rates per annum and on the dates specified below."

(ii) "September 22, 2017" in subsection (b) of the second paragraph of the Note is hereby deleted and "September 21, 2018" is substituted in its place.

3. Representations and Warranties. When the Borrower signs this Amendment, the Borrower represents and warrants to the Bank that: (a) there is no event which is, or with notice or lapse of time or both would be, a Notice Event under the Loan Documents, (b) this Amendment does not conflict with any law, agreement, or obligation by which the Borrower is bound, (c) this Amendment is within the Borrower's powers, has been duly authorized, and does not conflict with any of the Borrower's organizational papers, and (d) representations and warranties set forth in the second paragraph on page 3 of the Note are confirmed as of the date hereof.

4. Effect of Amendment. Except as provided in this Amendment, all of the terms and conditions of the Loan Documents shall remain in full force and effect.

5. Counterparts. This Amendment may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

5. FINAL AGREEMENT. BY SIGNING THIS DOCUMENT, EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, (B) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (C) THIS DOCUMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

The parties executed this Amendment as of the date stated at the beginning of this Amendment, intending to create an instrument executed under seal.

BANK OF AMERICA, N.A.

By: /s/Dilcia P. Hill
Name: Dilcia P. Hill
Title: Senior Vice President

Acknowledged and Agreed:

Middlesex Water Company

By: /s/A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, VP, Treasurer and CFO

Tidewater Utilities, Inc.

By: /s/A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, Treasurer

White Marsh Environmental Systems, Inc.

By: /s/A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, Treasurer

Pinelands Water Company

By: /s/A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, VP & Treasurer

Pinelands Wastewater Company

By: /s/A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, VP & Treasurer

Utility Service Affiliates, Inc.

By: /s/A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, Treasurer

Utility Service Affiliates (Perth Amboy) Inc.

By: /s/A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, VP & Treasurer

Tidewater Environmental Services, Inc.

By: /s/A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, Treasurer

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Section 4: EX-10.47 (EX-10.47)

Exhibit 10.47

MIDDLESEX WATER COMPANY

NOTE
RELATING TO:
THE CONSTRUCTION FINANCING TRUST LOAN PROGRAM
OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

$9,528,496 **August 16, 2017**

CFP-17-2

FOR VALUE RECEIVED, MIDDLESEX WATER COMPANY, a corporation duly created and validly existing pursuant to the laws of the State (as hereinafter defined), and its successors and assigns (the "Borrower"), hereby promises to pay to the order of the **NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST**, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the "Trust"), the Principal (as hereinafter defined), together with all unpaid accrued Interest (as hereinafter defined), fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this "Note").

SECTION 1. Definitions. As used in this Note, unless the context requires otherwise, the following terms shall have the following meanings:

"Act" means the "New Jersey Environmental Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same may from time to time be amended and supplemented.

"Administrative Fee" means a fee of up to four-tenths of one percent (.40%) of that portion of the Principal identified in clause (i) of the definition thereof (as set forth in this Section 1), or such lesser amount, if any, as the Trust may determine from time to time.

"Anticipated Financing Program" means the financing program of the Trust, pursuant to which the Trust will issue its Trust Bonds for the purpose of financing, on a long term basis, the Project and other projects of certain qualifying borrowers.

"Anticipated Long Term Loan" means the long term loan made by the Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

"Authorized Officer" means any person authorized by the Borrower or the Trust, as the case may be, to perform any act or execute any document relating to the Loan or this Note.

"Borrower Note Resolution" means the resolution of the Borrower's Board of Directors adopted on May 23, 2017, as amended and supplemented from time to time, pursuant to which this Note has been issued, and entitled:

RESOLUTION OF MIDDLESEX WATER COMPANY, DETERMINING THE FORM AND OTHER DETAILS OF ITS "NOTE RELATING TO THE CONSTRUCTION FINANCING PROGRAM OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST", TO BE ISSUED IN THE PRINCIPAL AMOUNT OF UP TO $10 MILLION, AND PROVIDING FOR THE ISSUANCE AND SALE OF SUCH NOTE TO THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH NOTE BY MIDDLESEX WATER COMPANY IN FAVOR OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, ALL PURSUANT TO THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST CONSTRUCTION FINANCING PROGRAM.

