

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 31, 2020**
- 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
(State of Incorporation)

22-1114430
(IRS employer identification no.)

485C Route 1 South, Suite 400, Iselin New Jersey 08830
(Address of principal executive offices, including zip code)
(732) 634-1500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class:</u>	<u>Trading Symbol:</u>	<u>Name of each exchange on which registered:</u>
Common Stock, No Par Value	MSEX	The NASDAQ Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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 their 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 for such shorter period that the registrants were required to submit and post such files). Yes No

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

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>
Smaller reporting company <input type="checkbox"/>		Emerging growth company <input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant at June 30, 2020 was \$1,152,416,738 based on the closing market price of \$67.18 per share on the NASDAQ Global Select Market.

The number of shares outstanding for each of the registrant's classes of common stock, as of February 25, 2021:

Common Stock, No par Value 17,474,598 shares outstanding

Documents Incorporated by Reference

Proxy Statement to be filed in connection with the Registrant's Annual Meeting of Stockholders to be held on May 25, 2021, which will be filed with the Securities and Exchange Commission within 120 days of the end of our 2020 fiscal year, is incorporated by reference into Part III of this Annual Report on Form 10-K to the extent described herein.

MIDDLESEX WATER COMPANY
FORM 10-K

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual 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. Middlesex Water Company (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 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
- impact of the Novel Coronavirus (COVID-19) or other pandemic; and
- other factors discussed elsewhere in this annual 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 annual 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.

PART I

Item 1. Business.

Overview

Middlesex Water Company (Middlesex) was incorporated as a water utility company in 1897 and owns and operates regulated water utility and wastewater systems primarily in New Jersey and Delaware. Middlesex also operates water and wastewater systems under contract on behalf of municipal and private clients primarily in New Jersey and Delaware.

The terms “the Company,” “we,” “our,” and “us” refer to Middlesex Water Company and its subsidiaries, including Tidewater Utilities, Inc. (Tidewater) and Tidewater’s wholly-owned subsidiaries, Southern Shores Water Company, LLC (Southern Shores) and White Marsh Environmental Systems, Inc. (White Marsh). The Company’s other subsidiaries are 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), Tidewater Environmental Services, Inc. (TESI) and Twin Lakes Utilities, Inc. (Twin Lakes).

The Company’s principal executive offices are located at 485C Route 1 South, Suite 400, Iselin, New Jersey 08830. Our telephone number is (732) 634-1500. Our website address is <http://www.middlesexwater.com>. Information contained on our website is not part of this Annual Report on Form 10-K. We make available, free of charge through our website, reports and amendments filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, after such material is electronically filed with or furnished to the United States Securities and Exchange Commission (the SEC).

Middlesex System

The Middlesex System in New Jersey provides water services to approximately 61,000 retail customers, primarily in eastern Middlesex County, New Jersey and provides water under wholesale contracts to the City of Rahway, Townships of Edison and Marlboro, the Borough of Highland Park and the Old Bridge Municipal Utilities Authority. The Middlesex System treats, stores and distributes water for residential, commercial, industrial and fire protection purposes. The Middlesex System also provides water treatment and pumping services to the Township of East Brunswick under contract. The amount of water supply allocated to the Township of East Brunswick is granted directly to the Township by the New Jersey Water Supply Authority. The Middlesex System produced approximately 59% of our 2020 consolidated operating revenues.

The Middlesex System’s retail customers are located in an area of approximately 55 square miles in Woodbridge Township, the City of South Amboy, the Boroughs of Metuchen and Carteret, portions of the Township of Edison and the Borough of South Plainfield, all in Middlesex County, and a portion of the Township of Clark in Union County. Retail customers include a mix of residential customers, large industrial concerns and commercial and light industrial facilities. These customers are located in generally well-developed areas of central New Jersey.

The contract customers of the Middlesex System comprise an area of approximately 110 square miles with a population of over 200,000. Contract sales to the Townships of Edison and Marlboro, the City of Rahway and the Old Bridge Municipal Utilities Authority are supplemental to the water systems owned and operated by these customers. Middlesex is the sole source of water for the Borough of Highland Park and the Township of East Brunswick.

Middlesex provides water service to approximately 300 customers in Cumberland County, New Jersey. This system is referred to as Bayview, and is not physically interconnected with the Middlesex System. Bayview produced less than 1% of our 2020 consolidated operating revenues.

Tidewater System

Tidewater, together with its wholly-owned subsidiary, Southern Shores, provides water services to approximately 52,000 retail customers for residential, commercial and fire protection purposes in over 430 separate communities in New Castle, Kent and Sussex Counties, Delaware. The Tidewater System produced approximately 28% of our 2020 consolidated operating revenues.

USA-PA

USA-PA operates the City of Perth Amboy, New Jersey's (Perth Amboy) water and wastewater systems under a 10-year agreement, which expires in December 2028. There are approximately 12,000 customers comprised of residential, commercial and industrial connections, most of which are served by both the water and wastewater systems. In addition to performing day-to-day operations, USA-PA is also responsible for emergency responses and management of capital projects funded by Perth Amboy. USA-PA produced approximately 5% of our 2020 consolidated operating revenues.

Pinelands Systems

Pinelands Water provides water services to approximately 2,500 residential customers in Burlington County, New Jersey. Pinelands Water is not physically interconnected with the Middlesex System. Pinelands Water produced approximately 1% of our 2020 consolidated operating revenues.

Pinelands Wastewater provides wastewater collection and treatment services to approximately 2,500 residential customers. Under contract, it also services one municipal wastewater system in Burlington County, New Jersey with approximately 200 residential customers. Pinelands Wastewater produced approximately 1% of our 2020 consolidated operating revenues.

USA

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. USA serves approximately 6,400 retail customers in Avalon, most of which are served by both the water system and wastewater collection system. 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.

USA operates the Borough of Highland Park, New Jersey's (Highland Park) water utility and sewer utility under a ten-year operations and maintenance contract expiring in 2030. USA serves approximately 3,300 mostly retail customers in Highland Park. The contract commenced July 1, 2020.

USA also provides unregulated water and wastewater services under contract with several other smaller New Jersey municipalities.

Under a marketing agreement with HomeServe, USA offers residential customers in New Jersey and Delaware various 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 July 2021 and renewal discussions are underway.

USA produced approximately 2% of our 2020 consolidated operating revenues.

TESI System

TESI provides wastewater collection and treatment services to approximately 3,900 retail customers in Sussex County, Delaware. TESI produced approximately 2% of our 2020 consolidated operating revenues.

White Marsh

White Marsh operates or maintains water and/or wastewater systems that serve approximately 1,900 retail customers under more than 36 separate contracts. White Marsh also owns two commercial properties that are leased to Tidewater for its administrative office campus and its field operations center. White Marsh produced approximately 1% of our 2020 consolidated operating revenues.

Financial Information

Consolidated operating revenues, operating income and net income are as follows:

	(Thousands of Dollars)		
	Years Ended December 31,		
	2020	2019	2018
Operating Revenues	\$ 141,592	\$ 134,598	\$ 138,077
Operating Income	\$ 37,420	\$ 35,520	\$ 37,142
Net Income	\$ 38,425	\$ 33,888	\$ 32,452

Operating revenues were earned from the following sources:

	Years Ended December 31,		
	2020	2019	2018
Residential	54.2%	53.1%	50.5%
Commercial	10.9	11.3	10.7
Industrial	6.7	7.0	7.4
Fire Protection	8.8	9.1	8.8
Contract Sales	10.7	10.6	10.6
Contract Operations	8.6	8.7	11.9
Other	0.1	0.2	0.1
Total	100.0%	100.0%	100.0%

Water Supplies and Contracts

Our New Jersey, Delaware and Pennsylvania water supply systems are physically separate and are not interconnected. In New Jersey, the Pinelands System and Bayview System are not interconnected with the Middlesex System or each other. We believe we have adequate sources of water supply to meet the current service requirements of our present customers in New Jersey, Delaware and Pennsylvania.

Middlesex System

Our Middlesex System, which produced approximately 13.7 billion gallons in 2020, obtains water from surface sources and wells (groundwater sources). In 2020, surface sources of water provided approximately 64% of the Middlesex System's water supply, groundwater sources provided approximately 27% from 31 Company-owned wells and the balance was purchased from a non-affiliated water utility regulated by the New Jersey Board of Public Utilities (NJBP) under an agreement which expires February 27, 2026. This agreement provides for minimum purchases of 3.0 million gallons per day (mgd) of treated water with provisions for additional purchases. The Middlesex System's distribution storage facilities are used to supply water to customers at times of peak demand, outages and emergencies.

The principal source of surface water for the Middlesex System is the Delaware & Raritan Canal, which is owned by the State of New Jersey and operated as a water resource by the New Jersey Water Supply Authority (NJWSA). Middlesex is under contract with the NJWSA, which expires November 30, 2023, and provides for average purchases of 27.0 mgd of untreated water from the Delaware & Raritan Canal, augmented by the Round

Valley/Spruce Run Reservoir System. The untreated surface water is pumped to, and treated at, the Middlesex Carl J. Olsen (CJO) Water Treatment Plant.

Water supply to Bayview customers is derived from two wells, which produced approximately 6.2 million gallons in 2020.

Tidewater System

Our Tidewater System produced approximately 2.5 billion gallons in 2020, primarily from 180 wells. Tidewater expects to submit applications to Delaware regulatory authorities for the approval of additional wells as growth, customer demand and water quality warrant. Tidewater augments its water production with annual minimum purchases of 15.0 million gallons of treated water under contract from the City of Dover, Delaware. Tidewater does not have a central water treatment facility for the over 430 separate communities it serves. As the number has grown, many of Tidewater's individual systems have been interconnected, forming several regional systems that are served by multiple water treatment facilities owned by Tidewater.

Pinelands Water System

Water supply to our Pinelands Water System is derived from four wells which produced approximately 124.3 million gallons in 2020. The aggregate pumping capacity of the four wells is 2.2 mgd.

Wastewater Facilities

Pinelands Wastewater System

The Pinelands Wastewater System discharges into the South Branch of the Rancocas Creek through a wastewater treatment plant that provides clarification, sedimentation, filtration and disinfection. The total capacity of the plant is 0.5 mgd, and the system treated approximately 97.0 million gallons in 2020.

TESI System

The TESI System is comprised of seven wastewater collection and treatment systems, which are not interconnected. The treatment plants provide clarification, sedimentation, and disinfection. The combined total treatment capacity of the plants is 0.7 mgd. The TESI System treated approximately 125.6 million gallons in 2020.

Human Capital Management

The Company aims to attract and retain the best employees by offering competitive compensation packages along with career development and training opportunities in a safe, supportive and inclusive work environment. Our mission, our business philosophy and the way we deliver for our customers, our shareholders and our employees is rooted in what we, as an enterprise, believe to be our core values of Respect, Integrity, Growth, Honesty and Teamwork. Our employees' success is a key element of the Company's success.

Workforce

As of December 31, 2020, the Company employed 348 employees. None of our employees are subject to a collective bargaining agreement. We believe our employee relations are positive.

Employee Compensation and Benefits

We offer comprehensive competitive employee compensation and benefit programs consistent with employee positions, skill levels, experience, knowledge and geographic location. These programs are independently

evaluated by a nationally recognized consulting firm to gauge effectiveness and are benchmarked against industry peers and the overall markets in which we operate our businesses. Compensation increases and incentive compensation are based on merit, which is communicated to employees and well documented in our bi-annual performance evaluation process. Benefits include a variety of programs to enhance employee overall physical, mental and financial health and well-being, including healthcare insurance, employer funded retirement savings plans, life insurance, disability insurance, accident insurance, tuition reimbursement, flu shots, wellness newsletters and webinars, incentive programs for achieving fitness milestones, financial counseling, elder care assistance, substance abuse support and more.

Safety

The Company has implemented safety programs and management practices to promote a culture of safety to protect its employees. This includes required trainings for employees, as well as specific qualifications and certifications for certain operational employees. These active and on-going workplace health and safety training programs and policies keep our rates of occupational injury and illness low. All employees have been empowered to report and immediately stop work which, in their opinion, is unsafe or is not consistent with our safety policies and procedures. They can take this action without fear of reprisal.

In response to the Novel Coronavirus (COVID-19) pandemic, the Company implemented significant changes that it determined were in the best interest of our employees and customers, as well as in addition to complying with government emergency orders and regulations. While the nature of our utility services business necessitated our operating workforce continue to operate in the field and at treatment facilities, we implemented numerous measures to help ensure the safety of those employees, and the public, amidst the pandemic. We closed our administrative offices in late March 2020 and arranged for all affected employees to be able work remotely. In late June 2020, we reopened our offices to accommodate 25% capacity for employees only and those offices remain closed to the public and visitors. For further discussion of the impact of COVID-19 on the Company, see *Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operation, Recent Developments, Novel Coronavirus (COVID-19)*.

Employee Development and Training

The Company supports and utilizes various training and educational programs and has developed additional company-wide and project-specific employee training and educational programs, including tuition assistance for full time employees enrolled in pre-approved undergraduate or graduate courses or professional licensing courses. All employees receive training to identify and report operational and financial risks as well as risks to Company brand and reputation, which fosters a personal culture of accountability and reinforces our commitment to a safe and sustainable workplace. All employees receive cybersecurity training and other education regarding the handling of sensitive data. Our Executive Management team and our Board of Directors continually assess succession plans, leadership development and policies and strategies regarding recruitment, retention, career development, diversity, equity and inclusion. Formalized succession planning strategies have been developed for key leadership positions.

Diversity, Equity & Inclusion (DEI)

The Company is committed to DEI based upon our belief that embracing DEI benefits all stakeholders by maintaining a workforce with a variety of skills and perspectives as a result of their diverse backgrounds and experiences. Specific DEI initiatives are in progress to further enhance our culture of belonging.

The Company is focused on recruitment of diverse candidates as well as on internal talent development of its diverse leaders so that all employees are provided with an opportunity to advance their careers within the Company. The Company solicited our employees' perceptions of the Company's focus on DEI with a comprehensive survey, followed-up with numerous meetings of groups of employees to discuss the results of the survey and to further engage our employees on matters of DEI. We expect to continue to monitor the results of

our DEI efforts and continually explore opportunities to further engage our employees to ensure our actions are in-fact fully consistent with our stated Company core values.

Competition

Our business in our franchised service areas is substantially free from direct competition with other public utilities, municipalities and other entities. However, our ability to provide contract wholesale water supply and operations and maintenance services that are not under the jurisdiction of a state public utility commission is subject to competition from other public utilities, municipalities and other entities. Although Tidewater and TESI have been granted exclusive franchises for each of their existing community water and wastewater systems, their ability to expand service areas can be affected by the Delaware Public Service Commission (DEPSC) awarding

franchises to other regulated water and wastewater utilities with whom we compete for such franchises and for projects.

Regulation

Our rates charged to customers for water and wastewater services, the quality of the services we provide and certain other matters are regulated by the following state utility commissions (collectively, the Utility Commissions):

- NJBPU;
- DEPSC; and
- Pennsylvania Public Utility Commission (PAPUC).

Our USA, USA-PA and White Marsh subsidiaries are not regulated public utilities as related to rates and service quality. However, they are subject to federal and state environmental regulations with respect to water quality and wastewater effluent quality to the extent such services are provided.

We are subject to environmental and water quality regulation by the following regulatory agencies (collectively, the Government Environmental Regulatory Agencies):

- United States Environmental Protection Agency (EPA);
- New Jersey Department of Environmental Protection (NJDEP) with respect to operations in New Jersey;
- Delaware Department of Natural Resources and Environmental Control, the Delaware Department of Health and Social Services-Division of Public Health (DEDPH), and the Delaware River Basin Commission (DRBC) with respect to operations in Delaware; and
- Pennsylvania Department of Environmental Protection (PADEP) with respect to operations in Pennsylvania.

In addition, our issuances of equity securities are subject to the prior approval of the NJBPU and require registration with the SEC. Our issuances of long-term debt securities are subject to the prior approval of the appropriate Utility Commissions.

Regulation of Rates and Services

For regulated rate setting purposes, we account separately for our regulated utility operations to facilitate independent rate setting by the applicable Utility Commissions.

In determining our regulated utility rates, the respective Utility Commissions consider the revenue, expenses, rate base of property used and useful in providing service to the public and a fair rate of return on investments within their separate jurisdictions. Rate determinations by the respective Utility Commissions do not guarantee achievement to us of specific rates of return for our regulated utility operations. Thus, we may not achieve the stated rates of return authorized by the Utility Commissions. In addition, there can be no assurance that any future rate increases will be granted or, if granted, that they will be in the amounts requested.

Middlesex Rate Matters

In November 2020, Middlesex filed a petition with the NJBPU seeking approval to reset its Purchased Water Adjustment Clause (PWAC) tariff rate currently in effect to recover additional costs of \$1.1 million for the purchase of treated water from a non-affiliated regulated water utility regulated by the NJBPU. A PWAC is a rate mechanism that allows for 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. We cannot predict whether the NJBPU will ultimately approve, deny or reduce the amount of our request.

In March 2020, the NJBPU approved Middlesex's petition to reset its PWAC tariff rate to recover additional costs of \$0.6 million for the purchase of treated water from a non-affiliated water utility regulated by the NJBPU. The new PWAC rate became effective on April 4, 2020.

In March 2018, Middlesex's petition to the NJBPU seeking permission to increase its base water rates was concluded, based on a negotiated settlement, resulting in an increase in annual operating revenues of \$5.5 million. The approved base water rates were designed to recover increased operating costs as well as a return on invested capital in rate base of \$245.5 million, based on an authorized return on common equity of 9.6%. As part of the settlement, Middlesex received approval for regulatory accounting treatment of accumulated deferred income tax benefits associated with required adoption of tangible property regulations issued by the Internal Revenue Service. The settlement agreement allowed for a four-year amortization period for \$28.7 million of deferred income tax benefits as well as prospective recognition of the income tax benefits for the immediate deduction of repair costs on tangible property. The rate increase became effective April 1, 2018.

Tidewater Rate Matters

Effective January 1, 2021, Tidewater increased its DEPSC-approved Distribution System Improvement Charge (DSIC) rate, which is expected to generate revenues of approximately \$0.6 million annually. A DSIC is a rate-mechanism that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements made between base rate proceedings.

Effective March 1, 2019, Tidewater received approval from the DEPSC to reduce its rates to reflect the lower corporate income tax rate enacted by the Tax Cuts and Jobs Act of 2017, resulting in a 3.35% rate decrease for certain customer classes.

Pinelands Rate Matters

Effective November 4, 2019, Pinelands Water and Pinelands Wastewater received approval from the NJBPU to increase its base rates by \$0.5 million. The increased revenues were necessitated by capital infrastructure investments both companies had made and increased operations and maintenance costs.

Southern Shores Rate Matters

Effective January 1, 2020, the DEPSC approved the renewal of a multi-year agreement for water service to a 2,200 unit condominium community in Sussex County, Delaware. Under the agreement, current rates will remain in effect until December 31, 2024, but should there be unanticipated capital expenditures or regulatory related changes in operating expenses exceeding certain thresholds during this time period, rates are permitted to be adjusted to reflect such cost changes. Thereafter, rate increases, if any, cannot exceed the lesser of the regional Consumer Price Index or 3%. The new agreement expires on December 31, 2029.

Future Rate Filings

Management monitors the need for rate relief for our regulated entities on an ongoing basis. When capital improvements and/or increases in operation and maintenance costs require rate relief, base rate increase requests are expeditiously filed with the respective Utility Commissions.

Regulatory Service Matters

Twin Lakes provides water services to approximately 115 residential customers in Shohola, Pennsylvania. In 2020, Twin Lakes filed a petition requesting the PAPUC to exercise its discretion under Section 529 of the Pennsylvania Public Utility Code (the Code) to order the acquisition of Twin Lakes by a public utility as defined by the Code. The PAPUC assigned an Administrative Law Judge (ALJ) to adjudicate the matter and submit a decision to the PAPUC. Pre-filed testimony was submitted by all parties and an evidentiary hearing was held by the ALJ in early January 2021. The briefing schedule concluded on February 25, 2021 and a decision by the ALJ is expected to be issued in the second quarter of 2021. A final PAPUC Order on this matter is expected to also be issued during the second quarter of 2021. Separately, in January 2021, the PAPUC issued an Order appointing a large Pennsylvania based investor-owned water utility as the receiver (the Receiver Utility) of the Twin Lakes system effective January 15, 2021 with the receivership to remain in place until the final outcome of the Section 529 proceeding. In connection with this receivership, the Receiver Utility's responsibilities will include operating and maintaining the system assets in compliance with all state, federal and local laws and regulations, maintaining existing or necessary permits, licenses, approvals, authorizations, orders, consents, registrations or filings, providing a list of recommended capital improvements, providing all supervision and personnel necessary and responding to system emergencies by taking necessary action to ensure the continued provision of adequate, efficient, safe and reasonable service. We cannot predict whether the PAPUC will ultimately approve or deny the Section 529 petition. Twin Lakes' PAPUC-approved annual revenues and rate base are currently set at \$0.2 million and \$1.5 million, respectively, and its financial results, total assets and financial obligations are not material to the Company.

COVID-19

The NJBPU and the DEPSC have allowed for potential future recovery in customer rates of additional costs related to COVID-19. Neither jurisdiction has yet to establish a timeline or definitive formal procedures for seeking cost recovery (for further discussion of the impact of COVID-19 on the Company, see *Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operation, Recent Developments, Novel Coronavirus (COVID-19)*).

Water and Wastewater Quality and Environmental Regulations

Government environmental regulatory agencies regulate our operations in New Jersey, Delaware and Pennsylvania with respect to water supply, treatment and distribution systems and the quality of the water. They also regulate our operations with respect to wastewater collection, treatment and disposal.

Regulations relating to water quality require us to perform tests to ensure our water meets state and federal quality requirements. In addition, government environmental regulatory agencies continuously review current regulations governing the limits of certain organic compounds found in the water as byproducts of the treatment process. We participate in industry-related research to identify the various types of technology that might reduce the level of organic, inorganic and synthetic compounds found in water. The cost to water utilities to comply with the proposed water quality standards depends in part on the limits set in the regulations and on the method selected to treat the water to the required standards. We regularly test our water to determine compliance with existing required government environmental regulatory agencies' water quality standards.

Treatment of groundwater in our Middlesex System is by chlorination for primary disinfection purposes. In addition, at certain locations, air stripping is used for removal of volatile organic compounds.

Surface water treatment in our Middlesex System is by conventional treatment; coagulation, sedimentation and filtration. The treatment process includes pH adjustment, chlorination for disinfection, and corrosion control for the distribution system.

Treatment of groundwater in our Tidewater System is by chlorination for disinfection purposes and, in some cases, pH adjustment and filtration for nitrate and iron removal and granular activated carbon filtration for organics removal. Chloramination is used for final disinfection at Southern Shores.

Treatment of groundwater in the Pinelands Water and Bayview Systems (primary disinfection only) is performed at individual well sites.

Treatment of wastewater in the Pinelands Wastewater and TESI Systems includes rotating biological contactors. Membrane bioreactors, sequential batch reactors and lagoon treatment coupled with spray irrigation are also utilized in the TESI System.

The NJDEP, DEDPH and PADEP monitor our activities and review the results of water quality tests that are performed for adherence to applicable regulations. Other applicable regulations include the Federal Lead and Copper Rule, the Federal Surface Water Treatment Rule and the Federal Total Coliform Rule and regulations for maximum contaminant levels established for various volatile organic compounds.

Seasonality

Customer demand for our water during the warmer months is generally greater than other times of the year due primarily to additional consumption of water in connection with irrigation systems, swimming pools, cooling systems and other outside water use. Throughout the year, and particularly during typically warmer months, demand may vary with temperature and rainfall timing and overall levels. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the customer demand for our water may decrease and therefore, adversely affect our revenues.

Management

This table lists information concerning our executive management team:

Name	Age	Principal Position(s)
Dennis W. Doll	62	President, Chief Executive Officer and Chairman of the Board of Directors
A. Bruce O'Connor	62	Senior Vice President, Treasurer and Chief Financial Officer
G. Christian Andreasen, Jr.	61	Vice President-Enterprise Engineering
Robert K. Fullagar	53	Vice President-Operations
Lorrie B. Ginegaw	45	Vice President-Human Resources
Jay L. Kooper	48	Vice President-General Counsel and Secretary
Georgia M. Simpson	47	Vice President-Information Technology
Bernadette M. Sohler	60	Vice President-Corporate Affairs

Dennis W. Doll – Mr. Doll joined the Company in 2004 and was named President and Chief Executive Officer and a Director of Middlesex effective January 1, 2006. In May 2010, he was first elected Chairman of the Board. He is also Chairman for all subsidiaries of Middlesex. Prior to joining the Company, Mr. Doll had been employed in various executive leadership roles in the regulated water utility business since 1985. Mr. Doll also serves on the Board of the non-profit Court Appointed Special Advocates (CASA) of Middlesex County, New Jersey (Executive Committee, Board Member and Treasurer) and as Director, Emeritus of The Water Research Foundation.

A. Bruce O'Connor – Mr. O'Connor, a Certified Public Accountant, joined the Company in 1990 and was named Vice President and Chief Financial Officer in 1996 and Treasurer in 2014. On January 1, 2019, Mr. O'Connor was appointed Senior Vice President of Middlesex and President of Tidewater, TESI and White Marsh. Mr. O'Connor is also the principal financial officer and a Director of all Middlesex subsidiaries.

G. Christian Andreasen, Jr. – Mr. Andreasen, a licensed professional engineer, joined the Company in 1982, was named Assistant Vice President-Enterprise Engineering in January 2019 and promoted to Vice President-Enterprise Engineering in July 2019. He is President and a Director of Pinelands Water and Pinelands Wastewater. Mr. Andreasen serves as a Director of the American Water Works Association and is Vice Chair of the NJDEP's Water Supply Advisory Council.

Robert K. Fullagar – Mr. Fullagar, a licensed professional engineer, joined the Company in 1997, was named Assistant Vice President-Operations in January 2019 and promoted to Vice President-Operations in July 2019. He is President and a Director of USA-PA, USA and Twin Lakes. Mr. Fullagar serves as Sector Chair of the New Jersey Infrastructure Advisory Committee.

Lorrie B. Ginegaw – Ms. Ginegaw joined Tidewater in 2004 and in 2007 was promoted to Director of Human Resources for Middlesex. In March 2012, Ms. Ginegaw was named Vice President-Human Resources. Prior to joining the Company, Ms. Ginegaw worked in various human resources positions in the healthcare and transportation/logistics industries. Ms. Ginegaw serves as a volunteer director on the Board of the New Jersey Utilities Association.

Jay L. Kooper – Mr. Kooper joined the Company in 2014 as Vice President and General Counsel and serves as Secretary for the Company and all subsidiaries. Prior to joining the Company, Mr. Kooper held various positions in private and public entities as well as in private law practice, representing electric, gas, water, wastewater, telephone and cable companies as well as municipalities and private clients before 17 state public utility commissions and legislatures, federal agencies and federal and state appellate courts. Mr. Kooper serves as a volunteer director on selected non-profit utility industry-related Boards including the National Association of Water Companies (current Director and Chairman of the New Jersey Chapter) and the New Jersey State Bar Association's Public Utility Law Section (current Consultant and Past Chairman) and on other non-profit boards based in New Jersey, including Temple B'Nai Abraham in Livingston, New Jersey (current Vice President and Trustee) and the Crohn's and Colitis Foundation's New Jersey Chapter.

Georgia M. Simpson – Ms. Simpson joined the Company in 2009, was named Assistant Vice President-Information Technology in January 2019 and promoted to Vice President- Information Technology in July 2019. Prior to joining the Company, Ms. Simpson held various Information Technology positions and has gained an extensive array of technical and business computer certifications. Ms. Simpson serves as a member of the Delaware Cyber Security Advisory Council, the Society for Information Management, New Jersey chapter and the Project Management Institute, New Jersey chapter.

Bernadette M. Sohler – Ms. Sohler joined the Company in 1994 and was named Vice President-Corporate Affairs in March 2007. She also serves as Vice President of USA. Prior to joining the Company, Ms. Sohler held marketing and public relations management positions in the financial services industry. Ms. Sohler serves as a volunteer director on area Chambers of Commerce and several other non-profit Boards and is the Chair of the New Jersey Utilities Association's Communications Committee.

ITEM 1A. RISK FACTORS.

Operational Risks

Weather conditions and overuse of underground aquifers may interfere with our sources of water, demand for water services and our ability to supply water to customers.

Our ability to meet current and future water demands of our customers depends on the availability of an adequate supply of water. Unexpected conditions may interfere with our water supply sources. Drought and overuse of underground aquifers may limit the availability of ground and/or surface water. Freezing weather may also contribute to water transmission interruptions caused by water main breakage. Any interruption in our water supply could cause a reduction in our revenue and profitability. These factors may adversely affect our ability to supply water in sufficient quantities to our customers. Governmental drought restrictions may result in decreased customer demand for water services and can adversely affect our revenue and earnings.

Our water sources or water service provided to customers may become contaminated by naturally-occurring or man-made compounds and events. This may cause disruption in services and impose operational and regulatory enforcement costs upon us to restore the water to required levels of quality as well as may damage our reputation and cause private litigation claims against us.

Our sources of water or water in our distribution systems may become contaminated by naturally-occurring or man-made compounds or other events. In the event that any portion of our water supply sources or water distribution systems is contaminated, we may need to interrupt service to our customers until we are able to remediate the contamination or substitute the flow of water from an uncontaminated water source through existing interconnections with other water purveyors or through our transmission and distribution systems, where possible. We may also incur significant costs in treating any contaminated water, or remediating the effects on our treatment and distribution systems, through the use of our current treatment facilities, or development of new treatment methods. Our inability to substitute water supply from an uncontaminated water source, or to adequately treat the contaminated water supply in a cost-effective manner, may reduce our revenues and make us less profitable.

We may be unable to recover costs associated with treating or decontaminating water supplies through rates, or recovery of these costs may not occur in a timely manner. In addition, we could be subject to claims for damages arising from government enforcement actions or other lawsuits arising out of interruption of service or human exposure to hazardous substances in our drinking water and water supplies. Such costs could adversely affect our financial results.

Contamination of the water supply or the water service provided to our customers could result in substantial injury or damage to our customers, employees or others and we could be exposed to substantial claims and litigation, which are inherently subject to uncertainties and are potentially subject to unfavorable rulings. Negative impacts to our profitability and our reputation may occur even if we are not responsible for the contamination or the consequences arising out of human exposure to contamination or hazardous substances in the water or water supplies. Pending or future claims against us could have a material adverse impact on our business, financial condition, results of operations and cash flows.

The necessity for ongoing security has resulted, and may continue to result, in increased operating costs.

Because of physical and operational threats to the health and security of the United States of America, we employ procedures to review and modify, as necessary, physical and other security measures at our facilities. We provide ongoing training and communications to our employees about threats to our water supply, our assets and related systems and our employees' personal safety. We have incurred, and will continue to incur, costs for security measures to protect against such risks.

Climate variability may cause worsening of weather volatility in the future, which may impact water usage and related revenue or may require additional expenditures to reduce the risk associated with any increasing storm, flood and drought occurrences.

The issue of climate variability is receiving increasing attention nationally and worldwide. Some scientific experts are predicting a worsening of weather volatility in the future associated with climate variability. If true, increased climate variability may cause increased precipitation and flooding, increased frequency and severity of storms and other weather events, potential degradation of water quality, decreases in available water supply, changes in water usage patterns and increases in disruptions in service. Because of the uncertainty of weather volatility related to climate variability, we cannot predict its potential impact on our business, financial condition, results of operations, cash flows and liquidity. Although some or all potential expenditures and costs with respect to our regulated businesses could be recovered through rates, there can be no assurance that the NJBPU, DEPSC or PAPUC would authorize rate increases to enable us to recover such expenditures and costs, in whole or in part.

Regulatory Risks

Our revenue and earnings depend on the rates we charge our customers. We cannot raise utility rates in our regulated businesses without filing a petition with the appropriate Utility Commissions. If these agencies modify, delay, or deny our petition, our revenues will not increase and our earnings will decline unless we are able to reduce costs.

The NJBPU regulates our public utility companies in New Jersey with respect to rates and charges for service, classification of accounts, awards of new service territory, acquisitions, financings and other matters. That means, for example, that we cannot raise the utility rates we charge to our customers without first filing a petition with the NJBPU and going through a lengthy administrative process. In much the same way, the DEPSC and the PAPUC regulate our public utility companies in Delaware and Pennsylvania, respectively. We cannot give assurance of when we will request approval for any such matter, nor can we predict whether these Utility Commissions will approve, deny or reduce the amount of such requests.

Certain costs of doing business are not completely within our control. The failure to obtain any rate increase would prevent us from increasing our revenues and, unless we are able to reduce costs, would result in reduced earnings.

We are subject to environmental laws and regulations, including water quality and wastewater effluent quality regulations, as well as other state and local regulations. Compliance with those laws and regulations requires us to incur costs and we are subject to fines or other sanctions for non-compliance.

Government environmental regulatory agencies regulate our operations in New Jersey, Delaware and Pennsylvania with respect to water supply, treatment and distribution systems and the quality of water. Government environmental regulatory agencies also regulate our operations in New Jersey and Delaware with respect to wastewater collection, treatment and disposal.

Government environmental regulatory agencies' regulations relating to water quality require us to perform expanded types of testing to ensure that our water meets state and federal water quality requirements. We are subject to EPA regulations under the Federal Safe Drinking Water Act, which include the Lead and Copper Rule, the maximum contaminant levels established for various volatile organic compounds, the Federal Surface Water Treatment Rule and the Total Coliform Rule. There are also similar NJDEP regulations for our New Jersey water systems. The NJDEP, DEDPH and PADEP monitor our activities and review the results of water quality tests that

we perform for adherence to applicable regulations. In addition, Government Environmental Regulatory Agencies are continually reviewing regulations governing the limits of certain organic compounds found in the water as byproducts of treatment.

We are also subject to regulations related to fire protection services in New Jersey and Delaware. In New Jersey there is no state-wide fire protection regulatory agency. However, New Jersey regulations exist as to the size of piping required regarding the provision of fire protection services. In Delaware, fire protection is regulated statewide by the Office of State Fire Marshal.

The cost of compliance with the water and wastewater effluent quality standards depends in part on the limits set in the regulations and on the method selected to implement them. If new or more restrictive standards are imposed, the cost of compliance could be very high and have an adverse impact on our revenues and results of operations if we cannot recover those costs through our rates that we charge our customers. The cost of compliance with fire protection requirements could also be high and make us less profitable if we cannot recover those costs through our rates charged to our customers.

In addition, if we fail to comply with environmental or other laws and regulations to which our business is subject, we could be fined or subject to other sanctions, which could adversely impact our business or results of operations.

Financial Risks

We depend upon our ability to raise money in the capital markets to finance some of the costs of complying with laws and regulations, including environmental laws and regulations or to pay for some of the costs of improvements to or the expansion of our utility system assets. Our regulated utility companies cannot issue debt or equity securities without prior regulatory approval.

We require financing from external sources to fund the ongoing capital program for the improvement in our utility system assets and for planned expansion of those systems. We expect to spend approximately \$314 million for capital projects through 2023. We must obtain prior approval from our economic regulators to sell debt or equity securities to raise money for these projects. If sufficient capital is not available, or the cost of capital is too high, or if the regulatory authorities deny a petition of ours to sell debt or equity securities, we may not be able to meet the costs of complying with environmental laws and regulations or the costs of improving and expanding our utility system assets to the level we believe operationally prudent. This may result in the imposition of fines from environmental regulators or restrictions on our operations which could curtail our ability to upgrade or replace utility system assets.

We face competition from other water and wastewater utilities and service providers which might hinder our growth and reduce our profitability.

We face risks of competition from other utilities or other entities authorized by federal, state or local agencies to expand regulated utility services. Once a state utility regulator grants a franchise to a utility to serve a specific territory, that utility effectively has an exclusive right to service that territory. Although a new franchise offers some protection against competitors, the pursuit of franchises is often competitive, particularly in Delaware, where new franchises may be awarded to utilities based upon competitive negotiation. Competing entities have challenged, and may challenge in the future, our applications for new franchises. Also, third parties entering into agreements to operate municipal utility systems may adversely affect the management of our long-term agreements to supply water or wastewater services on a contract basis to those municipalities, which could adversely affect our financial results.

We have short-term and long-term contractual obligations for water, wastewater and storm water system operation and maintenance under which we may incur costs in excess of payments received.

USA-PA and USA operate and maintain water and wastewater systems for three New Jersey municipalities under 10-year contracts expiring in 2022, 2028 and 2030, respectively. These contracts do not protect us against incurring costs in excess of revenues we earn pursuant to the contracts. There can be no absolute assurance that we will not experience losses resulting from these contracts. Losses under these contracts, or our failure or inability to perform or renew such agreements, may have a material adverse effect on our financial condition and results of operations.

Capital market conditions and key assumptions may adversely impact the value of our postretirement benefit plan assets and liabilities.

Market factors can adversely affect the rate of return on assets held in trusts to satisfy our future postretirement benefit obligations as well negatively affect interest rates, which impacts the discount rates used in the determination of our postretirement benefit actuarial valuations. In addition, changes in demographics, such as increases in life expectancy assumptions, can increase future postretirement benefit obligations. Any negative impact to these factors, either individually or a combination thereof, may have a material adverse effect on our financial condition and results of operations.

An element of our growth strategy is the acquisition of water and wastewater assets, operations, contracts or companies. Any pending or future acquisitions we decide to undertake will involve risks.

The acquisition and/or operation of water and wastewater systems is an element of our growth strategy. This strategy depends on identifying suitable opportunities and reaching mutually agreeable terms with acquisition candidates or contract parties. Further, acquisitions may result in dilution of our equity securities, incurrence of debt and contingent liabilities, fluctuations in quarterly results and other related expenses. In addition, the assets, operations, contracts or companies we acquire may not achieve the revenues and profitability expected.

Our ability to achieve organic customer growth in our market area is dependent on the residential building market. New housing starts are one element that impacts our rate of growth and therefore, may not meet our expectations.

We expect our revenues to increase from customer growth for our regulated water and wastewater operations as a result of anticipated construction and sale of new housing units. If housing starts decline, or do not increase as we have projected, as a result of economic conditions or otherwise, the timing and extent of our organic revenue growth may not meet our expectations, our deferred project costs may not produce revenue-generating projects in the timeframes anticipated and our financial results could be negatively impacted.

There can be no assurance we will continue to pay dividends in the future or, if dividends are paid, that they will be in amounts similar to past dividends.

We have paid dividends on our common stock each year since 1912 and have increased the amount of dividends paid each year since 1973. Our earnings, financial condition, capital requirements, applicable regulations and other factors, including the timeliness and adequacy of rate increases, will determine both our ability to pay dividends and the amount of those dividends. There can be no assurance that we will continue to pay dividends in the future or, if dividends are paid, that they will be in amounts similar to past dividends.

If we are unable to pay the principal and interest on our indebtedness as it comes due or we default under certain other provisions of our loan documents, our indebtedness could be accelerated and our results of operations and financial condition could be adversely affected.

Our ability to pay the principal and interest on our indebtedness as it comes due will depend upon our current and future performance. Our performance is affected by many factors, some of which are beyond our control.

We believe cash generated from operations and, if necessary, borrowings under existing credit facilities, will be sufficient to enable us to make our debt payments as they become due. If, however, we do not generate sufficient cash, we may be required to refinance our obligations or sell additional equity, which may be on terms that are less favorable than we desire.

No assurance can be given that any refinancing or sale of equity will be possible when needed, or that we will be able to negotiate acceptable terms. In addition, our failure to comply with certain provisions contained in our trust indentures and loan agreements relating to our outstanding indebtedness could lead to a default under these documents, which could result in an acceleration of our indebtedness.

Our business is subject to seasonal fluctuations, which could affect demand for our water service and our revenues.

Demand for our water during the warmer months is generally greater than during cooler months due primarily to additional consumption of water in connection with irrigation systems, swimming pools, cooling systems and other outdoor water use. Throughout the year, and particularly during typically warmer months, demand may vary with temperature and rainfall levels. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the demand for our water may decrease and adversely affect our revenues.

General economic conditions may materially and adversely affect our financial condition and results of operations.

Adverse economic conditions could negatively impact our customers' water usage demands, particularly the level of water usage demand by our commercial and industrial customers in our Middlesex System. If water demand by our commercial and industrial customers in our Middlesex System were negatively impacted, our financial condition and results of operations could continue to be negatively impacted.

The current concentration of our business in central New Jersey and Delaware makes us susceptible to adverse development in local regulatory, economic, demographic, competitive and weather conditions.

Our New Jersey water and wastewater businesses provide services to customers who are located primarily in eastern Middlesex County, New Jersey. Water service is provided under wholesale contracts to the Townships of Edison, East Brunswick and Marlboro, the Borough of Highland Park, the Old Bridge Municipal Utilities Authority and the City of Rahway. We also provide water and wastewater services to customers in the State of Delaware. Our revenues and operating results are therefore subject to local regulatory, economic, demographic, competitive and weather conditions in a relatively concentrated geographic area. A change in any of these conditions could make it more costly for us to conduct our business.

We are subject to anti-takeover measures that may be used to discourage, delay or prevent changes of control that might benefit non-management shareholders.

Subsection 10A of the New Jersey Business Corporation Act, known as the New Jersey Shareholders Protection Act, applies to us. The Shareholders Protection Act deters merger proposals, tender offers or other attempts to effect changes in control that are not approved by our Board of Directors. In addition, we have a classified Board of Directors, which means only a portion of the Director population is elected each year. A classified Board can make it more difficult for an acquirer to gain control of the Company by voting its candidates onto the Board of Directors and may also deter merger proposals and tender offers. Our Board of Directors also has the ability, subject to obtaining NJBPU approval, to issue one or more series of preferred stock having such number of shares, designation, preferences, voting rights, limitations and other rights as the Board of Directors may fix. This could be used by the Board of Directors to discourage, delay or prevent an acquisition that the Board of Directors determines is not in the best interest of the common shareholders.

General Risks

We rely on our information technology systems to help manage our operations.

Our information technology systems require periodic modifications, upgrades and or replacement which subject us to costs and risks including potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel to implement and operate existing or new systems, and other risks and costs of delays or difficulties in transitioning to new systems or of integrating new systems into our current systems. In addition, challenges implementing new technology systems may cause disruptions in our business operations and have an adverse effect on our business operations, if not anticipated and appropriately mitigated.

We rely on our computer, information and communications technology systems in connection with the operation of our business, especially with respect to customer service and billing, accounting and, in some cases, the monitoring and operation of our operating facilities. Our computer and communications systems and operations could be damaged or interrupted by natural disasters, cyber-attacks, power loss and internet, telecommunications or data network failures or acts of war or terrorism or similar events or disruptions. Any of these or other events could cause service interruption, delays and loss of critical data or, impede aspects of operations and therefore, adversely affect our financial results.

Cyber-attacks on entities around the world have caused operational failures and/or compromised corporate and personal data. Such attacks could result in the loss, or compromise, of customer, financial or operational data, disruption of billing, collections or normal field service activities, disruption of electronic monitoring and control of operational systems and delays in financial reporting and other management functions. Possible impacts associated with a cyber-incident may include remediation costs related to lost, stolen, or compromised data, repairs to data processing systems, increased cyber security protection costs, adverse effects on our compliance with regulatory and environmental laws and regulation, including standards for drinking water, litigation and reputational damage.

The Novel Coronavirus (COVID-19) pandemic and the attempt to contain it may harm our business, results of operations, financial condition and liquidity.

On March 13, 2020, the United States declared the COVID-19 pandemic a national emergency. The impact that COVID-19 will have on the Company, our customers and our vendors prospectively depends on numerous uncertainties, including the severity and duration of the pandemic, sufficiency of the government's vaccination program and actions which could potentially be taken by federal or state governmental and/or regulatory authorities and could have an adverse effect on the Company's business, results of operations, financial condition, and liquidity.

We depend significantly on the technical and management services of our senior management team, and the departure of any of those persons could cause our operating results to temporarily be short of our expectations.

Our success depends significantly on the continued individual and collective contributions of our senior management team. If we lose the services of any member of our senior management, or are unable to attract and retain qualified senior management personnel, our operating results could be negatively impacted.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Utility Plant

The water utility plant in our systems consists of source of supply, pumping, water treatment, transmission and distribution, general facilities and all appurtenances, including all connecting pipes.

The wastewater utility plant in our systems consist of pumping, treatment, collection mains, general facilities and all appurtenances, including all connecting pipes.

We believe our water and wastewater utility plant facilities are sufficient for the operations of the Company.

Middlesex System

The Middlesex System's principal source of surface supply is the Delaware & Raritan Canal owned by the State of New Jersey and operated as a water resource by the NJWSA.

Water is withdrawn from the Delaware & Raritan Canal at New Brunswick, New Jersey through our intake and pumping station, located on state-owned land bordering the canal. Water is transported through two raw water pipelines for treatment and distribution at our CJO Water Treatment Plant in Edison, New Jersey.

The CJO Water Treatment Plant includes chemical storage and chemical feed equipment, two dual rapid mixing basins, four upflow clarifiers which are also called superpulsators, four underground reinforced chlorine contact tanks, twelve rapid filters containing gravel, sand and anthracite for water treatment and a steel washwater tank. The CJO Water Treatment Plant also includes a computerized Supervisory Control and Data Acquisitions system to monitor and control the CJO Water Treatment Plant and the water supply and distribution system in the Middlesex System. There is an on-site State of New Jersey certified laboratory capable of performing bacteriological, chemical, process control and advanced instrumental chemical sampling and analysis. The firm design capacity of the CJO Water Treatment Plant is 55 mgd (60 mgd maximum capacity). The five electric motor-driven, vertical turbine pumps presently installed have an aggregate capacity of 85 mgd.

In addition, there is a 15 mgd auxiliary pumping station located at the CJO Water Treatment Plant location. It has a dedicated substation and emergency power supply provided by a diesel-driven generator. It pumps from the 10 million gallon distribution storage reservoir directly into the distribution system.

The transmission and distribution system is comprised of 746 miles of mains and includes 24,300 feet of 48-inch concrete transmission main and 23,400 feet of 42-inch ductile iron transmission main connecting the CJO Water Treatment Plant to our distribution pipe network and related storage facilities. Also included are a 58,600 foot transmission main and a 38,800 foot transmission main, augmented with a long-term, non-exclusive agreement with East Brunswick to transport water through the East Brunswick system to several of our other contract customers.

The Middlesex System's storage facilities consist of a 10 million gallon reservoir at the CJO Water Treatment Plant, 5 million gallon and 2 million gallon reservoirs in Edison and a 2 million gallon reservoir at the Park Avenue Well Field.

In New Jersey, we own the properties on which the Middlesex System's 31 wells are located, the properties on which our storage tanks are located as well as the property where the CJO Water Treatment Plant is located. We own our operations center located at 1500 Ronson Road, Iselin, New Jersey, consisting of a 27,000 square foot office building, 16,500 square foot maintenance facility and a 1.96 acre equipment and materials storage and staging yard. We lease 29,036 square feet of commercial office space adjacent to the Ronson Road complex. The leased space, which is under contract through 2028, houses our corporate administrative functions including executive, accounting, customer service and billing, engineering, human resources, information technology and legal.

Tidewater System

The Tidewater System is comprised of 87 production plants that vary in pumping capacity from 46,000 gallons per day to 4.4 mgd. Water is transported to our customers through 836 miles of transmission and distribution mains. Storage facilities include 47 tanks, with an aggregate capacity of 8.0 million gallons. The Delaware office property, located on an eleven-acre parcel owned by White Marsh, consists of two office buildings totaling approximately 17,000 square feet. In addition, Tidewater maintains a field operations center servicing its largest service territory in Sussex County, Delaware. The operations center is located on a 2.9 acre parcel owned by White Marsh, and consists of three buildings totaling approximately 12,000 square feet.

Pinelands Water System

Pinelands Water owns well site and storage properties in Southampton Township, New Jersey. The Pinelands Water storage facility is a 1.3 million gallon standpipe. Water is transported to our customers through 18 miles of transmission and distribution mains.

Pinelands Wastewater System

Pinelands Wastewater owns a 12 acre site on which its 0.5 mgd capacity wastewater treatment plant and connecting pipes are located. Its wastewater collection system is comprised of approximately 24 miles of sewer lines.