"Business Corporation Law" means the "New Jersey Business Corporation Act", constituting Chapter 263 of the Pamphlet Laws of 1968 of the State (codified at N.J.S.A. 14A:1-1 *et seq.*), as the same may from time to time be amended and supplemented.

"Code" means the Internal Revenue Code of 1986, as the same may from time to time be amended and supplemented, including any regulations promulgated thereunder, any successor code thereto and any administrative or judicial interpretations thereof.

"Cost" means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Regulations, as further set forth in Exhibit B hereto, (i) as such Exhibit B shall be supplemented by an Authorized Officer of the Trust by means of either a substitute Exhibit B or an additional Exhibit B, such supplement to be implemented concurrently with the supplement to Exhibit A-1 hereto (as provided in the definition of "Project" as set forth herein), and (ii) as the then-current Exhibit B may be amended by subsequent changes to eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

"Environmental Infrastructure Facilities" means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

"Environmental Infrastructure System" means the Environmental Infrastructure Facilities of the Borrower, including the Project, for which the Borrower is receiving the Loan.

"Event of Default" means any occurrence or event specified in Section 6 hereof.

"Fund Portion" means, on any date, an amount equal to seventy-five percent (75%) of the Principal of the Loan on such date, exclusive of that portion of the Principal of the Loan that is allocable to the NJDEP Loan Origination Fee, which NJDEP Loan Origination Fee shall be financed exclusively from the Trust Portion.

"Interest" means the interest charged on the outstanding Principal of the Loan at a rate of (a) with respect to the Trust Portion of the Principal, the applicable Trust Portion Interest Rate and (b) with respect to the Fund Portion of the Principal, 0.00%, and payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan pursuant to the terms of this Note, on the date of such optional prepayment or acceleration, as the case may be.

"Loan" means the loan of the Principal, made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project, as evidenced by this Note.

"Loan Disbursement Requisition" means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the NJDEP, in a form to be determined by the Trust and the NJDEP.

"Maturity Date" means August 15, 2018, or such earlier or later date to be determined by an Authorized Officer of the Trust in his or her sole discretion, which date shall be determined by such Authorized Officer of the Trust to be the date of the closing for the Anticipated Financing Program.

"NJDEP" means the New Jersey Department of Environmental Protection.

"NJDEP Loan Origination Fee" means the "NJDEP Fee" as referenced and defined in Exhibit B hereto, which NJDEP Fee is an administrative fee that is payable by the Borrower to the NJDEP as a portion of the Cost of the Project that has been incurred by the Borrower for engineering and environmental services provided to the Borrower by the NJDEP.

"Principal" means the principal amount of the Loan, at any time being the lesser of (i) Nine Million Five Hundred Twenty Eight Thousand Four Hundred Ninety Six Dollars ($9,528,496), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan pursuant to the terms of this Note, on the date of such optional prepayment or acceleration, as the case may be.

"Project" means the Environmental Infrastructure Facilities of the Borrower which constitutes a project for which the Trust is making the Loan to the Borrower, as further described in Exhibit A-1 hereto; provided, however, that the description of the Project, as set forth in Exhibit A-1 attached hereto, shall be supplemented by means of either (i) the substitution of a revised and updated Exhibit A-1 for the current Exhibit A-1 or (ii) the inclusion of an additional Exhibit A-1, in either case, promptly following the certification for funding by the NJDEP of the remaining components of the Project, as applicable, such supplement to be undertaken by an Authorized Officer of the Trust..

"Regulations" means the rules and regulations, as applicable, now or hereafter promulgated pursuant to N.J.A.C. 7:22-3 *et seq.*, 7:22-4 *et seq.*, 7:22-5 *et seq.*, 7:22-6 *et seq.*, 7:22-7 *et seq.*, 7:22-8 *et seq.*, 7:22-9 *et seq.* and 7:22-10 *et seq.*, as the same may from time to time be amended and supplemented.

“State” means the State of New Jersey.

“Trust Bonds” means the revenue bonds of the Trust to be issued, as part of the Anticipated Financing Program.