Bayview System

Bayview owns two well sites, which are located in Downe Township, Cumberland County, New Jersey. Water is transported to its customers through our 4.2 mile distribution system.

TESI System

The TESI System is comprised of seven wastewater treatment systems in Southern Delaware. The treatment plants provide clarification, sedimentation, and disinfection. The combined total capacity of the plants is 0.7 mgd. TESI's wastewater collection system is comprised of approximately 47.5 miles of sewer lines.

USA-PA, USA and White Marsh

Our non-regulated subsidiaries, namely USA-PA, USA and White Marsh, do not own utility plant property.

ITEM 3. LEGAL PROCEEDINGS.

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.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The Company's common stock is traded on the NASDAQ Stock Market, LLC, under the symbol MSEX. As of December 31, 2020, there were 1,818 holders of record.

The Company has paid dividends on its common stock each year since 1912. The payment of future dividends is contingent upon the future earnings of the Company, its financial condition and other factors deemed relevant by the Board of Directors at its discretion.

If four or more quarterly dividends are in arrears, the preferred shareholders, as a class, are entitled to elect two members to the Board of Directors in addition to Directors elected by holders of the common stock. In the event dividends on the preferred stock are in arrears, no dividends may be declared or paid on the common stock of the Company.

In November 2019, the Company sold and issued 0.8 million shares of its common stock in a public offering priced at \$60.50 per share. The net proceeds of \$43.7 million were used for general corporate purposes including repayment of a portion of the Company's short-term debt outstanding.

The Company issues shares of its common stock in connection with its Middlesex Water Company Investment Plan (the Investment Plan), a direct share purchase and dividend reinvestment plan for the Company's common stock. Since the inception of the Investment Plan and its predecessor plan, the Company has periodically replenished the level of authorized shares in the plans. Currently, there remains 0.4 million shares registered with the SEC for the Investment Plan and available for potential issuance to participants. The Company raised approximately \$1.2 million through the issuance of shares under the Investment Plan during 2020. In 2019, the Company raised approximately \$12.7 million primarily through a limited duration six-month share purchase discount feature of the Investment Plan. The 0.2 million share purchase limit was reached and the discount offer ceased prior to the original ending date.

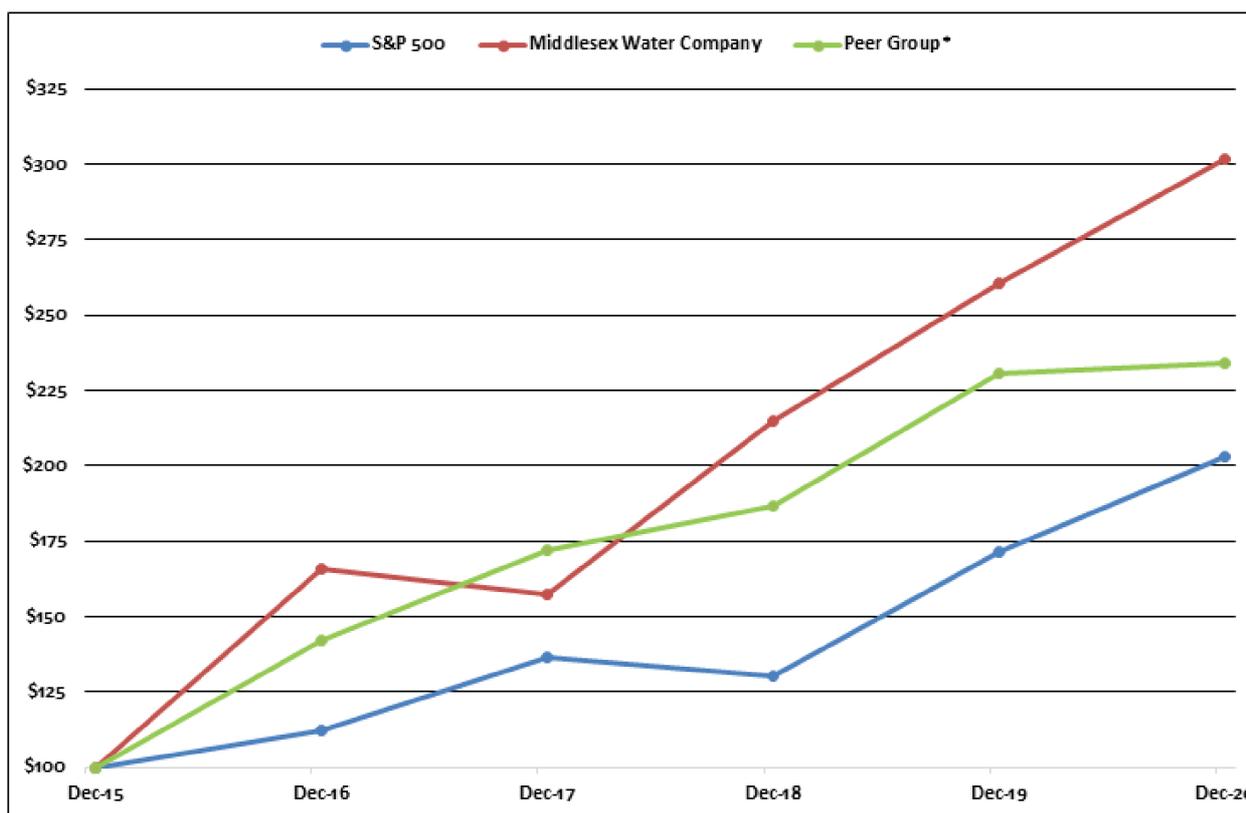
The Company maintains a long-term incentive compensation plan where awards are made in the form of restricted common stock for certain management employees (the 2018 Restricted Stock Plan). Shares of restricted common stock issued in connection with the 2018 Restricted Stock Plan are subject to forfeiture by the employee in the event of termination of employment for any reason within five years of the award, other than as a result of retirement at normal retirement age, death, disability or change in control. The maximum number of shares authorized for grant under the 2018 Restricted Stock Plan is 0.3 million shares, of which approximately 89% remain available for award.

The Company maintains a stock compensation plan for its outside directors (the Outside Director Stock Compensation Plan) as a component of Director compensation. In 2020, shares of the Company's common stock valued at \$0.2 million were granted and issued to the Company's outside directors under the Outside Director Stock Compensation Plan. The maximum number of shares authorized for grant under the Outside Director Stock Compensation Plan is 0.1 million. Approximately 53% of the authorized shares remain available for future.

Set forth below is a line graph comparing the yearly change in the cumulative total return (which includes reinvestment of dividends) of a \$100 investment for the Company's common stock, a peer group of investor-owned water utilities, and the S&P 500 Stock Index for the period of five years commencing December 31, 2015. The S&P 500 Stock Index measures the stock performance of 500 large companies listed on stock exchanges in the United States.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Among Middlesex Water Company, the S&P 500 Stock Index and a Peer Group*



* Peer group includes American States Water Company, Artesian Resources Corp., California Water Service Group, SJW Corp., York Water Company and Middlesex.

	December 31,					
	2015	2016	2017	2018	2019	2020
Middlesex Water Company	100.00	165.64	157.49	215.04	260.50	301.63
S&P 500 Stock Index	100.00	111.96	136.40	130.42	171.49	203.04
Peer Group	100.00	141.98	172.22	186.65	203.80	234.07

ITEM 6. SELECTED FINANCIAL DATA.**CONSOLIDATED SELECTED FINANCIAL DATA****(Thousands Except per Share Data)**

	2020	2019	2018	2017	2016
Operating Revenues	\$ 141,592	\$ 134,598	\$ 138,077	\$ 130,775	\$ 132,906
Operating Expenses:					
Operations and Maintenance	70,796	67,980	71,570	65,490	65,864
Depreciation	18,472	16,716	15,037	13,922	12,796
Other Taxes	14,904	14,382	14,328	13,565	13,944
Total Operating Expenses	104,172	99,078	100,935	92,977	92,604
Operating Income	37,420	35,520	37,142	37,798	40,302
Other Income (Expense), Net	4,379	2,492	2,992	1,617	(532)
Interest Charges	7,493	7,264	6,758	5,506	5,293
Income Taxes	(4,119)	(3,140)	924	11,100	11,735
Net Income	38,425	33,888	32,452	22,809	22,742
Preferred Stock Dividend	120	132	144	144	144
Earnings Applicable to Common Stock	\$ 38,305	\$ 33,756	\$ 32,308	\$ 22,665	\$ 22,598
Earnings per Share:					
Basic	\$ 2.19	\$ 2.02	\$ 1.97	\$ 1.39	\$ 1.39
Diluted	\$ 2.18	\$ 2.01	\$ 1.96	\$ 1.38	\$ 1.38
Average Shares Outstanding:					
Basic	17,459	16,685	16,384	16,330	16,270
Diluted	17,574	16,829	16,540	16,486	16,426
Dividends Declared and Paid Per Share	\$ 1.041	\$ 0.976	\$ 0.911	\$ 0.858	\$ 0.808
Total Assets	\$ 976,470	\$ 909,878	\$ 767,830	\$ 661,140	\$ 620,161
Convertible Preferred Stock	\$ 1,005	\$ 1,005	\$ 1,354	\$ 1,354	\$ 1,356
Long-term Debt	\$ 273,244	\$ 230,777	\$ 152,851	\$ 139,045	\$ 134,538

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

The following discussion of the Company's historical results of operations and financial condition should be read in conjunction with the Company's consolidated financial statements and related notes.

Management's Overview**Operations**

Middlesex Water Company (Middlesex or the Company) has operated as a water utility in New Jersey since 1897 and in Delaware through our wholly-owned subsidiary, Tidewater Utilities, Inc. (Tidewater), since 1992. We are in the business of collecting, treating and distributing water for domestic, commercial, municipal, industrial and fire protection purposes. We also operate water and wastewater systems under contract for governmental entities and private entities primarily in New Jersey and Delaware and provide regulated wastewater services in New Jersey and Delaware through five subsidiaries. We are regulated by state public utility commissions as to rates charged to customers for water and wastewater services, as to the quality of water and wastewater services we provide and as to certain other matters in the states in which our regulated subsidiaries operate. 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 public utilities as related to rates and

services quality. All municipal or commercial entities whose utility operations are managed by these entities however, are subject to environmental regulation at the federal and state levels.

Our primary 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 sales under contract to municipalities in central New Jersey with a total population of over 0.2 million. Our Bayview system 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 customers in Southampton Township, New Jersey.

Our Delaware subsidiaries, Tidewater and Southern Shores Water Company, LLC (Southern Shores), provide water services to approximately 52,000 retail customers in New Castle, Kent and Sussex Counties, Delaware. Tidewater's subsidiary, White Marsh, services approximately 1,900 customers in Kent and Sussex Counties through various operations and maintenance contracts.

Our Tidewater Environmental Services, Inc. (TESI) subsidiary provides wastewater services to approximately 3,900 retail customers in Sussex Counties, Delaware.

USA-PA operates the water and wastewater systems for the City of Perth Amboy, New Jersey (Perth Amboy) under a 10-year operations and maintenance contract expiring in 2028. In addition to performing day-to day operations, USA-PA is also responsible for emergency response and management of capital projects funded by Perth Amboy.

USA operates the Borough of Avalon, New Jersey's (Avalon) water utility, sewer utility and storm water system under a 10-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 response and management of capital projects funded by Avalon. Beginning July 1, 2020, USA began operating the Borough of Highland Park, New Jersey's (Highland Park) water and wastewater systems under a 10-year operations and maintenance contract. Under a marketing agreement with HomeServe, USA offers residential customers in New Jersey and Delaware water and wastewater related services and 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. USA also provides unregulated water and wastewater services under contract with several New Jersey municipalities.

Recent Developments

Capital Construction Program - The Company's multi-year capital construction program encompasses numerous projects designed to upgrade and replace utility infrastructure as well as enhance the integrity and reliability of assets to better serve the current and future generations of water and wastewater customers. The Company plans to invest approximately \$134 million in 2021 in connection with this plan for projects that include, but are not limited to:

- Completion of construction of a facility to provide an enhanced treatment process at the Company's largest water treatment plant in Edison, New Jersey to mitigate the formation of disinfection by-products that can develop during the water treatment process, as well as other improvements;
- Construction of a facility to provide an enhanced treatment process at the Company's largest wellfield in South Plainfield, New Jersey to comply with new state water quality regulations relative to poly- and perfluoroalkyl substances, collectively referred to as PFAS, and integrate surge protection to mitigate spikes in water pressures along with enhancements to corrosion control and chlorination processes;
- Renovations and related construction at our 37-year old Middlesex Operations facility in New Jersey, including more efficient work space to meet the evolved needs of the business, enhancements to information technology infrastructure, improved energy efficiency and regulatory requirements;
- Replacement of approximately four miles of water mains including service lines, valves, fire hydrants and meters in Metuchen, New Jersey; and

- Construction of a new upgraded wastewater treatment plant to serve our customers in the Town of Milton, Delaware.

Novel Coronavirus (COVID-19) - On March 13, 2020, the United States had declared the COVID-19 pandemic a national emergency. The ongoing impact on changing economic conditions due to COVID-19 continues to be uncertain and could affect the Company's results of operations, financial condition and liquidity in the future. While the Company's operations and capital construction program have not been significantly disrupted to-date from COVID-19, we are unable to assess with certainty the impact that COVID-19 will have on our business, our customers and our vendors prospectively, due to numerous uncertainties, including the continued severity and duration of the pandemic, sufficiency of the government's vaccination program and actions which could potentially be taken by federal or state governmental and/or regulatory authorities.

The New Jersey Board of Public Utilities (NJBP) and the Delaware Public Service Commission (DEPSC) have allowed for potential future recovery of COVID-19 related incremental costs through customer rates by the regulated utilities under their respective jurisdictions. Neither jurisdiction has yet to establish a timetable or definitive formal procedures for seeking cost recovery. We will continue to monitor the COVID-19 situation and evaluate its impact on the Company's business, results of operations, financial condition and liquidity.

Contract Operations – In May 2020, USA, through a competitive bidding process, was awarded a ten-year, \$8.3 million contract to operate and maintain Highland Park's water and wastewater systems. The contract commenced July 1, 2020.

Private Placement Loan – In November 2020, Middlesex closed on a \$40.0 million, 2.90% private placement loan with a maturity date of November 2050 by issuing first mortgage bonds (FMBs). Proceeds were used to reduce the Company's existing short-term borrowings under its lines of credit and for the Company's 2020 capital program.

Twin Lakes Utilities, Inc. (Twin Lakes) - Twin Lakes provides water services to approximately 115 residential customers in Shohola, Pennsylvania. In 2020, Twin Lakes filed a petition requesting the Pennsylvania Public Utilities Commission (PAPUC) to exercise its discretion under Section 529 of the Pennsylvania Public Utility Code (the Code) to order the acquisition of Twin Lakes by a public utility as defined by the Code. The PAPUC assigned an Administrative Law Judge (ALJ) to adjudicate the matter and submit a decision to the PAPUC. Pre-filed testimony was submitted by all parties and an evidentiary hearing was held by the ALJ in early January 2021. The briefing schedule concluded on February 25, 2021 and a decision by the ALJ is expected to be issued in the second quarter of 2021. A final PAPUC Order on this matter is expected to also be issued during the second quarter of 2021. Separately, in January 2021, the PAPUC issued an Order appointing a large Pennsylvania based investor-owned water utility as the receiver (the Receiver Utility) of the Twin Lakes system effective January 15, 2021 with the receivership to remain in place until the final outcome of the Section 529 proceeding. In connection with this receivership, the Receiver Utility's responsibilities will include operating and maintaining the system assets in compliance with all state, federal and local laws and regulations, maintaining existing or necessary permits, licenses, approvals, authorizations, orders, consents, registrations or filings, providing a list of recommended capital improvements, providing all supervision and personnel necessary and responding to system emergencies by taking necessary action to ensure the continued provision of adequate, efficient, safe and reasonable service. We cannot predict whether the PAPUC will ultimately approve or deny the Section 529 petition. Twin Lakes' PAPUC-approved annual revenues and rate base are currently set at \$0.2 million and \$1.5 million, respectively, and its financial results, total assets and financial obligations are not material to the Company.

Strategy for Growth

Our strategy for profitable growth is focused on the following key areas:

- Invest in projects, products and services that complement our core water and wastewater competencies;
- Timely and adequate recovery of infrastructure investments and other costs to maintain service quality;
- Prudent acquisitions of investor and municipally-owned water and wastewater utilities; and
- Operation of municipal and industrial water and wastewater systems on a contract basis which meet our risk profile.

Rates

Middlesex - In November 2020, Middlesex filed a petition with the NJBPU seeking approval to reset its Purchased Water Adjustment Clause (PWAC) tariff rate currently in effect to recover additional costs of \$1.1 million for the purchase of treated water from a non-affiliated regulated water utility regulated by the NJBPU. A PWAC is a rate mechanism that allows for 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. We cannot predict whether the NJBPU will ultimately approve, deny or reduce the amount of our request.

In March 2020, the NJBPU approved Middlesex's petition to reset its PWAC tariff rate to recover additional costs of \$0.6 million for the purchase of treated water from a non-affiliated water utility regulated by the NJBPU. The new PWAC rate became effective on April 4, 2020.

In March 2018, Middlesex's petition to the NJBPU seeking permission to increase its base water rates was concluded, based on a negotiated settlement, resulting in an increase in annual operating revenues of \$5.5 million. The approved base water rates were designed to recover increased operating costs as well as a return on invested capital in rate base of \$245.5 million, based on an authorized return on common equity of 9.6%. As part of the settlement, Middlesex received approval for regulatory accounting treatment of accumulated deferred income tax benefits associated with required adoption of tangible property regulations issued by the Internal Revenue Service. The settlement agreement allowed for a four-year amortization period for \$28.7 million of deferred income tax benefits as well as prospective recognition of the income tax benefits for the immediate deduction of repair costs on tangible property. The rate increase became effective April 1, 2018.

Tidewater Rate Matters

Effective January 1, 2021, Tidewater increased its DEPSC-approved Distribution System Improvement Charge (DSIC) rate, which is expected to generate revenues of approximately \$0.6 million annually. A DSIC is a rate-mechanism that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements made between base rate proceedings.

Effective March 1, 2019, Tidewater received approval from the DEPSC to reduce its rates to reflect the lower corporate income tax rate enacted by the Tax Cuts and Jobs Act of 2017 (the Tax Act), resulting in a 3.35% rate decrease for certain customer classes.

Pinelands Rate Matters

Effective November 4, 2019, Pinelands Water and Pinelands Wastewater received approval from the NJBPU to increase its base rates by \$0.5 million. The increased revenues were necessitated by capital infrastructure investments both companies had made and increased operations and maintenance costs.

Southern Shores Rate Matters

Effective January 1, 2020, the DEPSC approved the renewal of a multi-year agreement for water service to a 2,200 unit condominium community in Sussex County, Delaware. Under the agreement, current rates will remain in effect until December 31, 2024, but should there be unanticipated capital expenditures or regulatory related changes in operating expenses exceeding certain thresholds during this time period, rates are permitted to be adjusted to reflect such cost changes. Thereafter, rate increases, if any, cannot exceed the lesser of the regional Consumer Price Index or 3%. The new agreement expires on December 31, 2029.

Outlook

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 (which are evident in comparison discussions in the Results of Operations section below). Weather patterns which can result in lower customer demand for water may occur in 2021. As operating costs are anticipated to increase in 2021 in a variety of categories, we continue to implement plans to further streamline operations and further reduce, and mitigate increases in, operating costs. 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.

An additional factor that may affect our outlook in 2021 is the impact of COVID-19 on the general economy and the resulting impact on our customers. For example, while many commercial and industrial business operations have curtailed operations as a result of COVID-19 in the respective states in which we operate, potentially resulting in lower water demand for those classes of customer, usage by residential customers has increased due to remote working arrangements (for further discussion of the impact of COVID-19 on the Company, see *Recent Developments, Novel Coronavirus (COVID-19)* above). In addition, our customer collection efforts for Middlesex and Pinelands have been suspended based on State of Emergency Orders (SEOs). Meanwhile, these SEOs have declared utility construction projects to be essential and therefore, are allowed to continue subject to nationally-established COVID-19 safety precautions.

Organic residential customer growth for our Tidewater system is expected to be comparable to that experienced in 2020, which was approximately 5%.

The Company has projected it will spend approximately \$314 million for its 2021-2023 capital investment program, including approximately \$18 million for the upgrade of Middlesex's primary water treatment plant in New Jersey, \$43 million on our RENEW Program, our ongoing initiative to replace water mains in the Middlesex System, \$38 million for wellfield treatment upgrades in the Middlesex System and \$14 million for construction of a new replacement wastewater treatment plant in Milton, Delaware.

Operating Results by Segment

The Company has two operating segments, Regulated and Non-Regulated. Our Regulated segment contributed approximately 91%, 91% and 88% of total revenues for the years ended December 31, 2020, 2019 and 2018, respectively and approximately 93%, 93% and 93% of net income for the years ended December 31, 2020, 2019 and 2018, respectively. The discussion of the Company's results of operations is on a consolidated basis and includes significant factors by subsidiary. The segments in the tables included below are comprised 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 for 2020 as Compared to 2019

	(In Millions)					
	2020			2019		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	\$ 129.5	\$ 12.1	\$ 141.6	\$ 122.8	\$ 11.8	\$ 134.6
Operations and maintenance expenses	62.5	8.3	70.8	60.5	7.5	68.0
Depreciation expense	18.3	0.2	18.5	16.5	0.2	16.7
Other taxes	14.7	0.2	14.9	14.2	0.2	14.4
Operating income	34.0	3.4	37.4	31.6	3.9	35.5
Other income (expense), net	4.3	0.1	4.4	2.8	(0.3)	2.5
Interest expense	7.5	-	7.5	7.2	0.1	7.3
Income taxes	(5.1)	1.0	(4.1)	(4.4)	1.2	(3.2)
Net income	\$ 35.9	\$ 2.5	\$ 38.4	\$ 31.6	\$ 2.3	\$ 33.9

Operating Revenues

Operating revenues for the year ended December 31, 2020 increased \$7.0 million from the same period in 2019 due to the following factors:

- Middlesex System revenues increased \$3.1 million due to increased customer water consumption resulting from increased demand from our residential and wholesale contract customers;
- Tidewater System revenues increased \$2.9 million due to additional customers and related residential developer connection fees;
- Pinelands revenues increased \$0.5 million due to the base rate increase that went into effect in November 2019;
- Non-regulated revenues increased \$0.3 million due to USA's new contract to operate and maintain the Highland Park's water and wastewater systems (for further information, see discussion under *Recent Developments-Contract Operations*) and increased supplemental services under existing contracts; and
- All other revenue categories increased \$0.2 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the year ended December 31, 2020 increased \$2.8 million from the same period in 2019 due to the following factors:

- Variable production costs increased \$1.7 million due to higher customer water consumption and higher treatment costs due to weather-impacted changes in raw water quality;
- Retirement benefit plan expenses increased \$0.8 million primarily due to higher actuarially-determined retirement benefit plan service expense;
- Bad debt expense increased \$0.4 million due to expected increases in future write-offs due to COVID-19; and
- All other operation and maintenance expense categories decreased \$0.1 million.

Depreciation

Depreciation expense for the year ended December 31, 2020 increased \$1.8 million from the same period in 2019 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the year ended December 31, 2020 increased \$0.5 million from the same period in 2019 primarily due to higher revenue related taxes on increased revenues in our Middlesex system.

Other Income, net

Other Income, net for the year ended December 31, 2020 increased \$1.9 million from the same period in 2019 primarily due to higher Allowance for Funds Used During Construction resulting from a higher level of capital projects in progress and lower actuarially-determined non-service expense for our employee retirement benefit plans partially offset by higher new business development costs.

Interest Expense

Interest expense for the year ended December 31, 2020 increased \$0.2 million from the same period in 2019 due to higher average balance of debt outstanding partially offset by lower average interest rates on both long-term and short-term borrowings.

Income Taxes

The benefit from income taxes for the year ended December 31, 2020 increased overall by \$1.0 million from the same period in 2019, primarily due to the regulatory accounting treatment of tax benefits associated with repair expenditures on tangible property owned by Middlesex, partially offset by higher pre-tax income.