“Trust Portion” means, on any date, an amount equal to the aggregate of (i) twenty-five percent (25%) of the Principal of the Loan on such date, exclusive of that portion of the Principal of the Loan that is allocable to the NJDEP Loan Origination Fee, plus (ii) one hundred percent (100%) of that portion of the Principal of the Loan that is allocable to the NJDEP Loan Origination Fee.

“Trust Portion Interest Rate” means, with respect to each disbursement of proceeds of the Trust Portion of the Loan, (a) to the extent that such disbursement is funded from moneys appropriated to the Trust, for the Construction Financing Trust Loan Program of the Trust, pursuant to an appropriations act of the State, the Trust Portion Interest Rate shall equal 0.00%, (b) to the extent that such disbursement is funded from available moneys of the Trust that are neither (i) appropriated to the Trust as provided by the preceding clause (a), nor (ii) borrowed from a financial institution pursuant to a line of credit or other similar financial instrument as provided by the succeeding clause (c), the Trust Portion Interest Rate shall equal the interest rate that is published as either the Thompson Financial TM3 “AAA” Municipal Market Data General Obligation Index (AMT) or the “BVAL” Index (relating to alternative minimum tax credits) of Bloomberg L.P. (or any subsidiary thereof), (with the particular index that is used by the Trust to be selected by an Authorized Officer of the Trust) or, if such indexes are no longer published on such date, such successor index as may be selected by an Authorized Officer of the Trust, in each case for the number of years that corresponds to the length of time from the date such disbursement is made available to the Borrower by the Trust to the Maturity Date, rounding up to the nearest year, or (c) to the extent that such disbursement is funded from available moneys of the Trust borrowed from a financial institution pursuant to a line of credit or other similar financial instrument, the Trust Portion Interest Rate shall equal the actual rate of interest established by the applicable financial institution pursuant to a competitive or negotiated solicitation by the Trust with respect to such line of credit or other financial instrument.

SECTION 2. Representations of the Borrower. The Borrower represents and warrants to the Trust:

(a) Organization. The Borrower: (i) is a corporation duly created and validly existing under and pursuant to the Constitution and laws of the State, including the Business Corporation Law; (ii) has full legal right and authority to execute, attest and deliver this Note, to authorize the authentication of this Note, to sell this Note to the Trust, and to perform its obligations hereunder, and (iii) has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the issuance of this Note, the authentication of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder and (B) the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) Authority. This Note has been duly authorized by the Borrower, and duly executed, attested and delivered by Authorized Officers of the Borrower, and duly authenticated by the trustee or the paying agent pursuant to the Borrower Note Resolution. This Note has been duly sold by the Borrower to the Trust and duly issued by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors' rights.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the adoption of the Borrower Note Resolution, (iii) the ability of the Borrower to satisfy all of its Loan repayment obligations hereunder, (iv) the authorization, execution, attestation, authentication or delivery of this Note, (v) the issuance of this Note and the sale thereof to the Trust, and (vi) the Borrower's ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Note.

(d) Compliance with Existing Laws and Agreements; Governmental Consent. (i) The authorization, execution, attestation and delivery of this Note by the Borrower, (ii) the adoption of the Borrower Note Resolution, (iii) the sale of this Note to the Trust, (iv) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder, including, without limitation, the repayment of the Loan and all other amounts due hereunder, and (iii) the undertaking and completion of the Project, will not (A) result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations are subject. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation, authentication and delivery of this Note, for the sale of this Note to the Trust, for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Note, and for the undertaking and completion of the Project.

(e) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the representations of the Borrower set forth in this Section 2.

SECTION 3. Covenants of the Borrower.

(a) Participation in the Anticipated Financing Program. The Borrower covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Borrower in the Anticipated Financing Program and (ii) the qualification by the Borrower for receipt of the Anticipated Long Term Loan.

(b) Pledge. The Borrower unconditionally and irrevocably promises to make the Loan repayments in accordance with the terms of, and to the extent provided in, the Borrower Note Resolution for the punctual repayment of the Loan and all other amounts due pursuant to this terms of this Note.

(c) Disposition of Environmental Infrastructure System. The Borrower covenants and agrees that it shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System without the express written consent of the Trust, which consent may or may not be granted by the Trust in its sole discretion.

(d) Financing With Tax-Exempt Bonds. The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of Trust Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code ("tax-exempt bonds"). In furtherance of such long term financing with tax-exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the Trust, the Borrower will not take any action or permit any action to be taken which would result in any of the proceeds of the Loan being used (directly or indirectly) to make or finance loans to persons other than the Borrower. In addition, the Borrower covenants and agrees that (i) all of the proceeds of the Loan will be used to pay costs of an exempt facility, within the meaning of Section 142 of the Code, which were paid and incurred by the Borrower no more than 60 days before the date on which the Trust adopted a declaration of intent with respect to the Project, and (ii) no portion of the Project will be investment property, within the meaning of Section 148(b) of the Code. The Borrower covenants and agrees that any Costs to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.148-6(d) and Treasury Regulations §1.150-2, for costs subject to the allowance for depreciation provided in Section 167 of the Code which are chargeable to the capital account of the Borrower with respect to such exempt facility.

(e) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.

(f) Records and Accounts; Inspections. The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System, separate and distinct from its other records and accounts, which shall be audited annually by an independent registered certified public accountant and shall be made available for inspection by the Trust upon prior written notice. The Borrower shall permit the Trust to inspect the Environmental Infrastructure System.

(g) Insurance. The Borrower covenants and agrees that it shall maintain insurance policies providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System, in an amount that will satisfy all applicable regulatory requirements. The Borrower covenants and agrees that it shall include, or cause to be included, the Trust as an additional "named insured" on any certificate of liability insurance procured by the Borrower and by any contractor or subcontractor for the Project.

(h) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the covenants of the Borrower set forth in this Section 3.

SECTION 4. Disbursement of the Loan Proceeds; Amounts Payable; Prepayment; and Late Fee. The Trust shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Trust of a Loan Disbursement Requisition and the approval of such Loan Disbursement Requisition by an Authorized Officer of the Trust or designee thereof, each such disbursement and the date thereof to be recorded by an Authorized Officer of the Trust on the table attached as Exhibit A-2 hereto; provided, however, that no Loan Disbursement Requisition shall be approved by the Trust for disbursement unless and until the portion of the Project to which such Loan Disbursement Requisition relates has been certified for funding by the NJDEP. It is expected that the proceeds of the Loan will be disbursed to the Borrower in accordance with Exhibit C hereto, as Exhibit C shall be supplemented by an Authorized Officer of the Trust by means of either a substitute Exhibit C or an additional Exhibit C, such supplement to be implemented concurrently with the supplement to Exhibit A-1 hereto (as provided in the definition of "Project" as set forth herein).. The latest date upon which the Borrower may submit to the Trust a Loan Disbursement Requisition is the business day immediately preceding the date fixed by the Trust for the sale of its bonds in connection with the Anticipated Financing Program, or such alternative date as shall be identified by the Trust for the Borrower in writing. On the Maturity Date, the Borrower shall repay the Loan to the Trust in an amount equal to: (i) the Principal; (ii) the Interest; (iii) the Administrative Fee, if any; and (iv) any other amounts due and owing pursuant to the provisions of this Note. The Borrower may prepay the Loan obligations hereunder, in whole or in part, upon receipt of the prior written consent of an Authorized Officer of the Trust. Each payment made to the Trust shall be applied to the payment of, first, the Interest then due and payable, second, the Principal, third, the Administrative Fee, if any, fourth, any late charges, and, finally, any other amount due pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the Trust later than the Maturity Date, a late fee shall be payable to the Trust in an amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the Wall Street Journal on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law. Notwithstanding the provisions of this Section 4 to the contrary, the Borrower hereby acknowledges and agrees that, on the date of issuance of this Note, a disbursement shall be made and shall be recorded by an Authorized Officer of the Trust on the table attached as Exhibit A-2 hereto in the amount recorded thereon. Such disbursement shall be made for the purpose of funding fifty percent (50%) of the NJDEP Origination Fee. Such disbursement shall be paid by the Trust on behalf of the Borrower directly to the NJDEP in satisfaction of the provisions hereof.