Net Income and Earnings Per Share

Net income for the year ended December 31, 2020 increased \$4.5 million as compared with the same period in 2019. Basic earnings per share were \$2.19 and \$2.02 for the year ended December 31, 2020 and 2019, respectively. Diluted earnings per share were \$2.18 and \$2.01 for the year ended December 31, 2020 and 2019, respectively.

Results of Operations for 2019 as Compared to 2018

	(In Millions)					
	Years Ended December 31,					
	2019			2018		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	\$ 122.8	\$ 11.8	\$ 134.6	\$ 121.7	\$ 16.4	\$ 138.1
Operations and maintenance expenses	60.5	7.5	68.0	58.8	12.8	71.6
Depreciation expense	16.5	0.2	16.7	14.8	0.2	15.0
Other taxes	14.5	0.2	14.4	13.9	0.4	14.3
Operating income	31.6	3.9	35.5	34.2	3.0	37.2
Other income (expense), net	2.8	(0.3)	2.5	2.9	0.1	3.0
Interest expense	7.2	0.1	7.3	6.7	0.1	6.8
Income taxes	(4.4)	1.2	(3.2)	(0.1)	1.0	0.9
Net income	\$ 31.6	\$ 2.3	\$ 33.9	\$ 30.5	\$ 2.0	\$ 32.5

Operating Revenues

Operating revenues for the year ended December 31, 2019 decreased \$3.5 million from the same period in 2018. This decrease was related to the following factors:

- Middlesex System total revenues remained consistent with the same period in 2018 due to the following:

- Reduced water consumption related to lower demand from our industrial and contract customers, resulting in reduced revenues of \$1.2 million; and
- An NJBPU-approved base rate increase, implemented in April 2018, resulted in higher revenues of \$1.2 million;
- Tidewater System revenues increased \$1.0 million primarily due to additional customers, but was mitigated by reduced base tariff rates as approved by the DEPSC in March 2019. The lower rate was prompted by the lower corporate income tax rate enacted under the Tax Act. There is a corresponding decrease in income tax expense; and
- Non-regulated revenues decreased \$4.6 million, primarily due to changes resulting from USA-PA's new 10-year contract with Perth Amboy. Under the new contract, effective January 1, 2019, USA-PA has direct management control for wastewater services, for which USA-PA is compensated. Under the prior contract, USA-PA utilized, and was compensated for, subcontracted wastewater services. Elimination of these subcontracted wastewater services resulted in a related decrease in operations and maintenance expense along with an increase in operating margin; and
- All other operating revenue categories increased \$0.1 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the year ended December 31, 2019 decreased \$3.6 million from the same period in 2018, primarily related to the following factors:

- Operation and maintenance expenses in our non-regulated subsidiaries decreased \$5.2 million, primarily due to our new Perth Amboy operating contract, effective January 1, 2019, under which USA-PA no longer incurs sub-contractor fees for wastewater services. This results in a related decrease in operating revenues along with an increase in operating margin;
- Retirement benefit plan expenses decreased \$0.4 million primarily due to lower actuarially-determined retirement benefit plan service expense;
- Labor costs increased \$2.1 million due to increased headcount, increased average labor rates and payments relative to certain retiring employees; and
- All other operation and maintenance expense categories decreased \$0.1 million.

Depreciation

Depreciation expense for the year ended December 31, 2019 increased \$1.7 million from the same period in 2018 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the year ended December 31, 2019 increased \$0.1 million from the same period in 2018 primarily due to higher payroll taxes offset by lower revenue related taxes on lower revenues in our Middlesex system.

Other Income, net

Other Income, net for the year ended December 31, 2019 decreased \$0.5 million from the same period in 2018, primarily due to higher actuarially-determined non-service expense for our employee retirement benefit plans, White Marsh contract compliance costs, TESI business development costs and the sale of wastewater franchise rights by our TESI subsidiary in 2018. These decreases were partially offset by higher Allowance for Funds Used During Construction resulting from a higher level of capital construction projects in progress.

Interest Charges

Interest charges for the year ended December 31, 2019 increased \$0.5 million from the same period in 2018 due to higher average debt outstanding in 2019 as compared to 2018 partially offset by lower interest assessment from the IRS examination of the Company's federal income tax returns.

Income Taxes

Income taxes for year ended December 31, 2019 decreased \$4.1 million from the same period in 2018, primarily due to lower pre-tax income and the regulatory accounting treatment of tax benefits associated with repair expenditures on tangible property owned by Middlesex. In addition, Tidewater's effective income tax rate was decreased in March 2019, reflecting the rate reduction approved by the DEPSC to reflect the lower corporate income tax rate resulting from implementation of the 2017 Tax Act. This has resulted in a corresponding decrease in operating revenues.

Net Income and Earnings Per Share

Net income for the year ended December 31, 2019 increased \$1.4 million as compared with the same period in 2018. Basic earnings per share were \$2.02 and \$1.97 for the years ended December 31, 2019 and 2018, respectively. Diluted earnings per share were \$2.01 and \$1.96 for the years ended December 31, 2019 and 2018, respectively.

Liquidity and Capital Resources

Cash Flows from Operating Activities

Cash flows from operating activities are largely influenced by four factors: weather, adequate and timely rate increases, effective cost management and customer growth. The effect of those factors on net income is discussed in the Results of Operations section above.

For the year ended December 31, 2020, cash flows from operating activities increased \$17.3 million to \$53.4 million. The increase in cash flows from operating activities primarily resulted from reduced income tax payments, timing of vendor payments and higher net income.

Increases in certain operating costs impact our liquidity and capital resources. We continually monitor the need for timely rate filing to minimize the lag between the time we experience increased operating costs and capital expenditures and the time we receive appropriate rate relief. There can be no assurances however that our regulated subsidiaries' respective utility commissions will approve base water and/or wastewater rate increase requests in whole or in part or when the decisions will be rendered.

Cash Flows from Investing Activities

For the year ended December 31, 2020, cash flows used in investing activities increased \$16.5 million to \$105.6 million, which was attributable to higher utility plant expenditures.

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

Cash Flows from Financing Activities

For the year ended December 31, 2020, cash flows provided by financing activities decreased \$77.7 million to \$16.2 million. The decrease in cash flows provided by financing activities is due to net lower proceeds from the issuance of long-term debt and common stock and a reduction in net short-term bank borrowings.

For further discussion on the Company's short-term and long-term debt, see "*Sources of Liquidity*" below.

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 Investment Plan and, when market conditions are favorable, proceeds from sales to the public of our common stock.

The table below summarizes our estimated capital expenditures for the years 2021-2023.

	(Millions)				
	2021	2022	2023	2021-2023	
Distribution/Network System	59	60	66	\$	185
Production System	66	26	10		102
Information Technology (IT) Systems	1	4	2		7
Other	8	7	5		20
Total Estimated Capital Expenditures	\$ 134	\$ 97	\$ 83	\$	314

Our estimated capital expenditures for the items listed above are primarily comprised of the following:

- **Distribution/Network System** - Projects associated with replacement, installation and relocation of water mains and service lines and wastewater collection systems, construction of water storage tanks, installation and replacement of hydrants, meters and meter pits and our RENEW Program. RENEW is our ongoing initiative to replace water mains in the Middlesex System. In connection with our RENEW Program, we expect to spend approximately \$11 million in 2021, \$13 million in 2022 and \$11 million in 2023.
- **Production System** - Projects associated with our water production and water/wastewater treatment plants, including \$18 million of expenditures in 2021 for the upgrade of the Carl J. Olsen (CJO) water treatment plant, \$38 million of expenditures between 2021 and 2022 for wellfield treatment upgrades in our Middlesex System and \$14 million of expenditures between 2021 and 2022 for construction of a new replacement wastewater treatment plant in Milton, Delaware.
- **IT Systems** - Further upgrade of our enterprise resource planning system and hardware and software purchases for our other IT systems.
- **Other** - Purchase of transportation equipment, tools, furniture, laboratory equipment, security systems and other general infrastructure needs including improvements to our operations center in Iselin, New Jersey.

The actual amount and timing of capital expenditures is dependent on the need for replacement of existing infrastructure, customer growth, residential new home construction and sales, project scheduling and continued refinement of project scope and costs and could be impacted if the effects of the COVID-19 pandemic continue for an extended period of time.

To pay for our capital program in 2021, we plan on utilizing some or all of the following:

- Internally generated funds;
- Short-term borrowings, as needed, through \$110 million of available lines of credit with several financial institutions. As of December 31, 2020, there was \$2.0 million borrowed under these lines (see discussion under “*Sources of Liquidity-Short-term Debt*” below);
- Proceeds from the Delaware State Revolving Fund (SRF). SRF programs provide low cost financing for projects that meet certain water quality and system improvement benchmarks (see discussion under “*Sources of Liquidity-Long-term Debt*” below);
- Remaining proceeds from the issuance and sale of FMBs through the New Jersey Economic Development Authority (NJEDA) in August 2019 (see discussion under “*Sources of Liquidity-Long-term Debt*” below);
- Proceeds from the sale and issuance of FMBs in private placement offerings and/or through the NJEDA;
- Proceeds from the Investment Plan (see discussion under “*Sources of Liquidity-Common Stock*” below); and
- Proceeds from a common stock sale (see discussion under “*Sources of Liquidity-Common Stock*” below).

Sources of Liquidity

Short-term Debt. In January 2021, the Company reduced its available lines of credit from \$140 million to \$110 million. The outstanding borrowings under the credit lines at December 31, 2020 were \$2.0 million, at a weighted average interest rate of 1.04%.

The weighted average daily amounts of borrowings outstanding under the Company's credit lines and the weighted average interest rates on those amounts were \$28.3 million and \$52.4 million at 1.55% and 3.33% for the years ended December 31, 2020 and 2019, respectively.

Long-term Debt. Subject to regulatory approval, the Company periodically issues long-term debt to fund its investments in utility plant. To the extent possible, the Company finances qualifying capital projects under SRF loan programs in New Jersey and Delaware. These government programs provide financing at interest rates that are typically below rates available in the broader financial markets. A portion of the borrowings under the New Jersey SRF is interest-free. Under the New Jersey SRF program, borrowers first enter into a construction loan agreement with the New Jersey Infrastructure Bank (NJIB) at a below market interest rate. The interest rate on the Company's current construction loan borrowings is zero percent (0%). When construction on the qualifying project is substantially complete, NJIB will coordinate the conversion of the construction loan into a long-term securitized loan with a portion of the principal balance having a stated interest rate of zero percent (0%) and a portion of the principal balance at a market interest rate at the time of closing using the credit rating of the State of New Jersey. The term of the long-term loans currently offered through the NJIB is up to thirty years.

The NJIB generally schedules its long-term debt financings in May and November. Middlesex currently has two projects that are in the construction loan phase of the New Jersey SRF program as follows:

- 1) In April 2018, the NJBPU approved Middlesex's request to participate in the NJIB loan program to fund the construction of a 4.5 mile large-diameter transmission pipeline from the Carl J. Olsen water treatment plant in Edison, New Jersey and interconnect with our distribution system. Middlesex closed on a \$43.5 million NJIB interest-free construction loan in August 2018. Through December 31, 2020, Middlesex has drawn a total of \$41.9 million and expects to draw any remaining funding requests on this construction loan in the first quarter of 2021.
- 2) In March 2018, the NJBPU approved Middlesex's request to participate in the NJIB loan program to fund the 2018 RENEW Program, which is an ongoing initiative to eliminate unlined water distribution mains in the Middlesex system. Middlesex closed on an \$8.7 million NJIB construction loan in September 2018 and completed withdrawal of the proceeds in October 2019.

The Company expects that the large-diameter transmission pipeline and the 2018 RENEW construction loans will be included in the NJIB May 2021 long-term debt financing program.

In September 2018, the NJIB announced changes to the SRF program for project funding priority ranking, the proportions of interest free loans and market interest rate loans and overall loan limits on interest free loan balances to investor-owned water utilities. These changes affect SRF projects for which the construction loan closes after September 2018. Under the new guidelines, the principal balance having a stated interest rate of zero percent (0%) is 25% of the loan balance with the remaining portion of 75% having a market based interest rate. This is limited to the first \$10.0 million of the loan. Loan amounts above \$10.0 million do not participate in the 0% rate program, but do participate at the market based interest rate. As a result of all these changes, the Company's future capital funding plan currently does not include participating in the NJIB SRF program.

In May 2020, Middlesex received approval from the NJBPU to borrow up to \$100 million, in one or more private placement transactions through December 31, 2023 to help fund Middlesex's multi-year capital construction program. In November 2020, Middlesex closed on a \$40.0 million private placement loan with a payment maturity date of November 2050 and an interest rate of 2.90% by issuing a FMB designated as Series 2020A.

Proceeds from this loan were used to reduce the Company's existing short-term borrowings under its lines of credit and for the Company's 2020 capital program.

In order to help ensure adherence to its comprehensive financing plan, Middlesex received approval from the NJBPU in February 2019 to issue and sell up to \$140 million of FMBs through the NJEDA in one or more transactions through December 31, 2022. Because the interest paid to the bondholders is exempt from federal and New Jersey income taxes, the interest rate on debt issued through the NJEDA is generally lower than otherwise achievable in the traditional taxable corporate bond market. However, the interest received by the bondholder is subject to the Alternative Minimum Tax.

In August 2019, Middlesex priced and closed on a NJEDA debt financing transaction of \$53.7 million by issuing FMBs designated as Series 2019A (\$32.5 million at coupon interest rate of 4.0%) and Series 2019B (\$21.2 million at coupon interest rate of 5.0%). The proceeds, including an issuance premium of \$7.1 million, are being used to finance several projects under the Water For Tomorrow capital program initiated by the Company to upgrade and replace aging water utility infrastructure. The total proceeds of \$60.8 million, initially recorded as Restricted Cash on the balance sheet, are held in escrow by a bond trustee and are drawn down by requisition for the qualifying projects. Through December 31, 2020, Middlesex has drawn a total of \$55.1 million and currently expects to draw the remaining \$5.7 million of proceeds, currently included in Restricted Cash, through the second quarter of 2021.

In March 2018, the DEPSC approved Tidewater's request to borrow up to \$0.9 million under the Delaware SRF program to fund the replacement of an entire water distribution system of a small Delaware community. Tidewater closed on the SRF loan in May 2018. In April 2019, Tidewater received approval from the DEPSC to increase the borrowing to \$1.7 million based on revised project cost estimates. Tidewater closed on the additional SRF loan in October 2019 and completed withdrawal of the proceeds in April 2020.

Substantially all of the utility plant of the Company is subject to the lien of its mortgage, which includes debt service and capital ratio covenants. The Company is in compliance with all of its mortgage covenants and restrictions.

Common Stock. In November 2019, the Company sold and issued 0.8 million shares of common stock in a public offering priced at \$60.50 per share. The net proceeds of \$43.7 million were used for general corporate purposes including repayment of a portion of the Company's short-term debt outstanding.

The Company raised approximately \$1.2 million through the issuance of shares under the Investment Plan during 2020. In 2019, the Company raised approximately \$12.7 million primarily through a limited duration six-month share purchase discount feature of the Investment Plan. The 0.2 million share purchase limit was reached and the discount offer ceased prior to the original ending date.

In order to fully fund the ongoing large investment program in our utility plant infrastructure and maintain a balanced capital structure for a regulated water utility, Middlesex may offer for sale additional shares of its common stock. The amount, the timing and the sales method of the common stock is dependent on the timing of the construction expenditures, the level of additional debt financing and financial market conditions. As approved by the NJBPU, the Company is authorized to issue and sell up to 0.7 million shares of its common stock in one or more transactions through December 31, 2022.

Contractual Obligations

In the course of normal business activities, the Company enters into a variety of contractual obligations and commercial commitments. Some result in direct obligations on the Company's balance sheet while others are commitments, some firm and some based on uncertainties, which are disclosed in the Company's consolidated financial statements.

The table below presents our known contractual obligations for the periods specified as of December 31, 2020.

	Payment Due by Period (Millions of Dollars)				
	Total	Less than 1 Year	2-3Years	4-5 Years	More than 5 Years
Long-term Debt	\$ 277.2	\$ 7.3	\$ 22.9	\$ 11.6	\$ 235.4
Notes Payable	2.0	2.0	-	-	-
Interest on Long-term Debt	185.6	8.3	15.7	13.8	147.8
Purchased Water Contracts	25.8	6.5	12.6	6.2	0.5
Commercial Office Leases	7.7	0.8	1.6	1.7	3.6
Total	\$ 498.3	\$ 24.9	\$ 52.8	\$ 33.3	\$ 387.3

The table above does not reflect any anticipated cash payments for retirement benefit plan obligations. The effect on the timing and amount of these payments resulting from potential changes in actuarial assumptions and returns on plan assets cannot be estimated. In 2020, the Company contributed \$4.5 million to its retirement benefit plans and expects to contribute approximately \$4.2 million in 2021.

We do not currently have, nor have we ever had, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements, or for other contractually narrow or limited purposes. In addition, we do not engage in trading activities involving non-exchange traded contracts.

Critical Accounting Policies and Estimates

The application of accounting policies and standards often requires the use of estimates, assumptions and judgments. The Company regularly evaluates these estimates, assumptions and judgments, including those related to the calculation of pension and other retirement benefits, unbilled revenues, and the recoverability of certain assets, including regulatory assets. The Company bases its estimates, assumptions and judgments on historical experience and current operating environment. Changes in any of the variables that are used for the Company's estimates, assumptions and judgments may lead to significantly different financial statement results.

Our critical accounting policies are set forth below.

Regulatory Accounting

We maintain our books and records in accordance with accounting principles generally accepted in the United States of America. Middlesex and certain of its subsidiaries, which account for approximately 91% of Operating Revenues and 99% of Total Assets, are subject to regulation in the states in which they operate. Those companies are required to maintain their accounts in accordance with regulatory authorities' rules and guidelines, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance in the Financial Accounting Standards Board Accounting Standards Codification Topic 980 *Regulated Operations* (Regulatory Accounting).

In accordance with Regulatory Accounting, costs and obligations are deferred if it is probable that these items will be recognized for rate-making purposes in future rates. Accordingly, we have recorded costs and obligations, which will be amortized over various future periods. Any change in the assessment of the probability of rate-making treatment will require us to change the accounting treatment of the deferred item. We have no reason to believe any of the deferred items that are recorded will be treated differently by the regulators in the future.

Revenues

The Company's revenues are primarily generated from regulated tariff-based sales of water and wastewater services and non-regulated operation and maintenance contracts for services on water and wastewater systems owned by others. Revenue from contracts with customers is recognized when control of a promised good or service is transferred to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

The Company's regulated revenue from contracts with customers is derived from tariff-based sales that result from the obligation to provide water and wastewater services to residential, industrial, commercial, fire-protection and wholesale customers. The Company's residential customers are billed quarterly while most of the Company's industrial, commercial, fire-protection and wholesale customers are billed monthly. Payments by customers are due between 15 to 30 days after the invoice date. The Company recognizes revenue as the water and wastewater services are delivered to customers as well as records unbilled revenues estimated from the last meter reading date to the end of the accounting period utilizing factors such as historical customer data, regional weather indicators and general economic conditions in its service territories. Unearned Revenues and Advance Service Fees include fixed service charge billings in advance to Tidewater customers that are recognized as service is provided to the customer.

Non-regulated service contract revenues consist of base service fees as well as fees for additional billable services provided to customers. Fees are billed monthly and are due within 30 days after the invoice date. The Company considers the amounts billed to represent the value of these services provided to customers. These contracts expire at various times through June 2030 and thus contain remaining performance obligations for which the Company expects to recognize revenue in the future. These contracts also contain customary termination provisions.

Almost all of the amounts included in operating revenues are from contracts with customers.

Retirement Benefit Plans

We maintain a noncontributory defined benefit pension plan (Pension Plan) which covers all currently active employees who were hired prior to April 1, 2007. In addition, the Company maintains an unfunded supplemental plan for its executive officers.

The Company has a retirement benefit plan other than pensions (Other Benefits Plan) for substantially all of its retired employees. Employees hired after March 31, 2007 are not eligible to participate in the Other Benefits Plan. Coverage includes healthcare and life insurance.

The costs for providing retirement benefits are dependent upon numerous factors, including actual plan experience and assumptions of future experience. Future retirement benefit plan obligations and expense will depend on future investment performance, changes in future discount rates and various other demographic factors related to the population participating in the Company's retirement benefit plans, all of which can change significantly in future years.

The allocation by asset category of retirement benefit plan assets at December 31, 2020 and 2019 is as follows:

Asset Category	Pension Plan			Other Benefits Plan		
	2020	2019	Target	2020	2019	Target
Equity Securities	60.6%	61.5%	55%	62.3%	60.0%	43%
Debt Securities	37.5%	36.5%	38%	31.0%	33.0%	50%
Cash	1.2%	0.5%	2%	6.7%	7.0%	2%
Real Estate/Commodities	0.7%	1.5%	5%	0.0%	0.0%	5%
Total	100.0%	100.0%		100.0%	100.0%	

The primary assumptions used for determining future retirement benefit plans' obligations and costs are as follows:

- **Discount Rate** - calculated based on market rates for long-term, high-quality corporate bonds specific to the expected duration of our Pension Plan and Other Benefits Plan's liabilities;
- **Compensation Increase** - based on management projected future employee compensation increases;
- **Long-Term Rate of Return** - determined based on expected returns from our asset allocation for our Pension Plan and Other Benefits Plan assets;
- **Mortality** - The Company utilizes the Society of Actuaries' mortality table (Pri-2012) (Mortality Improvement Scale MP2020 for the 2020 valuation); and
- **Healthcare Cost Trend Rate** - based on management projected future healthcare costs.

The discount rate, compensation increase rate and long-term rate of return used to determine future obligations of our retirement benefit plans as of December 31, 2020 are as follows:

	Pension Plan	Other Benefits Plan
Discount Rate	2.37%	2.37%
Compensation Increase	3.00%	3.00%
Long-term Rate of Return	7.00%	7.00%

For the 2020 valuation, costs and obligations for our Other Benefits Plan assumed an 7.5% annual rate of increase in the per capita cost of covered healthcare benefits in 2021 with the annual rate of increase declining 0.5% per year for 2022-2027, resulting in an annual rate of increase in the per capita cost of covered healthcare benefits of 4.5% by year 2027.

The following is a sensitivity analysis for certain actuarial assumptions used in determining projected benefit obligations (PBO) and expenses for our retirement benefit plans:

Pension Plan

Actuarial Assumptions	Estimated Increase/ (Decrease) on PBO (000s)	Estimated Increase/ (Decrease) on Expense (000s)
Discount Rate 1% Increase	\$ (16,249)	\$ (1,385)
Discount Rate 1% Decrease	20,685	1,672

Other Benefits Plan

Actuarial Assumptions	Estimated Increase/ (Decrease) on PBO (000s)	Estimated Increase/ (Decrease) on Expense (000s)
Discount Rate 1% Increase	\$ (8,411)	\$ (955)
Discount Rate 1% Decrease	11,012	1,202
Healthcare Cost Trend Rate 1% Increase	8,845	1,576
Healthcare Cost Trend Rate 1% Decrease	(6,941)	(1,234)

Recent Accounting Standards

See Note 1(r) of the Notes to Consolidated Financial Statements for a discussion of recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT 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, variable rate 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 2021 to 2059. Over the next twelve months, approximately \$7.3 million of the current portion of existing long-term debt instruments will mature. The Company manages its interest rate risk related to existing variable-rate short-term debt by limiting our variable rate exposure. Applying a hypothetical change in the rate of interest charged by 10% on those fixed- and variable-rate 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 price increases through 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 the market price variations 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 customer rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Middlesex Water Company:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets and consolidated statements of capital stock and long-term debt of Middlesex Water Company (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of income, common stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Baker Tilly US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)

We have served as the Company's auditor since 2006.