Notwithstanding the provisions of this Note to the contrary with respect to the funding, pursuant to this Section 4, of any Loan Disbursement Requisition relating to all or any portion of the Project: (i) the Borrower hereby acknowledges and agrees that the Trust shall not, and shall not be required to, commit funds, pursuant to the Construction Financing Trust Loan Program of the Trust, to any portion of the Project until such time as the particular portion of the Project in question has been certified for funding by the NJDEP; (ii) no Loan Disbursement Requisition shall be approved by the Trust for disbursement pursuant to this Section 4 unless and until the portion of the Project to which such Loan Disbursement Requisition relates has been certified for funding by the NJDEP; and (iii) the Trust has no obligation pursuant to this Note to make all or any portion of any disbursement pursuant to the provisions of this Section 4 if he Borrower lacks the authority to pay interest on this Note in an amount equal to the Trust Portion Interest Rate.

SECTION 5. Unconditional Obligations. The obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Trust or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

SECTION 6. Events of Default. The following events shall constitute an "Event of Default" hereunder: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations hereunder, and any other payment obligations due hereunder; (ii) failure by the Borrower to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed pursuant to the terms of this Note; (iii) any representation made by the Borrower contained in this Note or in any instrument furnished in compliance with or with reference to this Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Note or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

SECTION 7. Remedies upon Event of Default. Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the Trust to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and agrees that the Trust shall have the right to declare all Loan repayments and all other amounts due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive, and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the Trust to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby agrees that upon demand it shall pay to the Trust the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observation or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys collected by the Trust pursuant to this Section 7 shall be applied first to pay any attorneys' fees or other fees and expenses owed by the Borrower.

SECTION 8. Certain Miscellaneous Provisions. The Borrower hereby agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: Middlesex Water Company, 1500 Ronson Road, Iselin, New Jersey 08830-0452, Attention: A. Bruce O'Connor, Vice President, Treasurer and Chief Financial Officer; and to the Trust at the following address: New Jersey Environmental Infrastructure Trust, 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey 08648-2201, Attention: Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the Trust shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Trust; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the Trust, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Note;

and (h) whenever the Borrower is required to obtain the determination, approval or consent of the Trust pursuant to the terms hereof, such determination, approval or consent may be either granted or withheld by the Trust in its sole and absolute discretion.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, sealed and delivered on the date first above written.

MIDDLESEX WATER COMPANY

[SEAL]

ATTEST:

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
Vice President, Treasurer
And Chief Financial Officer
Authorized Officer

/s/Jay Kooper
Jay L. Kooper, Esq.
Vice President, General
Counsel and Secretary

EXHIBIT A-1

1) Name and Address of Local Unit:

Middlesex Water Company
500 Ronson Road
Iselin, New Jersey 08830

Attention: Richard M. Risoldi, Vice President Operations

2) Description of the Project:

The project consists of replacing 260 linear feet (LF) of 4-inch, ~27760 LF of 6-inch, and ~1500 LF of 8-inch diameter cast iron mains with ~29,500 LF of 8-inch diameter cement mortar-lined ductile iron pipe, replacement of 552 service lines, installation of 579 meter pits and associated valves and appurtenances. The project area encompasses the vicinities of Madison Drive, Sampton Avenue, Lane Avenue, Hamilton Boulevard, and Maple Avenue within the Borough of South Plainfield. Cement mortar lining of the pipe interior is intended to inhibit the corrosive effects of the conveyed water on the piping systems.

The overall project consists of one (1) building contract. Zero (0) contracts have previously received authorization to award. This exhibit pertains to contract 1 of 1.

3) Description of the Water Distribution System:

The Middlesex Water Company is a publicly-owned water utility that provides water service to retail customers primarily in eastern Middlesex County. Water services are furnished to approximately 59,000 retail customers located in an area of approximately 55 square miles of New Jersey in Woodbridge Township, the Boroughs of Metuchen and Carteret, portions of Edison Township, Borough of South Plainfield, and the City of South Amboy in Middlesex County; and a small portion of the Township of Clark in Union County.

The Middlesex Water Company obtains water from both surface and groundwater sources; however, the principal source of supply is the Delaware and Raritan Canal (owned by the State of New Jersey and operated as a water resource by the New Jersey Water Supply Authority).

EXHIBIT A-2

Loan Disbursements

Date of Loan Disbursement	Amount of Disbursement: Trust Portion	Amount of Disbursement: Fund Portion

EXHIBIT B

Basis for the Determination of Allowable Costs

The determination of the costs allowable for assistance from the New Jersey Environmental Infrastructure Financing Program is presented below:

Cost Classification	Application Amount	Allowable Amount	CLP Allowable Amount
1. Administrative Expenses	$ 237,000	$ 221,282	$ 221,282
2. Other Costs	$ 0	$ 0	$ 0
3. Engineering Fees	$ 948,000	$ 948,000	$ 948,000
4. Building Costs	$ 7,900,000	$ 7,376,069	$ 7,376,069
5. Contingencies	$ 395,000	$ 368,803	$ 368,803
6. Planning and Design	$ 520,000	$ 520,000	$ 520,000
7. Sub-Total	$ 10,000,000	$ 9,434,154	$ 9,434,154
8. DEP Fee (Financed Portion (50%))		$ 94,342	$ 94,342
9. Total Project Costs	$ 10,000,000	$ 9,528,496	$ 9,528,496
10. CLP Loan Amount			$ 9,528,496

As a result of the review by the New Jersey Department of Environmental Protection ("Department"), various line items may have been revised resulting in a change of the allowable costs for this project. The basis for the determination of the allowable costs is as follows:

1. Administrative Expenses:

   The total amount requested for this line item on the application was $237,000. The allowable administrative expense is authorized to be 3% of the total allowable building costs (Line Item No. 4). Therefore, the amount for the administrative line item is $7,376,069 x 0.03 = $221,282.

   Allowable Administrative Expenses are $221,282.

2. Other Costs:

   The amount requested for this line item on the application was $0. Therefore, the total allowable amount for this line item is $0.

   Allowable Other Costs are $0.

3. Engineering Fees:

The amount requested for this line item on the application was $948,000. Middlesex Water Company will utilize both the services of Gannett Fleming and "in house" engineering and inspection personnel. The scope of work and costs for utilizing these services has been reviewed and approved on September 28, 2016. Therefore,

Allowable Engineering Fees are $948,000.

4. Building Costs:

The amount requested for this line item on the application was $7,900,000. The allowable amount based on the low bid received is $6,626,069 and an additional $750,000 for materials. Therefore, the total building costs are $6,626,069 + $750,000 = $7,376,069

Green Project Reserve (GPR) Funding: Green Infrastructure - $0.
Energy Efficiency- $0.
Water Efficiency - $0.
Green Innovative - $0.

Allowable Building Costs are $7,376,069.

5. Contingencies:

The amount requested for this line item on the application was $395,000. The allowable amount is authorized to be 5% of the allowable building cost. Therefore, the allowable amount for this line item is $7,376,069 x 0.05 = $368,803.

Allowable Contingencies are $368,803.

6. Planning and Design:

The amount requested for this line item on the application was $520,000. The maximum authorized amount for this line item based on the allowable building costs and N.J.A.C. 7:22-5.12 is as follows:

$250,000 + 0.12 x ($7,376,069 - $1,000,000) = $1,015,128.

Costs for this line item will be reimbursed based on NJDEP approval of actual project invoices for planning and design services. Therefore,

Allowable Planning and Design is $520,000.

7. Sub-Total:

The total amount applied for was $10,000,000. The subtotal line item amount based on the low bid received is $9,434,154.

8. DEP Fee:

This item represents the DEP Loan Surcharge or Loan Origination Fee imposed by DEP as a portion of the cost of the project of the borrower. This DEP Loan Surcharge or Loan Origination Fee is a portion of the cost of the project that has been incurred for engineering and environmental services provided by DEP for the borrower in connection with, and as a condition precedent to, the inclusion of the project of the borrower in the SFY2018 Financing Program of the Trust, 50% of which will be financed for the Borrower as part of the Trust Construction Loan.

DEP Fee = $9,434,154 x 2% = $188,684

$188,684 x .50 = $94,342 (financed through the Construction Loan and paid to DEP upon closing of the Construction Loan)

9. Total Project Costs:

The total project costs are (loan amount + Department Fee) $9,528,496.