Lancaster, Pennsylvania

February 25, 2021

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

	Years Ended December 31,		
	2020	2019	2018
Operating Revenues	\$ 141,592	\$ 134,598	\$ 138,077
Operating Expenses:			
Operations and Maintenance	70,796	67,980	71,570
Depreciation	18,472	16,716	15,037
Other Taxes	14,904	14,382	14,328
Total Operating Expenses	104,172	99,078	100,935
Operating Income	37,420	35,520	37,142
Other Income (Expense):			
Allowance for Funds Used During Construction	4,016	3,146	1,362
Other Income (Expense), net	363	(654)	1,630
Total Other Income, net	4,379	2,492	2,992
Interest Charges	7,493	7,264	6,758
Income before Income Taxes	34,306	30,748	33,376
Income Taxes	(4,119)	(3,140)	924
Net Income	38,425	33,888	32,452
Preferred Stock Dividend Requirements	120	132	144
Earnings Applicable to Common Stock	\$ 38,305	\$ 33,756	\$ 32,308
Earnings per share of Common Stock:			
Basic	\$ 2.19	\$ 2.02	\$ 1.97
Diluted	\$ 2.18	\$ 2.01	\$ 1.96
Average Number of Common Shares Outstanding :			
Basic	17,459	16,685	16,384
Diluted	17,574	16,829	16,540

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS
(In thousands except per share amounts)

		December 31, 2020	December 31, 2019
ASSETS			
UTILITY PLANT:	Water Production	\$ 168,080	\$ 160,870
	Transmission and Distribution	648,763	556,517
	General	85,056	83,043
	Construction Work in Progress	80,055	75,520
	TOTAL	981,954	875,950
	Less Accumulated Depreciation	185,356	170,220
	UTILITY PLANT - NET	796,598	705,730
CURRENT ASSETS:			
	Cash and Cash Equivalents	4,491	2,230
	Accounts Receivable, net	14,569	11,908
	Unbilled Revenues	7,065	7,183
	Materials and Supplies (at average cost)	5,112	5,445
	Prepayments	2,886	2,367
	TOTAL CURRENT ASSETS	34,123	29,133
OTHER ASSETS:			
	Operating Lease Right of Use Asset	5,209	5,944
	Preliminary Survey and Investigation Charges	5,192	2,054
	Regulatory Assets	118,144	110,479
	Restricted Cash	5,913	44,269
	Non-utility Assets - Net	11,207	10,370
	Other	84	1,899
	TOTAL OTHER ASSETS	145,749	175,015
	TOTAL ASSETS	\$ 976,470	\$ 909,878
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock, No Par Value	\$ 217,451	\$ 215,125
	Retained Earnings	128,757	108,667
	TOTAL COMMON EQUITY	346,208	323,792
	Preferred Stock	2,084	2,084
	Long-term Debt	273,244	230,777
	TOTAL CAPITALIZATION	621,536	556,653
CURRENT LIABILITIES:	Current Portion of Long-term Debt	7,255	7,178
	Notes Payable	2,000	20,000
	Accounts Payable	30,443	23,306
	Accrued Taxes	10,138	7,635
	Accrued Interest	2,137	2,031
	Unearned Revenues and Advanced Service Fees	1,255	1,211
	Other	3,620	3,620
	TOTAL CURRENT LIABILITIES	56,848	64,981
COMMITMENTS AND CONTINGENT LIABILITIES (Note 4)			
OTHER LIABILITIES:	Customer Advances for Construction	23,404	23,905
	Lease Obligations	5,042	5,732
	Accumulated Deferred Income Taxes	61,297	54,408
	Employee Benefit Plans	34,426	34,671
	Regulatory Liabilities	60,792	69,152
	Other	1,135	2,546
	TOTAL OTHER LIABILITIES	186,096	190,414
CONTRIBUTIONS IN AID OF CONSTRUCTION		111,990	97,830
	TOTAL CAPITALIZATION AND LIABILITIES	\$ 976,470	\$ 909,878

See Notes to Consolidated Financial Statements.

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

	Years Ended December 31,		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	\$ 38,425	\$ 33,888	\$ 32,452
Adjustments to Reconcile Net Income to			
Net Cash Provided by Operating Activities:			
Depreciation and Amortization	20,838	17,232	15,780
Provision for Deferred Income Taxes	(13,490)	(11,719)	(8,724)
Equity Portion of Allowance for Funds Used During Construction (AFUDC)	(2,503)	(1,997)	(919)
Cash Surrender Value of Life Insurance	(391)	(252)	27
Stock Compensation Expense	1,096	637	1,084
Changes in Assets and Liabilities:			
Accounts Receivable	(2,661)	(146)	(977)
Unbilled Revenues	118	110	(294)
Materials & Supplies	333	(34)	(1,293)
Prepayments	(519)	277	(236)
Accounts Payable	7,137	3,981	5,396
Accrued Taxes	2,503	(6,595)	2,812
Accrued Interest	106	742	196
Employee Benefit Plans	(1,377)	(1,112)	(2,114)
Unearned Revenue & Advanced Service Fees	44	175	85
Other Assets and Liabilities	3,696	866	2,589
NET CASH PROVIDED BY OPERATING ACTIVITIES	53,355	36,053	45,864
CASH FLOWS FROM INVESTING ACTIVITIES:			
Utility Plant Expenditures, Including AFUDC of \$1,513 in 2020, \$1,149 in 2019 and \$443 in 2018	(105,619)	(89,125)	(72,094)
NET CASH USED IN INVESTING ACTIVITIES	(105,619)	(89,125)	(72,094)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Redemption of Long-term Debt	(7,472)	(7,343)	(7,024)
Proceeds from Issuance of Long-term Debt	50,316	78,967	22,076
Proceeds from Premium Issuance of Long-term Debt	-	7,083	-
Net Short-term Bank Borrowings	(18,000)	(28,500)	20,500
Deferred Debt Issuance Expense	(148)	(769)	(880)
Common Stock Issuance Expense	(37)	(357)	-
Proceeds from Issuance of Common Stock	1,230	56,784	1,150
Payment of Common Dividends	(18,178)	(16,165)	(14,930)
Payment of Preferred Dividends	(120)	(132)	(144)
Construction Advances and Contributions-Net	8,578	4,342	4,746
NET CASH PROVIDED BY FINANCING ACTIVITIES	16,169	93,910	25,494
NET CHANGES IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(36,095)	40,838	(736)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	46,499	5,661	6,397
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	\$ 10,404	\$ 46,499	\$ 5,661
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:			
Utility Plant received as Construction Advances and Contributions	\$ 5,080	\$ 7,770	\$ 3,835
Long-term Debt Deobligation	\$ 258	\$ 130	\$ —
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Cash Paid During the Year for:			
Interest	\$ 7,644	\$ 6,938	\$ 6,113
Interest Capitalized	\$ 1,513	\$ 1,149	\$ 443
Income Taxes	\$ 2,509	\$ 10,339	\$ 4,689

See Notes to Consolidated Financial Statements.

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

	December 31, 2020	December 31, 2019
Common Stock, No Par Value		
Shares Authorized - 40,000		
Shares Outstanding - 2020 - 17,473; 2019 - 17,434	\$ 217,451	\$ 215,125
Retained Earnings	128,757	108,667
TOTAL COMMON EQUITY	\$ 346,208	\$ 323,792
Cumulative Preferred Stock, No Par Value:		
Shares Authorized - 120		
Shares Outstanding - 20		
Convertible:		
Shares Outstanding, \$7.00 Series - 10	1,005	1,005
Nonredeemable:		
Shares Outstanding, \$7.00 Series - 1	79	79
Shares Outstanding, \$4.75 Series - 10	1,000	1,000
TOTAL PREFERRED STOCK	\$ 2,084	\$ 2,084
Long-term Debt:		
8.05%, Amortizing Secured Note, due December 20, 2021	\$ 336	\$ 643
6.25%, Amortizing Secured Note, due May 19, 2028	3,115	3,535
6.44%, Amortizing Secured Note, due August 25, 2030	2,707	2,987
6.46%, Amortizing Secured Note, due September 19, 2031	2,987	3,267
4.22%, State Revolving Trust Note, due December 31, 2022	119	175
3.60%, State Revolving Trust Note, due May 1, 2025	1,170	1,405
3.30% State Revolving Trust Note, due March 1, 2026	266	309
3.49%, State Revolving Trust Note, due January 25, 2027	307	349
4.03%, State Revolving Trust Note, due December 1, 2026	389	446
4.00% to 5.00%, State Revolving Trust Bond, due August 1, 2021	-	60
0.00%, State Revolving Fund Bond, due August 1, 2021	11	50
3.64%, State Revolving Trust Note, due July 1, 2028	192	214
3.64%, State Revolving Trust Note, due January 1, 2028	62	69
3.45%, State Revolving Trust Note, due August 1, 2031	793	851
6.59%, Amortizing Secured Note, due April 20, 2029	2,907	3,255
7.05%, Amortizing Secured Note, due January 20, 2030	2,271	2,521
5.69%, Amortizing Secured Note, due January 20, 2030	4,658	5,171
4.45%, Amortizing Secured Note, due April 20, 2040	8,506	8,946
4.47%, Amortizing Secured Note, due April 20, 2040	3,156	3,320
3.75%, State Revolving Trust Note, due July 1, 2031	1,699	1,829
2.00%, State Revolving Trust Note, due February 1, 2036	961	1,013
2.00%, State Revolving Trust Note, due November 1, 2038	1,543	1,309
3.75%, State Revolving Trust Note, due November 30, 2030	883	955
0.00% Construction Loans	50,536	40,467
First Mortgage Bonds:		
0.00%, Series BB, due August 1, 2021	119	241
4.00% to 5.00%, Series CC, due August 1, 2021	164	331
0.00%, Series EE, due August 1, 2023	1,036	1,456
3.00% to 5.50%, Series FF, due August 1, 2024	1,870	2,440
0.00%, Series GG, due August 1, 2026	541	632
4.00% to 5.00%, Series HH, due August 1, 2026	620	710
0.00%, Series II, due August 1, 2024	338	429
3.40% to 5.00%, Series JJ, due August 1, 2027	500	588
0.00%, Series KK, due August 1, 2028	719	807
5.00% to 5.50%, Series LL, due August 1, 2028	846	928
0.00%, Series MM, due August 1, 2030	937	1,037
3.00% to 4.375%, Series NN, due August 1, 2030	1,105	1,190
0.00%, Series OO, due August 1, 2031	1,656	1,806
2.00% to 5.00%, Series PP, due August 1, 2031	600	660
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	1,806	1,957
3.00% to 3.25%, Series UU, due August 1, 2032	705	755
0.00%, Series VV, due August 1, 2033	1,861	2,004
3.00% to 5.00%, Series WW, due August 1, 2033	715	755
0.00%, Series XX, due August 1, 2047	10,247	10,627
3.00% to 5.00%, Series YY, due August 1, 2047	3,710	3,785
0.00%, Series 2018A, due August 1, 2047	6,246	6,678
3.00%-5.00%, Series 2018B, due August 1, 2047	2,211	2,320

	December 31, 2020	December 31, 2019
4.00%, Series 2019A, due August 1, 2059	32,500	32,500
5.00%, Series 2019B, due August 1, 2059	21,200	21,200
2.90%, Series 2020A, due November 18, 2050	40,000	-
SUBTOTAL LONG-TERM DEBT	277,241	234,397
Add: Premium on Issuance of Long-term Debt	7,669	8,064
Less: Unamortized Debt Expense	(4,411)	(4,506)
Less: Current Portion of Long-term Debt	(7,255)	(7,178)
TOTAL LONG-TERM DEBT	\$ 273,244	\$ 230,777

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock Shares	Common Stock Amount	Retained Earnings	Total
Balance at January 1, 2018	16,352	\$ 155,120	\$ 74,055	\$ 229,175
Net Income	-	-	32,452	32,452
Dividend Reinvestment & Common Stock Purchase Plan	27	1,150	-	1,150
Restricted Stock Award, Net - Employees	22	975	-	975
Stock Award - Board Of Directors	4	147	-	147
Shares Forfeited	(2)	(38)	-	(38)
Cash Dividends on Common Stock (\$0.911 per share)	-	-	(14,930)	(14,930)
Cash Dividends on Preferred Stock	-	-	(144)	(144)
Balance at December 31, 2018	<u>16,403</u>	<u>\$ 157,354</u>	<u>\$ 91,433</u>	<u>\$ 248,787</u>
Net Income	-	-	33,888	33,888
Dividend Reinvestment & Common Stock Purchase Plan	226	12,738	-	12,738
Restricted Stock Award, Net - Employees	18	907	-	907
Stock Award - Board Of Directors	4	196	-	196
Shares Forefeited	(18)	(466)	-	(466)
Conversion of \$8.00 Convertible Preferred Stock	41	350	-	350
Issuance of Common Stock	760	44,046	-	44,046
Cash Dividends on Common Stock (\$0.976 per share)	-	-	(16,165)	(16,165)
Cash Dividends on Preferred Stock	-	-	(132)	(132)
Common Stock Expenses	-	-	(357)	(357)
Balance at December 31, 2019	<u>17,434</u>	<u>\$ 215,125</u>	<u>\$ 108,667</u>	<u>\$ 323,792</u>
Net Income	-	-	38,425	38,425
Dividend Reinvestment & Common Stock Purchase Plan	19	1,230	-	1,230
Restricted Stock Award, Net - Employees	16	851	-	851
Stock Award - Board of Directors	4	245	-	245
Cash Dividends on Common Stock (\$1.041 per share)	-	-	(18,178)	(18,178)
Cash Dividends on Preferred Stock	-	-	(120)	(120)
Common Stock Expenses	-	-	(37)	(37)
Balance at December 31, 2020	<u>17,473</u>	<u>\$ 217,451</u>	<u>\$ 128,757</u>	<u>\$ 346,208</u>

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization, Summary of Significant Accounting Policies and Recent Developments

(a) Organization - Middlesex Water Company (Middlesex) 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.

Middlesex Water Company has operated as a water utility in New Jersey since 1897 and in Delaware, through our wholly-owned subsidiary, Tidewater, since 1992. We are in the business of collecting, treating, distributing and selling water for domestic, commercial, municipal, industrial and fire protection purposes. We also operate New Jersey municipal water, wastewater and storm water systems under contract and provide unregulated water and wastewater services in New Jersey and Delaware through our subsidiaries. Our rates charged to customers for water and wastewater services, the quality of services we provide and certain other matters are regulated in New Jersey, Delaware and Pennsylvania by the New Jersey Board of Public Utilities (NJBPUC), Delaware Public Service Commission (DEPSC) and Pennsylvania Public Utilities Commission (PAPUC), respectively. Our USA, USA-PA and White Marsh subsidiaries are not regulated utilities.

(b) Principles of Consolidation - 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. Other financial investments in which the Company holds a 50% or less voting interest and cannot exercise control over the operation and policies of the investments are accounted for under the equity method of accounting. Under the equity method of accounting, the Company records its investment interests in Non-Utility Assets and its percentage share of the earnings or losses of the investees in Other Income (Expense).

(c) System of Accounts - Middlesex, Pinelands Water and Pinelands Wastewater maintain their accounts in accordance with the Uniform System of Accounts prescribed by the NJBPUC. Tidewater, TESI and Southern Shores maintain their accounts in accordance with DEPSC requirements. Twin Lakes maintains its accounts in accordance with PAPUC requirements.

(d) Regulatory Accounting - We maintain our books and records in accordance with accounting principles generally accepted in the United States of America. Middlesex and certain of its subsidiaries, which account for 91% of Operating Revenues and 99% of Total Assets, are subject to regulation in the state in which they operate. Those companies are required to maintain their accounts in accordance with regulatory authorities' rules and guidelines, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance provided in Accounting Standards Codification (ASC) 980, *Regulated Operations*.

In accordance with ASC 980, *Regulated Operations*, costs and obligations are deferred if it is probable that these items will be recognized for rate-making purposes in future rates. Accordingly, we have recorded costs and obligations, which will be amortized over various future periods. Any change in the assessment of the probability of rate-making treatment will require us to change the accounting treatment of the deferred item. We have no reason to believe any of the deferred items that are recorded will be treated differently by the regulators in the future. For additional information, see Note 2 – *Rate and Regulatory Matters*.

(e) Retirement Benefit Plans - We maintain a noncontributory defined benefit pension plan (Pension Plan), which covers all active employees who were hired prior to April 1, 2007, as well as a defined contribution plan in which all employees are eligible to participate. In addition, the Company maintains an unfunded supplemental plan for a limited number of its executive officers. The Company has a retirement benefit plan other than pensions

(Other Benefits Plan) for substantially all of its retired employees. Employees hired after March 31, 2007 are not eligible to participate in this plan. Coverage includes healthcare and life insurance.

The Company's costs for providing retirement benefits are dependent upon numerous factors, including actual plan experience and assumptions of future experience. Retirement benefit plan obligations and expense are determined based on investment performance, discount rates and various other demographic factors related to the population participating in the Company's retirement benefit plans, all of which can change significantly in future years. For more information on the Company's Retirement Benefit Plans, see Note 7 – *Employee Benefit Plans*.

(f) Utility Plant - Utility Plant is stated at original cost as defined for regulatory purposes. Property accounts are charged with the cost of betterments and major replacements of property. Cost includes direct material, labor and indirect charges for pension benefits and payroll taxes. The cost of labor, materials, supervision and other expenses incurred in making repairs and minor replacements and in maintaining the properties is charged to the appropriate expense accounts. At December 31, 2020, there was no event or change in circumstance that would indicate that the carrying amount of any long-lived asset was not recoverable.

(g) Depreciation - Depreciation is computed by each regulated member of the Company utilizing a rate approved by the applicable regulatory authority. The accumulated provision for depreciation is charged with the cost of property retired, less salvage. The following table sets forth the range of depreciation rates for the major utility plant categories used to calculate depreciation for the years ended December 31, 2020, 2019 and 2018. These rates have been approved by the NJBPU, DEPSC or PAPUC:

Source of Supply	1.15% - 3.44%	Transmission and Distribution (T&D):	
Pumping	2.00% - 5.39%	T&D – Mains	1.10% - 3.13%
Water Treatment	1.65% - 7.09%	T&D – Services	2.12% - 3.16%
General Plant	2.08% - 17.84%	T&D – Other	1.61% - 4.63%
Wastewater Collection	1.42% - 1.81%		

Non-regulated fixed assets consist primarily of office buildings, furniture and fixtures, and transportation equipment. These assets are recorded at original cost and depreciation is calculated based on the estimated useful lives, ranging from 3 to 42 years.

(h) Preliminary Survey and Investigation (PS&I) Costs - In the design of water and wastewater systems that the Company ultimately intends to construct, own and operate certain expenditures are incurred to advance those project activities. These PS&I costs are recorded as deferred charges on the balance sheet because these costs are expected to be recovered through future rates charged to customers as the underlying projects are placed into service as utility plant. If it is subsequently determined that costs for a project recorded as PS&I are not recoverable through rates charged to our customers, the applicable PS&I costs are recorded as Other Expense on the statement of income at that time.

(i) Customers' Advances for Construction (CAC) - Utility plant and/or cash advances are provided to the Company by customers, real estate developers and builders in order to extend utility service to their properties. These transactions are recorded as CAC. Contractual Refunds of CACs in the form of cash are made by the Company and are based on either additional operating revenues generated from new customers or as new customers are connected to the respective system. After all refunds are made and/or contract terms have expired, any remaining balance is transferred to Contributions in Aid of Construction.

Contributions in Aid of Construction (CIAC) - CIAC include direct non-refundable contributions of utility plant and/or cash and the portion of CAC that becomes non-refundable.

CAC and CIAC are not depreciated in accordance with regulatory requirements. In addition, these amounts reduce the investment base for purposes of setting rates.

(j) Allowance for Funds Used During Construction (AFUDC) - Middlesex and its regulated subsidiaries capitalize AFUDC, which represents the cost of financing projects during construction. AFUDC is added to the construction costs of individual projects exceeding specific cost and construction period thresholds established for each company and then depreciated along with the rest of the utility plant's costs over its estimated useful life. AFUDC is calculated using each company's weighted cost of debt and equity as approved in their most recent respective regulatory rate order. The AFUDC rates for the years ended December 31, 2020, 2019 and 2018 for Middlesex and Tidewater are as follows:

	2020	2019	2018
Middlesex	6.50%	6.50%	6.50%
Tidewater	7.92%	7.92%	7.92%

(k) Accounts Receivable - We record bad debt expense based on a variety of factors such as our customers' payment history, current economic conditions and trending reasonable and supportable forecasts on expected collectability of accounts receivable. The allowance for doubtful accounts was \$2.1 million and \$1.4 million as of December 31, 2020 and 2019, respectively. For the years ended December 31, 2020, 2019 and 2018, bad debt expense was \$1.1 million, \$1.0 million and \$0.8 million, respectively. For the years ended December 31, 2020, 2019 and 2018, write-offs were \$0.5 million, \$0.6 million and \$0.7 million, respectively. During 2020, the Company increased its allowance for doubtful accounts for expected increases in accounts receivable write-offs due to the financial impact of Novel Coronavirus (COVID-19) on customers (for further discussion of COVID-19, see *Note 1 (s), COVID-19*).

(l) Revenues - The Company's revenues are primarily generated from regulated tariff-based sales of water and wastewater services and non-regulated operation and maintenance contracts for services on water and wastewater systems owned by others. Revenue from contracts with customers is recognized when control of a promised good or service is transferred to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

The Company's regulated revenue from contracts with customers is derived from tariff-based sales that result from the obligation to provide water and wastewater services to residential, industrial, commercial, fire-protection and wholesale customers. The Company's residential customers are billed quarterly while most of the Company's industrial, commercial, fire-protection and wholesale customers are billed monthly. Payments by customers are due between 15 to 30 days after the invoice date. The Company recognizes revenue as the water and wastewater services are delivered to customers as well as records unbilled revenues estimated from the last meter reading date to the end of the accounting period utilizing factors such as historical customer data, regional weather indicators and general economic conditions in its service territories. Unearned Revenues and Advance Service Fees include fixed service charge billings in advance to Tidewater customers that are recognized as service is provided to the customer.

Non-regulated service contract revenues consist of base service fees as well as fees for additional billable services provided to customers. Fees are billed monthly and are due within 30 days after the invoice date. The Company considers the amounts billed to represent the value of these services provided to customers. These contracts expire at various times through June 2030 and contain remaining performance obligations for which the Company expects to recognize revenue in the future. These contracts also contain customary termination provisions.

Almost all of the amounts included in operating revenues and accounts receivable are from contracts with customers. The Company records its allowance for doubtful accounts based on historical write-offs combined with an evaluation of current economic conditions within its service territories.

The Company's contracts do not contain any significant financing components.

The Company's operating revenues are comprised of the following:

	(In Thousands)		
	Years Ended December 31,		
	2020	2019	2018
Regulated Tariff Sales			
Residential	\$ 76,798	\$ 71,487	\$ 69,785
Commercial	15,448	15,198	14,844
Industrial	9,512	9,390	10,183
Fire Protection	12,374	12,291	12,099
Wholesale	15,187	14,319	14,655
Non-Regulated Contract Operations	12,130	11,773	16,374
Total Revenue from Contracts with Customers	\$ 141,449	\$ 134,458	\$ 137,940
Other Regulated Revenues	532	393	335
Other Non-Regulated Revenues	415	404	404
Inter-segment Elimination	(804)	(657)	(602)
Total Revenue	\$ 141,592	\$ 134,598	\$ 138,077

(m) Unamortized Debt Expense and Premiums on Long-Term Debt - Unamortized Debt Expense and Premiums on Long-Term Debt, included on the consolidated balance sheet in long-term debt, are amortized over the lives of the related debt issues.

(n) Income Taxes - Middlesex files a consolidated federal income tax return for the Company and income taxes are allocated based on the separate return method. Certain income and expense items are accounted for in different time periods for financial reporting than for income tax reporting purposes. Deferred income taxes are provided on differences between the tax basis of assets and liabilities and the amounts at which they are carried in the consolidated financial statements. Investment tax credits have been deferred and are amortized over the estimated useful life of the related property. In the event that there are interest and penalties associated with income tax adjustments from income tax authority examinations, these amounts will be reported under interest expense and other expense, respectively. For more information on income taxes, see Note 3 – *Income Taxes*.

(o) Cash and Cash Equivalents - For purposes of reporting cash flows, the Company considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents. Cash and cash equivalents represent bank balances and money market funds with investments maturing in less than 90 days.

(p) Restricted Cash - Restricted cash includes cash proceeds from loan transactions entered into through government financing programs and are held in trusts for specific capital expenditures or debt service.

(q) Use of Estimates - Conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

(r) Recent Accounting Pronouncements

Leases - The Financial Accounting Standards Board (the FASB) issued guidance related to leases which requires lessees to recognize a lease liability (a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis) and 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 became effective on January 1, 2019. The Company elected the optional transition method of adoption to apply the requirements of the standard in the period of adoption with no restatement of prior periods. The Company utilized the package of transition practical expedients provided by the new guidance, including carrying forward prior conclusions related to contracts that contain leases and lease classification. The Company also utilized the transition practical expedient permitting entities to forgo the evaluation of existing land easement arrangements to determine if they contain a lease. Land easement arrangements, or modifications to existing arrangements, entered into after adoption of this guidance will need to be evaluated to determine if they meet the definition of a lease. The adoption of this guidance resulted in the recording of a \$6.7 million right-of-use asset, a \$7.1 million lease liability and a \$0.4 million regulatory asset on the Company's consolidated balance sheet as of January 1, 2019. For further discussion, see "*Leases*" in Note 4 – *Commitments and Contingent Liabilities*.

Credit Losses on Financial Instruments - The FASB issued guidance on the measurement of credit losses on financial instruments, including trade receivables, which requires expected credit losses to be measured based on historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount of financial assets. The new guidance became effective January 1, 2020. For the Company, this applies primarily to accounts receivable and unbilled revenue balances. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

Expected credit losses on accounts receivable and unbilled revenues are based on historical write-offs combined with an evaluation of current conditions and reasonable and supportable forecasts. Customer accounts are written off when collection efforts have been exhausted.

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 consolidated financial statements.

(s) COVID-19 - On March 13, 2020, the United States declared the COVID-19 pandemic a national emergency. The ongoing impact on changing economic conditions due to COVID-19 continues to be uncertain and could affect the Company's results of operations, financial condition and liquidity in the future. While the Company's operations and capital construction program have not been significantly disrupted to date from COVID-19, we are unable to assess with certainty the impact that COVID-19 will have on our business, our customers and our vendors prospectively, due to numerous uncertainties, including the continued severity duration of the pandemic, sufficiency of the government's vaccination program and actions which could potentially be taken by federal or state governmental and/or regulatory authorities.

The NJBPU and the DEPSC have allowed for potential future recovery of COVID-19 related incremental costs through customer rates by the regulated utilities under their respective jurisdictions. Neither jurisdiction has yet to establish a timetable or definitive formal procedures for seeking cost recovery. We will continue to monitor the COVID-19 situation and evaluate its impact on the Company's business, results of operations, financial condition and liquidity.

Note 2 - Rate and Regulatory Matters

Rate Matters

Middlesex - In November 2020, Middlesex filed a petition with the NJBPU seeking approval to reset its Purchased Water Adjustment Clause (PWAC) tariff rate currently in effect to recover additional costs of \$1.1 million for the purchase of treated water from a non-affiliated regulated water utility regulated by the NJBPU. A PWAC is a rate mechanism that allows for 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. We cannot predict whether the NJBPU will ultimately approve, deny or reduce the amount of our request.

In March 2020, the NJBPU approved Middlesex's petition to reset its PWAC tariff rate to recover additional costs of \$0.6 million for the purchase of treated water from a non-affiliated water utility regulated by the NJBPU. The new PWAC rate became effective on April 4, 2020.

In March 2018, Middlesex's petition to the NJBPU seeking permission to increase its base water rates was concluded, based on a negotiated settlement, resulting in an increase in annual operating revenues of \$5.5 million. The approved base water rates were designed to recover increased operating costs as well as a return on invested capital in rate base of \$245.5 million, based on an authorized return on common equity of 9.6%. As part of the settlement, Middlesex received approval for regulatory accounting treatment of income tax benefits associated with required adoption of tangible property regulations issued by the Internal Revenue Service. The settlement agreement allowed for a four-year amortization period for \$28.7 million of deferred income tax benefits as well as prospective recognition of the income tax benefits for the immediate deduction of repair costs on tangible property. The rate increase became effective April 1, 2018.

Tidewater - Effective January 1, 2021, Tidewater increased its DEPSC-approved Distribution System Improvement Charge (DSIC) rate, which is expected to generate revenues of approximately \$0.6 million annually. A DSIC is a rate-mechanism that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements made between base rate proceedings.

In November 2019, Tidewater completed a \$1.8 million DEPSC-approved purchase of the water utility assets of J.H. Wilkerson and Son, Inc. and transfer of the Certificate of Public Convenience and Necessity in order for Tidewater to serve the approximate 1,000 customers currently connected to eight community water systems located mostly in eastern Sussex County, Delaware. The DEPSC also authorized Tidewater to maintain the existing customer rates.

Effective March 1, 2019, Tidewater received approval from the DEPSC to reduce its rates to reflect the lower corporate income tax rate enacted by the Tax Cuts and Jobs Act of 2017 (2017 Tax Act), resulting in a 3.35% rate decrease for certain customer classes.

Pinelands - Effective November 4, 2019, Pinelands Water and Pinelands Wastewater received approval from the NJBPU to increase its base rates by \$0.5 million. The increased revenues were necessitated by capital infrastructure investments both companies had made and increased operations and maintenance costs.

Southern Shores - Effective January 1, 2020, the DEPSC approved the renewal of a multi-year agreement for water service to a 2,200 unit condominium community in Sussex County, Delaware. Under the agreement, current rates will remain in effect until December 31, 2024, but should there be unanticipated capital expenditures or regulatory related changes in operating expenses exceeding certain thresholds during this time period, rates are permitted to be adjusted to reflect such cost changes. Thereafter, rate increases, if any, cannot exceed the lesser of the regional Consumer Price Index or 3%. The new agreement expires on December 31, 2029.

Twin Lakes Utilities, Inc. (Twin Lakes) - Twin Lakes provides water services to approximately 115 residential customers in Shohola, Pennsylvania. In 2020, Twin Lakes filed a petition requesting the PAPUC to exercise its discretion under Section 529 of the Pennsylvania Public Utility Code (the Code) to order the acquisition of Twin Lakes by a public utility as defined by the Code. The PAPUC assigned an Administrative Law Judge (ALJ) to adjudicate the matter and submit a decision to the PAPUC. Pre-filed testimony was submitted by all parties and an evidentiary hearing was held by the ALJ in early January 2021. The briefing schedule concluded on February 25, 2021 and a decision by the ALJ is expected to be issued in the second quarter of 2021. A final PAPUC Order on this matter is expected to also be issued during the second quarter of 2021. Separately, in January 2021, the PAPUC issued an Order appointing a large Pennsylvania based investor-owned water utility as the receiver (the Receiver Utility) of the Twin Lakes system effective January 15, 2021 with the receivership to remain in place until the final outcome of the Section 529 proceeding. In connection with this receivership, the Receiver Utility's responsibilities will include operating and maintaining the system assets in compliance with all state, federal and local laws and regulations, maintaining existing or necessary permits, licenses, approvals, authorizations, orders, consents, registrations or filings, providing a list of recommended capital improvements, providing all supervision and personnel necessary and responding to system emergencies by taking necessary action to ensure the continued provision of adequate, efficient, safe and reasonable service. We cannot predict whether the PAPUC will ultimately approve or deny the Section 529 petition. Twin Lakes' PAPUC-approved annual revenues and rate base are currently set at \$0.2 million and \$1.5 million, respectively, and its financial results, total assets and financial obligations are not material to the Company.

Regulatory Matters

We have recorded certain costs as regulatory assets because we expect full recovery of, or are currently recovering, these costs in the rates we charge customers. These deferred costs have been excluded from rate base and, therefore, we are not earning a return on the unamortized balances. These items are detailed as follows:

Regulatory Assets	(Thousands of Dollars)		Remaining Recovery Periods
	2020	2019	
Retirement Benefits	\$ 45,419	\$ 44,281	Various
Income Taxes	66,759	60,151	Various
Rate Cases, Tank Painting, and Other	5,966	6,047	2-10 years
Total	\$ 118,144	\$ 110,479	

Retirement benefits include pension and other retirement benefits that have been recorded on the Consolidated Balance Sheet in accordance with the guidance provided in ASC 715, *Compensation – Retirement Benefits*. These amounts represent obligations in excess of current funding, which the Company believes will be fully recovered in rates set by the regulatory authorities.

The recovery period for income taxes is dependent upon when the temporary differences between the tax and book treatment of various items reverse.

The 2017 Tax Act reduced the statutory corporate federal income tax rate from 35% to 21% . The tariff rates charged to customers effective prior to 2018 in the Company's regulated companies include recovery of income taxes at the statutory rate in effect at the time those rates were approved by the respective state public utility commissions. As of December 31, 2020 and December 31, 2019, the Company has recorded regulatory liabilities of \$31.0 million and \$31.5 million, respectively for excess income taxes collected through rates due to the lower income tax rate under the 2017 Tax Act. These regulatory liabilities are overwhelmingly related to utility plant depreciation deduction timing differences, which are subject to Internal Revenue Service (IRS) normalization rules. The IRS rules limit how quickly the excess taxes attributable to accelerated taxes can be returned to customers. The current base rates for Middlesex, Pinelands and Twin Lakes' customers became effective after 2017 and reflect the impact of the 2017 Tax Act on their revenue requirements. In February 2019, Tidewater received approval from the DEPSC to reduce its base rates to reflect the lower statutory corporate income tax rate enacted by the 2017 Tax Act (see *Rate Matters-Tidewater* above).

As part of Middlesex's March 2018 base water rate settlement with the NJBPU, Middlesex received approval for regulatory accounting treatment of income tax benefits associated with the adoption of tangible property regulations issued by the IRS (see *Rate Matters-Middlesex* above), and, as of December 31, 2020 and 2019, the Company has recorded \$14.9 million and \$24.2 million of related regulatory liabilities.

The Company uses composite depreciation rates for its regulated utility assets, which is currently an acceptable method under generally accepted accounting principles and is widely used in the utility industry. Historically, under the composite depreciation method, the anticipated costs of removing assets upon retirement are provided for over the life of those assets as a component of depreciation expense. The Company recovers certain asset retirement costs through rates charged to customers as an approved component of depreciation expense. As of December 31, 2020 and 2019, the Company has approximately \$14.9 million and \$13.4 million, respectively, of expected costs of removal recovered currently in rates in excess of actual costs incurred as regulatory liabilities.

Note 3 - Income Taxes

Income tax (benefit) expense differs from the amount computed by applying the statutory rate on book income subject to tax for the following reasons:

	(Thousands of Dollars)		
	Years Ended December 31,		
	2020	2019	2018
Income Tax at Statutory Rate	\$ 7,204	\$ 6,457	\$ 7,009
Tax Effect of:			
Utility Plant Related	(1,356)	(802)	422
Tangible Property Repairs	(11,298)	(10,156)	(7,763)
State Income Taxes – Net	1,364	1,173	1,207
Other	(33)	188	49
Total Income Tax (Benefit) Expense	\$ (4,119)	\$ (3,140)	\$ 924

Income tax (benefit) expense is comprised of the following:

	(Thousands of Dollars)		
	Years Ended December 31,		
	2020	2019	2018
Current:			
Federal	\$ (4,281)	\$ (3,822)	\$ (188)
State	2,598	2,246	2,073
Deferred:			
Federal	(1,490)	(726)	(338)
State	(871)	(761)	(545)
Investment Tax Credits	(75)	(77)	(78)
Total Income Tax (Benefit) Expense	\$ (4,119)	\$ (3,140)	\$ 924

As part of Middlesex's March 2018 base water rate settlement with the NJBPU, Middlesex received approval for regulatory accounting treatment of income tax benefits associated with the adoption of tangible property regulations issued by the IRS as well as prospective recognition of the income tax benefits for the immediate deduction of repair costs on tangible property (see Note 2 – *Rate and Regulatory Matters*). This results in significant reductions in the Company's effective income tax rate, current income tax (benefit) expense and deferred income tax (benefit) expense.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial purposes and the amounts used for income tax purposes. The components of the net deferred tax liability are as follows:

	(Thousands of Dollars)	
	December 31,	
	2020	2019
Utility Plant Related	\$ 56,868	\$ 50,608
Customer Advances	(3,626)	(3,661)
Employee Benefits	7,339	6,543
Investment Tax Credits	445	519
Other	271	399
Total Accumulated Deferred Income Taxes	\$ 61,297	\$ 54,408

The Company's federal income tax returns for the tax years 2014 through 2017 were selected for examination by the IRS, which included the tax year in which the Company had adopted the final IRS tangible property regulations and changed its accounting method for the tax treatment of expenditures that qualified as deductible repairs. As a result of the audit examination, the Company agreed to certain modifications of its accounting method for expenditures that qualify as deductible repairs. In 2019, the Company paid \$2.7 million in income taxes and \$0.1 million in interest in connection with the conclusion of the 2014 through 2017 federal income tax return audits. As of December 31, 2020, the Company has reduced its income tax reserve provision and interest expense liability to \$0.5 million and \$0.1 million, respectively.

The statutory review periods for federal income tax returns for the years prior to 2017 have been closed. Other than the effects of the provision against refundable taxes discussed above, there are no unrecognized tax benefits resulting from prior period tax positions.

Note 4 - 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 NJBPU-regulated water utility for the purchase of treated water. This agreement, which expires February 27, 2026, provides for the minimum purchase of 3.0 mgd of treated water with provisions for additional purchases if needed.

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

Purchased water costs are shown below:

	(Millions of Dollars)		
	Years Ended December 31,		
	2020	2019	2018
Untreated	\$ 3.4	\$ 3.4	\$ 3.6
Treated	3.6	3.2	3.2
Total Costs	\$ 7.0	\$ 6.6	\$ 6.8

Guarantees - As part of an agreement with the County of Monmouth, New Jersey (County), prior to 2020 Middlesex had served as guarantor of the performance of an unaffiliated wastewater treatment contractor and partner (Contractor), to operate a County-owned leachate pretreatment facility.

In November 2019, Middlesex was notified that the County terminated its Agreement with the Contractor. The Contractor had initiated legal action against the County that in part contests the County's exercise of this termination. The County filed a counter-claim against the Contractor's parent company and has brought Middlesex into the suit as a third-party defendant. We continue to monitor this litigation; however, given the cancellation of the underlying operating contract by the County and the continuation of the litigation matter, we do not anticipate having to perform under the guaranty nor do we anticipate the ultimate outcome will have a material impact on the Company's results of operations or financial condition. Based on the foregoing, the liability and asset for the guaranty, included in Other Non-Current Liabilities and Other Non-Current Assets on the balance sheet, was reduced from \$1.4 million as of December 31, 2019 to \$0 at December 31, 2020.

Leases - The Company determines if an arrangement is a lease at the inception of the lease. Generally, a lease agreement exists if the Company determines that the arrangement gives the Company control over the use of an identified asset and obtains substantially all of the benefits from the identified asset.

The Company has an operating lease for office space for administrative purposes, expiring in 2030. The Company has not entered into any finance leases. The exercise of a lease renewal option for the Company's administrative offices is solely at the discretion of the Company.

The right-of-use (ROU) asset recorded represents the Company's right to use an underlying asset for the lease term and lease liability represents the Company's obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company's operating lease does not provide an implicit discount rate and as such the Company used an estimated incremental borrowing rate (4.03%) based on the information available at commencement date in determining the present value of lease payments.

Given the impacts of accounting for regulated operations, and the resulting recognition of expense at the amounts recovered in customer rates, expenditures for operating leases are consistent with lease expense and was \$0.8 million, \$0.7 million and \$0.5 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Information related to operating lease ROU assets is as follows:

	(In Millions December 31,	
	2020	2019
ROU Asset at Least Inception	\$ 7.3	\$ 7.3
Accumulated Amortization	(2.1)	(1.4)
Current ROU Asset	<u>\$ 5.2</u>	<u>\$ 5.9</u>

The Company's future minimum operating lease commitments as of December 31, 2020 are as follows:

	(In Millions)	
	December 31, 2020	
2021		0.8
2022		0.8
2023		0.8
2024		0.8
2025		0.8
Thereafter		3.6
Total Lease Payments	\$	7.6
Imputed Interest		(1.9)
Present Value of Lease Payments		5.7
Less Current Portion*		(0.7)
Non-Current Lease Liability	\$	5.0

* Included in Other Current Liabilities

Construction – The Company has projected to spend approximately \$134 million in 2021, \$97 million in 2022 and \$83 million in 2023 on its construction program. The Company has entered into several contractual construction agreements that in total obligate it to expend an estimated \$19 million in the future. The actual amount and timing of capital expenditures is dependent on the need for replacement of existing infrastructure, customer growth, residential new home construction and sales, project scheduling and continued refinement of project scope and costs and could be impacted if the effects of the COVID-19 pandemic continue for an extended period of time (for further discussion of the impact of COVID-19 on the Company, see *Note 1(s) COVID-19*). There is no assurance that projected customer growth and residential new home construction and sales will occur.

Contingencies – Based on our operations in the heavily-regulated water and wastewater industries, the Company is routinely involved in disputes, claims, lawsuits and other regulatory and legal matters, including responsibility for fines and penalties relative to regulatory compliance. At this time, Management does not believe the final resolution of any such matters, whether asserted or unasserted, will have a material adverse effect on the Company's financial position, results of operations or cash flows. In addition, the Company maintains business insurance coverage that may mitigate the effect of any current or future loss contingencies.

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

Note 5 - Short-term Borrowings

Information regarding the Company's short-term borrowings for the years ended December 31, 2020 and 2019 is summarized below:

	(Millions of Dollars)		
	2020		2019
Average Amount Outstanding	\$	28.3	\$ 52.4
Weighted Average Interest Rate		1.55%	3.33%
Notes Payable at Year-End	\$	2.0	\$ 20.0
Weighted Average Interest Rate at Year-End		1.04%	2.86%

The Company maintained lines of credit aggregating \$140.0 million at December 31, 2020 and 2019.

	(Millions)			Credit Type	Line of Credit Renewal Date
	As of December 31, 2020				
	Outstanding	Available	Maximum		
Bank of America	\$ -	\$ 60.0	\$ 60.0	Uncommitted	January 28, 2021
PNC Bank	2.0	66.0	68.0	Committed	January 31, 2022
CoBank	-	12.0	12.0	Committed	November 30, 2023
	<u>\$ 2.0</u>	<u>\$ 138.0</u>	<u>\$ 140.0</u>		

The Company's Bank of America line of credit was renewed on January 28, 2021 and reduced to \$30.0 million, reducing the Company's total available lines of credit to \$110.0 million. The Bank of America line of credit is renewed on an annual basis.

The maturity dates for the Notes Payable as of December 31, 2020 are in January 2021 and are extendable at the discretion of the Company.

The interest rates for borrowings under the lines of credit are set using the London InterBank Offered Rate (LIBOR) and adding a credit spread, which varies by financial institution. There is no requirement for a compensating balance under any of the established lines of credit.

Note 6 - Capitalization

All the transactions discussed below related to the issuance of securities were approved by either the NJBPU or DEPSC, except where otherwise noted.

Common Stock

In November 2019, the Company sold and issued 0.8 million shares of common stock in a public offering priced at \$60.50 per share. The net proceeds of \$43.7 million were used for general corporate purposes including repayment of a portion of the Company's short-term debt.

The Company issues shares of its common stock in connection with its Middlesex Water Company Investment Plan (the Investment Plan), a direct share purchase and dividend reinvestment plan for the Company's common stock. The Company raised approximately \$1.2 million under the Investment Plan during 2020. Since the inception of the Investment Plan and its predecessor plan, the Company has periodically replenished the level of authorized shares in the plans. Currently, there remains 0.4 million shares registered with the SEC for the Investment Plan and available for potential issuance to participants. In 2019, the Company raised approximately \$12.7 million primarily through a limited duration six-month share purchase discount feature of the Investment Plan. The 0.2 million share purchase limit was reached and the discount offer ceased prior to the original ending date.

The Company issues common shares under a restricted stock plan for certain management employees, which is described in Note 7 – *Employee Benefit Plans*.

The Company maintains a stock plan for its outside directors (the Outside Director Stock Compensation Plan) as a component of Director compensation. For the years ended December 31, 2020, 2019 and 2018, 4,074, 3,521 and 4,004 shares, respectively, of Middlesex common stock were granted and issued to the Company's outside directors under the Outside Director Stock Compensation Plan and 52,569 shares remain available for future awards. The maximum number of shares authorized for grant under the Outside Director Stock Compensation Plan is 100,000.

In the event dividends on the preferred stock are in arrears, no dividends may be declared or paid on the common stock of the Company.

Preferred Stock

At December 31, 2020 and 2019, there were 120,000 shares of preferred stock authorized and less than 31,000 shares of preferred stock outstanding. There were no preferred stock dividends in arrears.

The Company may not pay any dividends on its common stock unless full cumulative dividends to the preceding dividend date for all outstanding shares of preferred stock have been paid or set aside for payment. If four or more quarterly dividends are in arrears, the preferred shareholders, as a class, are entitled to elect two members to the Board of Directors in addition to Directors elected by holders of the common stock. In addition, if Middlesex were to liquidate, holders of preferred stock would be paid back the stated value of their preferred shares before any distributions could be made to common stockholders.

The conversion feature of the no par \$7.00 Series Cumulative and Convertible Preferred Stock allows the security holders to exchange one convertible preferred share for twelve shares of the Company's common stock. In addition, the Company may redeem up to 10% of the outstanding convertible stock in any calendar year at a price equal to the fair value of twelve shares of the Company's common stock for each share of convertible stock redeemed.

In 2019, all remaining outstanding no par \$8.00 Series Cumulative and Convertible Preferred Stock were converted into the Company's common stock.

Long-term Debt

Subject to regulatory approval, the Company periodically issues long-term debt to fund its investments in utility plant. To the extent possible, the Company finances qualifying capital projects under State Revolving Fund (SRF) loan programs in New Jersey and Delaware. These government programs provide financing at interest rates that are typically below rates available in the broader financial markets. A portion of the borrowings under the New Jersey SRF is interest-free. Under the New Jersey SRF program, borrowers first enter into a construction loan agreement with the New Jersey Infrastructure Bank (NJIB) at a below market interest rate. The interest rate on the Company's current construction loan borrowings is zero percent (0%). When construction on the qualifying project is substantially complete, NJIB will coordinate the conversion of the construction loan into a long-term securitized loan with a portion of the principal balance having a stated interest rate of zero percent (0%) and a portion of the principal balance at a market interest rate at the time of closing using the credit rating of the State of New Jersey. The term of the long-term loans currently offered through the NJIB is up to thirty years.

The NJIB generally schedules its long-term debt financings in May and November. Middlesex currently has two projects that are in the construction loan phase of the New Jersey SRF program as follows:

- 1) In April 2018, the NJBPU approved Middlesex's request to participate in the NJIB loan program to fund the construction of a 4.5 mile large-diameter transmission pipeline from the Carl J. Olsen water treatment plant in Edison, New Jersey and interconnect with our distribution system. Middlesex closed on a \$43.5 million NJIB interest-free construction loan in August 2018. Through December 31, 2020, Middlesex has drawn a total of \$41.9 million and expects to draw any remaining funding requests on this construction loan in the first quarter of 2021.
- 2) In March 2018, the NJBPU approved Middlesex's request to participate in the NJIB loan program to fund the 2018 RENEW Program, which is an ongoing initiative to eliminate unlined water distribution mains in the Middlesex system. Middlesex closed on an \$8.7 million NJIB construction loan in September 2018 and completed withdrawal of the proceeds in October 2019.

The Company expects that the large-diameter transmission pipeline and the 2018 RENEW construction loans will be included in the NJIB May 2021 long-term debt financing program.

In September 2018, the NJIB announced changes to the SRF program for project funding priority ranking, the proportions of interest free loans and market interest rate loans and overall loan limits on interest free loan balances to investor-owned water utilities. These changes affect SRF projects for which the construction loan closes after September 2018. Under the new guidelines, the principal balance having a stated interest rate of zero percent (0%) is 25% of the loan balance with the remaining portion of 75% having a market based interest rate. This is limited to the first \$10.0 million of the loan. Loan amounts above \$10.0 million do not participate in the 0% rate program, but do participate at the market based interest rate. As a result of all these changes, the Company's future capital funding plan currently does not include participating in the NJIB SRF program.