10. CLP Loan Amount:

The CLP Loan Amount is $9,528,496.

EXHIBIT C

1. Disbursement Schedule

The following is a schedule of the estimated disbursements for this loan. Disbursements to the Borrower for any given month shall not exceed the amounts indicated below plus any undisbursed from the previous months.

Year	Month	DEP Fee (Trust to make payment)	Total
2017	August	*$ 94,342	
	August		$ 4,000,000
	September		$ 2,000,000
	October		$ 2,000,000
	November		$ 1,434,154
Total		$ 94,342	$ 9,434,154

*This represents that portion (50%) of the DEP Fee that has been financed for the Borrower through the short-term Construction Loan. No action is required on the part of the borrower with respect to the payment to DEP of the DEP Fee. The Trust will address, or already has addressed, the implementation of this disbursement.

2. Project Schedule

The Borrower shall expeditiously initiate and complete the project in accordance with the project schedule which was submitted as part of the loan application repeated below. Failure to promptly initiate and complete the Project may result in the imposition of sanctions under N.J.A.C. 7:22-3.40 through 3.44 and N.J.A.C. 7:22-4.40 through 4.44. In addition, failure to promptly award all subagreement(s) for building the Project within 12 months of the date of this loan may result in a limitation on allowable costs as provided by N.J.A.C. 7:22-5.4(d) 4. This limitation provides that costs incurred under contracts awarded after 12 months from the date of this loan are unallowable unless a specific extension has been granted by the Department, in the case of a Fund Loan, and the Trust, in the case of a Trust Loan.

EVENT	DATE
Advertisement: 1225001-026	February 1, 2017
Bid Receipt: 1225001-026	February 15, 2017
Award: 1225001-026	March 4, 2017
Issuance of Notice to Proceed: 1225001-026	April 3, 2017
Completion of Construction: 1225001-026	October 2, 2017
Initiation of Operation: 1225001-026	November 1, 2017
Project Performance Certification: 1225001-026	November 1, 2018

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Section 5: EX-31.1 (EX-31.1)

Exhibit 31.1

**SECTION 302 CERTIFICATION PURSUANT TO RULES 13a-14
AND 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Dennis W. Doll, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Middlesex Water Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have;

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Dennis W. Doll
Dennis W. Doll
Chief Executive Officer

Date: November 2, 2017

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Section 6: EX-31.2 (EX-31.2)

Exhibit 31.2

**SECTION 302 CERTIFICATION PURSUANT TO RULES 13a-14
AND 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934**

I, A. Bruce O'Connor, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Middlesex Water Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have;

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ A. Bruce O'Connor
A. Bruce O'Connor
Chief Financial Officer

Date: November 2, 2017

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Section 7: EX-32.1 (EX-32.1)

Exhibit 32.1

SECTION 906 CERTIFICATION PURSUANT TO 18 U.S.C. §1350

I, Dennis W. Doll, hereby certify that, to the best of my knowledge, the periodic report being filed herewith containing financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) and that information contained in said periodic report fairly presents, in all material respects, the financial condition and results of operations of Middlesex Water Company for the period covered by said periodic report.

/s/ Dennis W. Doll
Dennis W. Doll
Chief Executive Officer

Date: November 2, 2017

A signed original of this written statement required by Section 906 has been provided to Middlesex Water Company and will be retained by Middlesex Water Company and furnished to the Securities and Exchange Commission or its staff upon request.

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Section 8: EX-32.2 (EX-32.2)

Exhibit 32.2

SECTION 906 CERTIFICATION PURSUANT TO 18 U.S.C. §1350

I, A. Bruce O'Connor, hereby certify that, to the best of my knowledge, the periodic report being filed herewith containing financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) and that information contained in said periodic report fairly presents, in all material respects, the financial condition and results of operations of Middlesex Water Company for the period covered by said periodic report.

/s/ A. Bruce O'Connor
A. Bruce O'Connor
Chief Financial Officer

Date: November 2, 2017

A signed original of this written statement required by Section 906 has been provided to Middlesex Water Company and will be retained by Middlesex Water Company and furnished to the Securities and Exchange Commission or its staff upon request.

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