In May 2020, Middlesex received approval from the NJBPU to borrow up to \$100 million, in one or more private placement transactions through December 31, 2023 to help fund Middlesex's multi-year capital construction program. In November 2020, Middlesex closed on a \$40.0 million private placement loan with a payment maturity date of November 2050 and an interest rate of 2.90% by issuing First Mortgage Bonds (FMBs) designated as Series 2020A. Proceeds from this loan were used to reduce the Company's existing short-term borrowings under its lines of credit and to fund the 2020 capital program.

In order to help ensure adherence to its comprehensive financing plan, Middlesex received approval from the NJBPU in February 2019 to issue and sell up to \$140 million of FMBs through the NJEDA in one or more transactions through December 31, 2022. Because the interest paid to the bondholders is exempt from federal and New Jersey income taxes, the interest rate on debt issued through the NJEDA is generally lower than otherwise achievable in the traditional taxable corporate bond market. However, the interest received by the bondholder is subject to the Alternative Minimum Tax.

In August 2019, Middlesex priced and closed on a NJEDA debt financing transaction of \$53.7 million by issuing FMBs designated as Series 2019A (\$32.5 million at coupon interest rate of 4.0%) and Series 2019B (\$21.2 million at coupon interest rate of 5.0%). The proceeds, including an issuance premium of \$7.1 million, are being used to finance several projects under the Water For Tomorrow capital program initiated by the Company to upgrade and replace aging water utility infrastructure. The total proceeds of \$60.8 million, initially recorded as Restricted Cash on the balance sheet, are held in escrow by a bond trustee and are drawn down by requisition for the qualifying projects. Through December 31, 2020, Middlesex has drawn a total of \$55.1 million and currently expects to draw the remaining \$5.7 million of proceeds, currently included in Restricted Cash, through the second quarter of 2021.

In March 2018, the DEPSC approved Tidewater's request to borrow up to \$0.9 million under the Delaware SRF program to fund the replacement of an entire water distribution system of a small Delaware community. Tidewater closed on the SRF loan in May 2018. In April 2019, Tidewater received approval from the DEPSC to increase the borrowing to \$1.7 million based on revised project cost estimates. Tidewater closed on the additional SRF loan in October 2019 and completed withdrawal of the proceeds in April 2020.

FMB Series RR, SS, 2019A, 2019B and 2020A are term bonds with single maturity dates subsequent to 2025. The aggregate annual principal repayment obligations for all long-term debt over the next five years are shown below:

	(Millions of Dollars)
Year	Annual Maturities
2021	\$ 7.3
2022	\$ 6.7
2023	\$ 16.1
2024	\$ 6.0
2025	\$ 5.6

The weighted average interest rate on all long-term debt at December 31, 2020 and 2019 was 3.02% and 3.17%, respectively. Except for the FMB Series 2020A (\$40.0 million) and Amortizing Secured Notes (\$30.6 million), all of the Company's outstanding long-term debt has been issued through the NJEDA (\$109.1 million), the NJIB SRF program (\$89.1 million) and the Delaware SRF program (\$8.4 million).

Substantially all of the utility plant of the Company is subject to the lien of its mortgage, which includes debt service and capital ratio covenants. The Company is in compliance with all of its mortgage covenants and restrictions.

Earnings Per Share

The following table presents the calculation of basic and diluted earnings per share (EPS) for the years ended December 31, 2020, 2019 and 2018. Basic EPS is computed on the basis of the weighted average number of shares outstanding. Diluted EPS assumes the conversion of both the Convertible Preferred Stock \$7.00 Series and \$8.00 Series (fully converted into common stock in September 2019).

	(In Thousands, Except Per Share Amounts)					
	2020		2019		2018	
Basic:	Income	Shares	Income	Shares	Income	Shares
Net Income	\$ 38,425	17,459	\$ 33,888	16,685	\$ 32,452	16,384
Preferred Dividend	(120)		(132)		(144)	
Earnings Applicable to Common						
Stock	\$ 38,305	17,459	\$ 33,756	16,685	\$ 32,308	16,384
Basic EPS	\$ 2.19		\$ 2.02		\$ 1.97	
Diluted:						
Earnings Applicable to Common						
Stock	\$ 38,305	17,459	\$ 33,756	16,685	\$ 32,308	16,384
\$7.00 Series Dividend	67	115	67	115	67	115
\$8.00 Series Dividend	-	-	12	29	24	41
Adjusted Earnings Applicable to						
Common Stock	\$ 38,372	17,574	\$ 33,835	16,829	\$ 32,399	16,540
Diluted EPS	\$ 2.18		\$ 2.01		\$ 1.96	

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 consolidated balance sheets for cash and cash equivalents, accounts receivable, 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 State Revolving Fund 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:

	(Thousands of Dollars)			
	At December 31,			
	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Bonds	\$ 147,667	\$ 159,195	\$ 151,361	\$ 160,772

For other long-term debt issuances for which there is 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 of long-term debt described as "Amortizing Secured Note", "State Revolving Trust Note", "Construction Loans" and "Series 2020A" on the Consolidated Statements of Capital Stock and Long-Term Debt. The carrying amount of these instruments was \$129.6 million and \$83.0 million at December 31, 2020 and 2019, respectively. Customer advances for construction have carrying amounts of \$23.4 million and \$23.9 million at December 31, 2020 and 2019, 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 7 - 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 can participate in a defined contribution profit sharing plan that provides an annual contribution at the discretion of the Company, based upon a percentage of the participants' annual paid compensation. In order to be eligible for contribution, the eligible employee must be employed by the Company on December 31st of the year to which the contribution relates. The Company maintains an unfunded supplemental plan for a limited number of its executive officers. The Accumulated Benefit Obligation for the Company's Pension Plan at December 31, 2020 and 2019 was \$101.7 million and \$87.6 million, respectively.

Other Benefits

The Company's 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. Accrued retirement benefit costs are recorded each year.

Regulatory Treatment of Over/Underfunded Retirement Obligations

Because the Company is subject to regulation in the states in which it operates, it is required to maintain its accounts in accordance with the regulatory authority's rules and guidelines, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance of ASC 980, *Regulated Operations*. Based on prior regulatory practice, and in accordance with the guidance in ASC 980, *Regulated Operations*, the Company records underfunded Pension Plan and Other Benefits Plan obligation costs, which otherwise would be recognized in Other Comprehensive Income under ASC 715, *Compensation – Retirement Benefits*, as a Regulatory Asset, and expects to recover those costs in rates charged to customers.

The Company uses a December 31 measurement date for all of its employee benefit plans. The tables below set forth information relating to the Company's Pension Plan and Other Benefits Plan for 2020 and 2019.

	(Thousands of Dollars)			
	Pension Plan		Other Benefits Plan	
	December 31,			
	2020	2019	2020	2019
Change in Projected Benefit Obligation:				
Beginning Balance	\$ 100,891	\$ 83,927	\$ 55,166	\$ 48,474
Service Cost	2,434	2,171	993	839
Interest Cost	3,099	3,426	1,699	1,984
Actuarial (Gain) Loss	12,585	14,188	(4,279)	4,671
Benefits Paid	(3,148)	(2,821)	(803)	(802)
Ending Balance	\$ 115,861	\$ 100,891	\$ 52,776	\$ 55,166

	(Thousands of Dollars)			
	Pension Plan		Other Benefits Plan	
	December 31,			
	2020	2019	2020	2019
Change in Fair Value of Plan Assets:				
Beginning Balance	\$ 80,380	\$ 66,771	\$ 40,613	\$ 34,622
Actual Return on Plan Assets	8,289	12,753	3,988	5,192
Employer Contributions	3,400	3,677	1,094	1,601
Benefits Paid	(3,148)	(2,821)	(803)	(802)
Ending Balance	\$ 88,921	\$ 80,380	\$ 44,892	\$ 40,613
Funded Status	\$ (26,940)	\$ (20,511)	\$ (7,884)	\$ (14,553)

	(Thousands of Dollars)			
	Pension Plan		Other Benefits Plan	
	December 31,			
	2020	2019	2020	2019
Amounts Recognized in the Consolidated Balance Sheets consist of :				
Current Liability	\$ 398	\$ 393	\$ —	\$ —
Noncurrent Liability	26,542	20,118	7,884	14,553
Net Liability Recognized	\$ 26,940	\$ 20,511	\$ 7,884	\$ 14,553

	(Thousands of Dollars)					
	Pension Plan		Years Ended December 31,		Other Benefits Plan	
	2020	2019	2018	2020	2019	2018
Components of Net Periodic Benefit Cost						
Service Cost	\$ 2,434	\$ 2,171	\$ 2,426	\$ 993	\$ 839	\$ 1,135
Interest Cost	3,099	3,426	3,061	1,699	1,984	1,898
Expected Return on Plan Assets	(5,635)	(4,694)	(4,871)	(2,853)	(2,451)	(2,550)
Amortization of Net Actuarial Loss	2,059	1,618	1,658	1,352	1,319	1,787
Amortization of Prior Service Credit	—	—	—	—	—	(1,607)
Net Periodic Benefit Cost*	\$ 1,957	\$ 2,521	\$ 2,274	\$ 1,191	\$ 1,691	\$ 663

*Service cost is included in Operations and Maintenance expense on the consolidated statements of income; all other amounts are included in Other Income (Expense), net.

Amounts that are expected to be amortized from Regulatory Assets into Net Periodic Benefit Cost in 2021 are as follows:

	(Thousands of Dollars)	
	Pension Plan	Other Benefits Plan
Actuarial Loss	\$ 2,868	\$ 527

The discount rate and compensation increase rate for determining our postretirement benefit plans' benefit obligations and costs as of and for the years ended December 31, 2020, 2019 and 2018, respectively, are as follows:

Pension Plan Other Benefits Plan

	Pension Plan			Other Benefits Plan		
	2020	2019	2018	2020	2019	2018
Weighted Average Assumptions:						
Expected Return on Plan Assets	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Discount Rate for:						
Benefit Obligation	2.37%	3.12%	4.15%	2.37%	3.12%	4.15%
Benefit Cost	3.12%	4.15%	3.53%	3.12%	4.15%	3.53%
Compensation Increase for:						
Benefit Obligation	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Benefit Cost	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

The compensation increase assumption for the Other Benefits Plan is attributable to life insurance provided to qualifying employees upon their retirement. The insurance coverage will be determined based on the employee's base compensation as of their retirement date.

The Company utilizes the Society of Actuaries' mortality table (Pri-2012) (Mortality Improvement Scale MP2020 for the 2020 valuation).

For the 2020 valuation, costs and obligations for our Other Benefits Plan assumed a 7.5% annual rate of increase in the per capita cost of covered healthcare benefits in 2021 with the annual rate of increase declining 0.5% per year for 2022-2027, resulting in an annual rate of increase in the per capita cost of covered healthcare benefits of 4.5% by year 2027.

A one-percentage point change in assumed healthcare cost trend rates would have the following effects on the Other Benefits Plan:

	(Thousands of Dollars)	
	1 Percentage Point	
	Increase	Decrease
Effect on Current Year Service and Interest Costs	\$ 561	\$ (431)
Effect on Projected Benefit Obligation	\$ 8,845	\$ (6,941)

The following benefit payments, which reflect expected future service, are expected to be paid:

	(Thousands of Dollars)	
Year	Pension Plan	Other Benefits Plan
2021	\$ 3,373	\$ 1,245
2022	3,537	1,489
2023	3,819	1,585
2024	4,715	1,664
2025	5,137	1,755
2026-2030	26,787	9,671
Totals	\$ 47,368	\$ 17,409

Benefit Plans Assets

The allocation of plan assets at December 31, 2020 and 2019 by asset category is as follows:

Asset Category	Pension Plan			Other Benefits Plan		
	2020	2019	Target	2020	2019	Target
Equity Securities	60.6%	61.5%	55%	62.3%	60.0%	43%
Debt Securities	37.5%	36.5%	38%	31.0%	33.0%	50%
Cash	1.2%	0.5%	2%	6.7%	7.0%	2%
Real Estate/Commodities	0.7%	1.5%	5%	0.0%	0.0%	5%
Total	100.0%	100.0%		100.0%	100.0%	

Two outside investment firms each manage a portion of the Pension Plan asset portfolio. One of those investment firms also manages the Other Benefits Plan asset portfolio. Quarterly meetings are held between the Company's Pension Committee of the Board of Directors and the investment managers to review their performance and asset allocation. If the actual asset allocation is outside the targeted range, the Pension Committee reviews current market conditions and advice provided by the investment managers to determine the appropriateness of rebalancing the portfolio.

The objective of the Company is to maximize the long-term return on retirement plan assets, relative to a reasonable level of risk, maintain a diversified investment portfolio and maintain compliance with the Employee Retirement Income Security Act of 1974. The expected long-term rate of return is based on the various asset categories in which plan assets are invested and the current expectations and historical performance for these categories.

Equity securities include Middlesex common stock in the amounts of \$1.4 million (1.6% of total Pension Plan assets) and \$1.2 million (1.6% of total Pension Plan assets) as of December 31, 2020 and 2019, respectively.

Fair Value Measurements

Accounting guidance provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in accessible active markets.
- Level 2 – Inputs to the valuation methodology that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Certain investments in cash and cash equivalents, equity securities, and commodities are valued based on quoted market prices in active markets and are classified as Level 1 investments. Certain investments in cash and cash equivalents, equity securities and fixed income securities are valued using prices received from pricing vendors that utilize observable inputs and are therefore classified as Level 2 investments.

The following tables present Middlesex's Pension Plan assets measured and recorded at fair value within the fair value hierarchy:

(Thousands of Dollars) As of December 31, 2020				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 76,026	\$ —	\$ —	\$ 76,026
Money Market Funds	1,086	—	—	1,086
Common Equity Securities	11,809	—	—	11,809
Total Investments	<u>\$ 88,921</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 88,921</u>

(Thousands of Dollars) As of December 31, 2019				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 69,565	\$ —	\$ —	\$ 69,565
Money Market Funds	397	—	—	397
Common Equity Securities	10,418	—	—	10,418
Total Investments	<u>\$ 80,380</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 80,380</u>

The following tables present Middlesex's Other Benefits Plan assets measured and recorded at fair value within the fair value hierarchy:

(Thousands of Dollars) As of December 31, 2020				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 27,408	\$ —	\$ —	\$ 27,408
Money Market Funds	3,696	—	—	3,696
Agency/US/State/Municipal Debt	—	13,788	—	13,788
Total Investments	<u>\$ 31,104</u>	<u>\$ 13,788</u>	<u>\$ —</u>	<u>\$ 44,892</u>

(Thousands of Dollars) As of December 31, 2019				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 24,361	\$ —	\$ —	\$ 24,361
Money Market Funds	2,859	—	—	2,859
Agency/US/State/Municipal Debt	—	13,393	—	13,393
Total Investments	<u>\$ 27,220</u>	<u>\$ 13,393</u>	<u>\$ —</u>	<u>\$ 40,613</u>

Benefit Plans Contributions

For the Pension Plan, Middlesex made total cash contributions of \$3.4 million in 2020 and expects to make approximately \$3.4 million of cash contributions in 2021.

For the Other Benefits Plan, Middlesex made total cash contributions of \$1.1 million in 2020 and expects to make approximately \$0.8 million of cash contributions in 2021.

401(k) Plan

The Company maintains a 401(k) defined contribution plan, which covers substantially all employees with more than 1,000 hours of service. Under the terms of the Plan, the Company matches 100% of a participant's contributions, which do not exceed 1% of a participant's compensation, plus 50% of a participant's contributions exceeding 1%, but not more than 6%. The Company's matching contribution was \$0.7 million, \$0.7 million and \$0.6 million for the years ended December 31, 2020, 2019 and 2018, respectively.

For those employees hired after March 31, 2007, who are not eligible to participate in the Pension Plan, and who are still actively employed on December 31, 2020, the Company will fund a discretionary contribution of \$0.7 million which represents 5.0% of eligible 2020 compensation. For the years ended December 31, 2019 and 2018, the Company made discretionary contributions of \$0.7 million and \$0.6 million, respectively, for qualifying employees.

Stock-Based Compensation

The Company maintains a long-term incentive compensation plan where awards are made in the form of restricted common stock for certain management employees (the 2018 Restricted Stock Plan). Shares of restricted stock issued in connection with the 2018 Restricted Stock Plan are subject to forfeiture by the employee in the event of termination of employment for any reason within five years of the award other than as a result of retirement at normal retirement age, death, disability or change in control. The maximum number of shares authorized for grant under the 2018 Restricted Stock Plan is 300,000 shares, of which approximately 89% remain available for award.

The Company recognizes compensation expense at fair value for the 2018 Restricted Stock Plan awards in accordance with ASC 718, *Compensation – Stock Compensation*. Compensation expense is determined by the market value of the stock on the date of the award and is being amortized over the expected vesting period.

The following table presents awarded but not yet vested share information for the 2018 Restricted Stock Plan:

	Shares (thousands)	Unearned Compensation (thousands)	Weighted Average Grant Price
Balance, January 1, 2018	132	\$ 1,785	
Granted	22	827	\$ 36.53
Vested	(27)	—	
Forfeited	(2)	(18)	
Amortization of Compensation Expense	—	(956)	
Balance, December 31, 2018	125	\$ 1,638	
Granted	18	975	\$ 55.99
Vested	(28)	—	
Forfeited	(18)	—	
Amortization of Compensation Expense	—	(907)	
Balance, December 31, 2019	97	\$ 1,706	
Granted	16	982	\$ 60.12
Vested	(27)	—	
Amortization of Compensation Expense	—	(851)	
Balance, December 31, 2020	86	\$ 1,837	

The fair value of vested restricted shares was \$1.7 million as of both December 31, 2020 and 2019, respectively.

Note 8 - 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 the states of New Jersey, Delaware and Pennsylvania with respect to utility service 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.

(Thousands of Dollars)
Years Ended December 31,

Operations by Segments:	2020	2019	2018
Revenues:			
Regulated	\$ 129,851	\$ 123,078	\$ 121,901
Non – Regulated	12,545	12,177	16,778
Inter-segment Elimination	(804)	(657)	(602)
Consolidated Revenues	\$ 141,592	\$ 134,598	\$ 138,077
Operating Income:			
Regulated	\$ 34,043	\$ 31,805	\$ 34,127
Non – Regulated	3,377	3,715	3,015
Consolidated Operating Income	\$ 37,420	\$ 35,520	\$ 37,142
Depreciation:			
Regulated	\$ 18,264	\$ 16,481	\$ 14,846
Non – Regulated	208	235	191
Consolidated Depreciation	\$ 18,472	\$ 16,716	\$ 15,037
Other Income (Expense), Net:			
Regulated	\$ 4,605	\$ 3,018	\$ 3,284
Non – Regulated	130	(253)	119
Inter-segment Elimination	(356)	(273)	(411)
Consolidated Other Income (Expense), Net	\$ 4,379	\$ 2,492	\$ 2,992
Interest Charges:			
Regulated	\$ 7,780	\$ 7,456	\$ 7,060
Non – Regulated	70	81	109
Inter-segment Elimination	(357)	(273)	(411)
Consolidated Interest Charges	\$ 7,493	\$ 7,264	\$ 6,758
Income Taxes:			
Regulated	\$ (5,139)	\$ (4,317)	\$ (54)
Non – Regulated	1,020	1,177	978
Consolidated Income Taxes	\$ (4,119)	\$ (3,140)	\$ 924
Net Income:			
Regulated	\$ 35,951	\$ 31,602	\$ 30,405
Non – Regulated	2,474	2,286	2,047
Consolidated Net Income	\$ 38,425	\$ 33,888	\$ 32,452
Capital Expenditures:			
Regulated	\$ 105,091	\$ 88,858	\$ 71,493
Non – Regulated	528	267	601
Total Capital Expenditures	\$ 105,619	\$ 89,125	\$ 72,094

(Thousands of Dollars)

As of
December 31, 2020 As of
December 31, 2019

Assets:				
Regulated	\$	998,932	\$	910,081
Non – Regulated		8,289		9,686
Inter-segment Elimination		(30,751)		(9,889)
Consolidated Assets	\$	976,470	\$	909,878

Note 9 - Quarterly Data - Unaudited

Financial information for each quarter of 2020 and 2019 is as follows:

2020	1st		2nd		3rd		4th		Total	
Operating Revenues	\$	31,769	\$	35,277	\$	39,920	\$	34,626	\$	141,592
Operating Income		6,527		9,385		13,177		8,331		37,420
Net Income		7,668		9,713		12,737		8,307		38,425
Basic Earnings per Share	\$	0.44	\$	0.55	\$	0.73	\$	0.47	\$	2.19
Diluted Earnings per Share	\$	0.44	\$	0.55	\$	0.72	\$	0.47	\$	2.18
Common Dividend Per Share	\$	0.2563	\$	0.2563	\$	0.2563	\$	0.2725	\$	1.0414
High/Low Common Stock Price	\$	69.92/\$48.79	\$	72.41/\$53.70	\$	69.89/\$59.61	\$	76.08/\$61.81		

2019	1st		2nd		3rd		4th		Total	
Operating Revenues	\$	30,698	\$	33,393	\$	37,769	\$	32,738	\$	134,598
Operating Income		7,028		8,950		11,983		7,559		35,520
Net Income		6,552		8,146		11,119		8,071		33,888
Basic Earnings per Share	\$	0.40	\$	0.49	\$	0.67	\$	0.46	\$	2.02
Diluted Earnings per Share	\$	0.39	\$	0.49	\$	0.67	\$	0.46	\$	2.01
Common Dividend Per Share	\$	0.2400	\$	0.2400	\$	0.2400	\$	0.2563	\$	0.9763
High/Low Common Stock Price	\$	60.48/\$51.02	\$	63.68/\$52.51	\$	66.10/\$55.30	\$	67.69/\$58.75		

The information above, in the opinion of the Company, includes all adjustments consisting only of normal recurring accruals necessary for a fair presentation of such amounts. The business of the Company is subject to seasonal fluctuation with the peak period usually occurring during the summer months. The quarterly earnings per share amounts above may differ slightly from previous filings due to the effects of rounding.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES

(1) 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.

As required by Rule 13a-15 under 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 for the quarter ended December 31, 2020. Based upon that evaluation the Company's Chief Executive Officer and the Company's Chief Financial Officer concluded:

(a) Disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) No changes in internal control over financial reporting occurred during our most recent fiscal quarter that has materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Accordingly, management believes the consolidated financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

(2) Management's Report on Internal Control Over Financial Reporting

The management of Middlesex Water Company (Middlesex or the Company) is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13A-15(f) and 15d-15(f). Middlesex's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors of adequate preparation and fair presentation of the published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the adequacy of financial statement preparation and presentation. Middlesex's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013 framework). Based on our assessment, we believe that as of December 31, 2020, the Company's internal control over financial reporting is operating as designed and is effective based on those criteria.

Middlesex's independent registered public accounting firm has audited the effectiveness of our internal control over financial reporting as of December 31, 2020 as stated in their report which is included herein.

/s/ Dennis W. Doll

Dennis W. Doll
President and
Chief Executive Officer

/s/ A. Bruce O'Connor

A. Bruce O'Connor
Senior Vice President, Treasurer and
Chief Financial Officer

Iselin, New Jersey
February 25, 2021

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information with respect to Directors of Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2021 Annual Meeting of Stockholders and is incorporated herein by reference.

Information regarding the Executive Officers of Middlesex Water Company is included under Item 1. in Part I of this Annual Report.

ITEM 11. EXECUTIVE COMPENSATION.

This Information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2021 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2021 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2021 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2021 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

1. The following Financial Statements and Supplementary Data are included in Part II- Item 8. of this Annual Report:

Consolidated Balance Sheets at December 31, 2020 and 2019.

Consolidated Statements of Income for each of the three years in the period ended December 31, 2020.

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2020.

Consolidated Statements of Capital Stock and Long-term Debt as of December 31, 2020 and 2019.

Consolidated Statements of Common Stockholders' Equity for each of the three years in the period ended December 31, 2020.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedules

All Schedules are omitted because of the absence of the conditions under which they are required or because the required information is shown in the financial statements or notes thereto.

3. Exhibits

See Exhibit listing immediately following the signature page.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MIDDLESEX WATER COMPANY

By: /s/ Dennis W. Doll
Dennis W. Doll
President and Chief Executive Officer

Date: February 25, 2021

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 25, 2021.

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

By: /s/ Dennis W. Doll
Dennis W. Doll
Chairman of the Board, President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Joshua Bershad, M.D.
Joshua Bershad, M.D.
Director

By: /s/ James F. Cosgrove Jr.
James F. Cosgrove Jr.
Director

By: /s/ Kim C. Hanemann
Kim C. Hanemann
Director

By: /s/ Steven M. Klein
Steven M. Klein
Director

By: /s/ Amy B. Mansue
Amy B. Mansue
Director

By: /s/ Ann L. Noble
Ann L. Noble
Director

By: /s/ Walter G. Reinhard
Walter G. Reinhard
Director

EXHIBIT INDEX

Exhibits designated with an asterisk (*) are filed herewith. The exhibits not so designated have heretofore been filed with the Commission and are incorporated herein by reference to the documents indicated in the previous filing columns following the description of such exhibits. Exhibits designated with a dagger (†) are management contracts or compensatory plans.

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
3.1	The Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the Year ended December 31, 1998.		
3.2	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on June 20, 1997, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.		
3.3	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on May 27, 1998, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998.		
3.4	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on June 10, 1998, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998.		
3.5	Certificate of Correction of Middlesex Water Company filed with the State of New Jersey on April 30, 1999, filed as Exhibit 3.3 to the Company's Annual Report on Form 10-K/A-2 for the year ended December 31, 2003.		
3.6	Certificate of Amendment to the Restated Certificate of Incorporation of Middlesex Water Company, filed with the State of New Jersey on February 17, 2000, filed as Exhibit 3.4 to the Company's Annual Report on Form 10-K/A-2 for the year ended December 31, 2003.		
3.7	Certificate of Amendment to the Restated Certificate of Incorporation of Middlesex Water Company, filed with the State of New Jersey on June 5, 2002, filed as Exhibit 3.5 to the Company's Annual Report on Form 10-K/A-2 for the year ended December 31, 2003.		
3.8	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on June 19, 2007, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed April 30, 2010.		
3.9	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on September 4, 2019, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed September 6, 2019.		
3.10	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on September 19, 2019, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed September 23, 2019.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
3.11	By-laws of the Company, as amended, filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.		
3.12	Amendments to the by-laws of the Company, included as Exhibit 3(ii) to the Company's Current Report on Form 8-K dated November 22, 2017.		
4.1	Form of Common Stock Certificate.	2-55058	2(a)
10.1	Water Service Agreement, dated February 28, 2006, between the Company and Elizabethtown Water Company, filed as Exhibit 10 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.		
10.2	Mortgage, dated April 1, 1927, between the Company and Union County Trust Company, as Trustee, as supplemented by Supplemental Indentures, dated as of October 1, 1939 and April 1, 1949.	2-15795	4(a)-4(f)
10.3	Supplemental Indenture, dated as of July 1, 1964 and June 15, 1991, between the Company and Union County Trust Company, as Trustee.	33-54922	10.4-10.9
10.4	Agreement for a Supply of Water, dated as of July 27, 2011, between the Company and the Old Bridge Municipal Utilities Authority, filed as Exhibit No. 10.4 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.		
10.5	Water Supply Agreement, dated as of July 14, 1987, between the Company and the Marlboro Township Municipal Utilities Authority, as amended.	33-31476	10.13
10.6	Water Purchase Contract, dated as of September 25, 2003, between the Company and the New Jersey Water Supply Authority, filed as Exhibit No. 10.7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2003.		
10.7	Treatment and Pumping Agreement, dated October 1, 2014, between the Company and the Township of East Brunswick, filed as Exhibit No. 10.7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2016.		
10.8	Water Supply Agreement, dated June 4, 1990, between the Company and Edison Township.	33-54922	10.24
10.9	Agreement for a Supply of Water, dated January 1, 2006, between the Company and the Borough of Highland Park, filed as Exhibit No. 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.		
10.9(a)	Amendment to Agreement for a Supply of Water, dated as of December 1, 2015, between the Company and the Borough of Highland Park, filed as Exhibit No. 10.9(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2015.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
(t)10.10	Middlesex Water Company Supplemental Executive Retirement Plan, filed as Exhibit 10.13 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999.	333-156269	
(t)10.11(a)	Middlesex Water Company 2018 Restricted Stock Plan, filed as Appendix A to the Company's Definitive Proxy Statement, dated and filed April 12, 2018.	333-156269	
(t)10.11(b)	Registration Statement, Form S-8, under the Securities Act of 1933, filed December 18, 2008, relating to the Middlesex Water Company Outside Director Stock Compensation Stock Plan.	333-156269	
(t)10.12(a)	Change in Control Termination Agreement, dated as of January 1, 2009, between the Company and Dennis W. Doll, filed as Exhibit 10.13(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.	333-156269	
(t)10.12(b)	Change in Control Termination Agreement, dated as of January 1, 2009, between the Company and A. Bruce O'Connor, filed as Exhibit 10.13(b) of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.	333-156269	
(t)10.12(c)	Change in Control Termination Agreement, dated as of March 1, 2012, between the Company and Lorrie B. Ginegaw, filed as Exhibit 10.13(e) of the Company's Annual Report on Form 10-K for the year ended December 31, 2011.	333-156269	
(t)10.12(d)	Change in Control Termination Agreement, dated as of January 1, 2009, between the Company and Bernadette M. Sohler, filed as Exhibit 10.13(h) of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.	333-156269	
(t)10.12(e)	Change in Control Termination Agreement, dated as of March 17, 2014, between the Company and Jay L. Kooper, filed as Exhibit 10.12(g) of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.	333-156269	
(t)10.12(f)	Change in Control Termination Agreement, dated as of July 1, 2019, between the Company and G. Christian Andreasen, filed as Exhibit 10.12(f) of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.	333-156269	
(t)10.12(g)	Change in Control Termination Agreement, dated as of July 1, 2019, between the Company and Robert K. Fullagar, filed as Exhibit 10.12(g) of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.	333-156269	
(t)10.12(h)	Change in Control Termination Agreement, dated as of July 1, 2019, between the Company and Georgia M. Simpson, filed as Exhibit 10.12(h) of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.	333-156269	
10.13	Transmission Agreement, dated October 16, 1992, between the Company and the Township of East Brunswick.	33-54922	10.23

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.13(a)	Amendment, dated November 28, 2016, to Transmission Agreement between the Company and the Township of East Brunswick, filed as Exhibit No. 10.13(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2016.		
10.14	Contract, dated August 20, 2018, between the City of Perth Amboy and Utility Service Affiliates (Perth Amboy), Inc., filed as Exhibit 10.16 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.		
10.15	Twenty-Seventh Supplemental Indenture, dated October 15, 2001, between the Company and First Union National Bank; Loan Agreement, dated November 1, 2001, between the State of New Jersey and the Company (Series BB), filed as Exhibit No. 10.22 of the Company's Annual Report on Form 10-K for the year ended December 31, 2001.		
10.16	Twenty-Seventh Supplemental Indenture, dated October 15, 2001, between the Company and First Union National Bank; Loan Agreement, dated November 1, 2001, between the New Jersey Environmental Infrastructure Trust and the Company (Series CC), filed as Exhibit No. 10.22 of the Company's Annual Report on Form 10-K for the year ended December 31, 2001.		
10.17	Thirtieth Supplemental Indenture, dated October 15, 2004, between the Company and Wachovia Bank, National Association; Loan Agreement, dated November 1, 2004, between the State of New Jersey and the Company (Series EE), filed as Exhibit No. 10.26 of the Company's for the year ended December 31, 2004.		
10.18	Thirty-First Supplemental Indenture, dated October 15, 2004, between the Company and Wachovia Bank, National Association; Loan Agreement, dated November 1, 2004, between the New Jersey Environmental Infrastructure Trust and the Company (Series FF), filed as Exhibit No. 10.27 of the Company's Annual Report on Form 10-K for the year ended December 31, 2004.		
10.19	Promissory Note and Supplement, dated October 15, 2014, between Tidewater Utilities, Inc. and CoBank, ACB; Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement, effective October 15, 2014, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.23 of the Company's Annual Report on Form 10-K for the year ended December 31, 2014.		
10.20	Agreement for a Supply of Water, dated April 1, 2006, between the Company and the City of Rahway, filed as Exhibit No. 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.21	Loan Agreement, dated November 1, 2006, between the State of New Jersey and the Company (Series GG), filed as Exhibit No. 10.30 of the Company's Annual Report on Form 10-K for the year ended December 31, 2006.		
10.22	Loan Agreement, dated November 1, 2006, between the New Jersey Environmental Infrastructure Trust and the Company (Series HH), filed as Exhibit No. 10.31 of the Company's Annual Report on Form 10-K for the year ended December 31, 2006.		
10.23	Loan Agreement, dated November 1, 2007, between New Jersey Environmental Infrastructure Trust and the Company (Series II), filed as Exhibit No. 10.32 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007.		
10.24	Loan Agreement, dated November 1, 2007, between the State of New Jersey and the Company (Series JJ), filed as Exhibit 10.33 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007.		
10.25	Loan Agreement, dated November 1, 2008, between New Jersey Environmental Infrastructure Trust and the Company dated as of (Series KK), filed as Exhibit 10.34 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.		
10.26	Loan Agreement, dated November 1, 2008, between the State of New Jersey and the Company (Series LL), filed as Exhibit 10.35 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.		
10.27	Prospectus Supplement, filed September 6, 2019, relating to the Middlesex Water Company Investment Plan.	333-233649	
10.28	Amended and Restated Line of Credit Note, dated October 22, 2019, between the Company, Pinelands Wastewater Company, Tidewater Environmental Services, Inc., Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and While Marsh Environmental Systems, Inc., and PNC Bank, N.A., filed as Exhibit 10.32 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.		
10.29(a)	Amendment to the Amended and Restated Line of Credit Note, both dated October 22, 2019, between the Company, Pinelands Wastewater Company, Tidewater Environmental Services, Inc., Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and While Marsh Environmental Systems, Inc., and PNC Bank, N.A., filed as Exhibit 10.32(a) of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.		

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Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.29(b)	Renewal of Expiration Date of Amended and Restated Line of Credit Note between the Company, Pinelands Wastewater Company, Tidewater Environmental Services, Inc., Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and White Marsh Environmental Systems, Inc., and PNC Bank, N.A., filed as Exhibit 10.32(b) of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.		
*10.30	Uncommitted Line of Credit, dated January 28, 2021, between the Company, Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates, Inc., Utility Service Affiliates (Perth Amboy) Inc., Tidewater Environmental Services, Inc., and Bank of America, N.A.		
10.31	Fourth Amendment to Promissory Note and Supplement, dated as of August 19, 2020, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.34 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.		
10.32	Loan Agreement, dated December 1, 2010, between the State of New Jersey and the Company (Series MM), filed as Exhibit 10.41 of the Company's Annual Report on Form 10-K for the year ended December 31, 2010.		
10.33	Loan Agreement, dated December 1, 2010, between New Jersey Environmental Infrastructure Trust and the Company (Series NN), filed as Exhibit 10.42 of the Company's Annual Report on Form 10-K for the year ended December 31, 2010.		
10.34	Loan Agreement, dated May 1, 2012, between the State of New Jersey and the Company, (Series OO), filed as Exhibit 10.43 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.		
10.35	Loan Agreement, dated May 1, 2012, between New Jersey Environmental Infrastructure Trust and the Company (Series PP), filed as Exhibit 10.44 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.		
10.36	Loan Agreement, dated November 1, 2012, between the New Jersey Economic Development Authority and the Company (Series QQ, RR & SS), filed as Exhibit 10.41 of the Company's Annual Report on Form 10-K for the year ended December 31, 2012.		
10.37	Loan Agreement, dated May 1, 2013, between the State of New Jersey and the Company (Series TT), filed as Exhibit 10.42 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.		

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Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.38	Loan Agreement, dated May 1, 2013, between New Jersey Environmental Infrastructure Trust and the Company (Series UU), filed as Exhibit 10.43 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.		
10.39	Loan Agreement, dated May 1, 2014, between New Jersey Environmental Infrastructure Trust and the Company (Series VV), filed as Exhibit 10.43 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.		
10.40	Loan Agreement, dated May 1, 2014, between New Jersey Environmental Infrastructure Trust and the Company (Series WW), filed as Exhibit 10.44 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.		
10.41	Loan Agreement, dated November 1, 2017, between New Jersey Environmental Infrastructure Trust and the Company (Series XX), filed as Exhibit 10.44 of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.		
10.42	Loan Agreement, dated November 1, 2017, between New Jersey Environmental Infrastructure Trust and the Company (Series YY), filed as Exhibit 10.45 of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.		
10.43	Loan Agreement, dated May 1, 2018, between New Jersey Environmental Infrastructure Trust and the Company (Series 2018A), filed as Exhibit 10.46 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.		
10.44	Loan Agreement, dated May 1, 2018, between New Jersey Environmental Infrastructure Trust and the Company (Series 2018B), filed as Exhibit 10.47 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.		
10.45	Middlesex Water Company Note Relating To: The Construction Financing Loan Program of the New Jersey Infrastructure Bank f/k/a New Jersey Environmental Infrastructure Trust, dated August 1, 2018, filed as Exhibit 10.48 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.		
10.46	Middlesex Water Company Note Relating To: The Construction Financing Loan Program of the New Jersey Infrastructure Bank f/k/a New Jersey Environmental Infrastructure Trust, dated September 12, 2018, filed as Exhibit 10.49 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.		
10.47	Loan Agreement, dated August 1, 2019, between New Jersey Economic Development Authority and the Company, filed as Exhibit 10.50 to the Company's Current Report on Form 8-K filed September 6, 2019.		

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Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
*10.48	Loan Agreement, dated November 16, 2020, between New York Life Insurance Company and the Company.		
*21	Middlesex Water Company Subsidiaries.		
*23.1	Consent of Independent Registered Public Accounting Firm, Baker Tilly US, LLP.		
*31	Section 302 Certification by Dennis W. Doll pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.		
*31.1	Section 302 Certification by A. Bruce O'Connor pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.		
*32	Section 906 Certification by Dennis W. Doll pursuant to 18 U.S.C. §1350.		
*32.1	Section 906 Certification by A. Bruce O'Connor pursuant to 18 U.S.C. §1350.		
101.INS*	XBRL Instance Document– the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.		
101.SCH*	Inline XBRL Taxonomy Extension Schema Document		
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document		



UNCOMMITTED LOAN AGREEMENT

This Uncommitted Loan Agreement dated as of January 28, 2021, is among Bank of America N.A., a national banking association (the "Bank"), Middlesex Water Company, a New Jersey corporation, 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 (individually and collectively, the "Borrower").

1. DEFINITIONS

In addition to the terms which are defined elsewhere in this Agreement, the following terms have the meanings indicated for the purposes of this Agreement:

- 1.1 "Beneficial Ownership Certification" means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.
 - 1.2 "Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.
 - 1.3 "Event" means any event or circumstance which with notice or lapse of time or both would become a Specified Event.
 - 1.4 "Guarantor" means any person, if any, providing a guaranty with respect to the obligations hereunder.
 - 1.5 "Material Adverse Change" means (i) a material adverse change in, or a material adverse effect upon, the operations, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Borrower or of the Borrower and its subsidiaries taken as a whole, (ii) a material impairment of the ability of the Borrower to perform its obligations under this Agreement or any related loan documents or material impairment of any Obligor's ability to perform its obligations under this Agreement or any related loan documents to which it is a party, or (iii) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower or any Obligor of this Agreement or any related loan documents.
 - 1.6 "Obligor" means any Borrower and/or Guarantor, or if the Borrower is comprised of the trustees of a trust, any trustor.
 - 1.7 "Related Party" means each of the Obligors and their respective subsidiaries.
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1.8 Specified Events. A Specified Event shall occur when an Acceleration Event occurs or any of the following Specified Events shall occur:

- (a) The Borrower fails to make a payment under this Agreement when due.
- (b) (i) Any default occurs under any other document executed or delivered in connection with this Agreement, including without limitation, any note, guaranty, subordination agreement, mortgage or other collateral agreement; (ii) any Obligor purports to revoke or disavow any guaranty or collateral agreement provided in connection with this Agreement; (iii) any representation or warranty made by any Obligor is false when made or deemed to be made; or (iv) any default occurs under any other agreement the Borrower (or any Obligor) has with the Bank or any affiliate of the Bank.
- (c) Any default occurs under any agreement or instrument in connection with any credit any Obligor or any of the Borrower's related entities or affiliates has obtained from anyone else or which any Obligor or any of the Borrower's related entities or affiliates has guaranteed having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangements) in excess of \$10,000,000.
- (d) The Borrower or any other Obligor has given the Bank false or misleading information or representations.
- (e) Any judgments or arbitration awards are entered against any Obligor in an aggregate amount of One Million Dollars (\$1,000,000) or more in excess of any insurance coverage.
- (f) A Material Adverse Change occurs, or is reasonably likely to occur, in any Obligor's business condition (financial or otherwise), operations or properties, or ability to repay its obligations as contemplated hereunder or under any document executed in connection with this Agreement.
- (g) Any Obligor fails to perform, or comply with, any obligation, agreement or other provision contained in this Agreement (other than those specifically described as Specified Event in this Article).
- (h) Any government authority takes action that the Bank believes materially adversely affects any Obligor's financial condition or ability to repay.

- (i) A reportable event occurs under Section 4043(c) of ERISA, or any Plan termination (or commencement of proceedings to terminate a Plan) or the full or partial withdrawal from a Plan under Section 4041 or 4042 of ERISA occurs; provided such event or events could reasonably be expected, in the judgment of the Bank, to have a material adverse effect.
- (j) A judicial or nonjudicial forfeiture or seizure proceeding is commenced by a government authority and remains pending with respect to any property of Borrower or any part thereof, on the grounds that the property or any part thereof had been used to commit or facilitate the commission of a criminal offense by any person, including any tenant, pursuant to any law, including under the Controlled Substances Act or the Civil Asset Forfeiture Reform Act, regardless of whether or not the property shall become subject to forfeiture or seizure in connection therewith.

2. UNCOMMITTED line of credit amount and terms

2.1 Uncommitted Line of Credit Amount.

- (a) During the availability period described below, the Bank may, in its sole and absolute discretion, provide one or more loans ("Loans") under an uncommitted line of credit to the Borrower (this "Uncommitted Line of Credit"). The amount of this Uncommitted Line of Credit shall be no more than Thirty Million Dollars (\$30,000,000) (the "Facility Limit").
- (b) This Uncommitted Line of Credit is an uncommitted revolving line of credit, and each Loan or other extension of credit issued hereunder shall be made at the sole and absolute discretion of the Bank. During the availability period, the Borrower may repay principal amounts and, to the extent agreed to by the Bank in its sole and absolute discretion, reborrow them. The Borrower agrees not to permit the principal balance outstanding under this Uncommitted Line of Credit to exceed the Facility Limit. If the Borrower exceeds this limit, the Borrower will immediately pay the excess to the Bank. **THE BORROWER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT IS NOT A CONTRACTUAL COMMITMENT BY THE BANK TO MAKE ANY LOANS OR EXTEND ANY CREDIT TO THE BORROWER UNDER THIS UNCOMMITTED LINE OF CREDIT OR OTHERWISE. THE BANK MAY AT ANY TIME, WITHOUT PREJUDICING ITS RIGHTS, DEMAND PAYMENT OF ANY OR ALL LOANS MADE UNDER THIS UNCOMMITTED LINE OF CREDIT, REDUCE THE FACILITY LIMIT AND/OR TERMINATE THIS UNCOMMITTED LINE OF CREDIT AS TO ANY FUTURE ADVANCES OR EXTENSIONS OF CREDIT WITH OR WITHOUT NOTICE. THE BORROWER FURTHER AGREES THAT NO PAYMENT OF ANY FEE TO THE BANK, NO CONDUCT OR COURSE OF DEALING BETWEEN THE BANK AND THE BORROWER, PAST OR FUTURE, AND NO WRITTEN OR ORAL**

STATEMENT, PROMISE OR REPRESENTATION BY ANY OFFICER OR EMPLOYEE OF THE BANK (INCLUDING, WITHOUT LIMITATION, TO MAKE ANY LOAN OR OTHER EXTENSION OF CREDIT) SHALL LIMIT THE BANK'S RIGHT TO DECLINE TO MAKE ANY SUCH LOAN OR SUCH EXTENSION OF CREDIT AT ANY TIME PRIOR TO THE MAKING THEREOF OR TO DEMAND SUCH PAYMENT AT ANY TIME. TO THE EXTENT ANY LOANS OR OTHER EXTENSIONS OF CREDIT ARE MADE HEREUNDER, SUCH LOANS AND EXTENSIONS OF CREDIT SHALL BE GOVERNED BY THE TERMS OF THIS AGREEMENT.

2.2 Availability Period. The Borrower agrees to pay (a) all outstanding amounts owing under each Loan (including principal, interest or other charges outstanding with respect to such Loan) on the earlier of (i) the maturity date for such Loan as agreed to by the Bank, which, if not specified by the Bank, shall be the Facility Expiration Date (defined below) and (ii) the date on which the Bank makes demand therefor (each such date, a "Loan Maturity Date") and (b) all outstanding amounts owing under this Uncommitted Line of Credit (including principal, interest or other charges outstanding) on the earlier of (i) the date on which the Bank makes demand therefor, and (ii) January 27, 2022 (such date, the "Facility Expiration Date"; the period from the date hereof through the Facility Expiration Date, the "availability period").

2.3 Repayment Terms.

- (a) The Borrower will pay interest on any LIBOR Daily Floating Rate Loan on the first banking day of each month until payment in full of all principal outstanding under this facility. The Borrower will pay interest on any LIBOR Rate Loan at the end of the applicable interest period; provided that no interest period shall expire later than the Loan Maturity Date for the applicable Loan; provided further that if any applicable interest period exceeds three (3) months, the applicable interest must be paid at the end of the third month of such interest period as well as at the end of the applicable interest period. The amount of each interest payment shall be the amount of accrued interest on the Uncommitted Line of Credit as of the interest payment date or such earlier accrual date as indicated on the billing statement for such interest payment.
- (b) Accrued and unpaid interest on each Loan shall be due and payable by the Borrower on the date that such Loan is payable.
- (c) The Borrower will repay in full all principal, interest or other charges outstanding with respect to each Loan no later than the applicable Loan Maturity Date for such Loan and will repay in full all principal, interest or other charges outstanding under this Agreement no later than the Facility Expiration Date.
- (d) The Borrower may prepay the Uncommitted Line of Credit in full or in part at any time, together with any amounts payable under Section 2.4(d). The prepayment will be applied to the most remote payment of principal due under this Agreement.

2.4 Interest Rate.

- (a) Each Loan shall, if agreed to by the Bank, be a LIBOR Daily Floating Rate Loan, a LIBOR Rate Loan or shall bear interest at the rate agreed to by the Bank and the Borrower at the time such Loan is made.
- (b) A "LIBOR Daily Floating Rate Loan" is a loan that bears interest equal to the LIBOR Daily Floating Rate plus 1.25 percentage points. The "LIBOR Daily Floating Rate" is a fluctuating rate of interest which can change on each banking day. The rate will be adjusted on each banking day to equal the London Interbank Offered Rate (or a comparable or successor rate which is approved by the Bank) for U.S. Dollar deposits for delivery on the date in question for a one month term beginning on that date. The Bank will use the London Interbank Offered Rate as published by Bloomberg (or other commercially available source providing quotations of such rate as selected by the Bank from time to time) as determined at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question, as adjusted from time to time in the Bank's sole and absolute discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate will be determined by such alternate method as reasonably selected by the Bank. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars. If at any time the LIBOR Daily Floating Rate is less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.
- (c) A "LIBOR Rate Loan" is a Loan that bears interest equal to the LIBOR Rate plus 1.25 percentage points. No more than ten (10) LIBOR Rate Loans may be outstanding at any one time.

The "LIBOR Rate" means the interest rate determined by the following formula. (All amounts in the calculation will be determined by the Bank as of the first day of the interest period.)

$$\text{LIBOR Rate} = \frac{\text{LIBOR}}{(1.00 - \text{Reserve Percentage})}$$

Where,

- (i) "LIBOR" means, for any applicable interest period agreed to by the Bank, the rate per annum equal to the London Interbank Offered Rate (or a comparable or successor rate which is approved by the Bank), as published by Bloomberg (or other commercially available source providing quotations of such rate as selected by the Bank from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the interest period, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a term equivalent to such interest period. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as selected by the Bank in its sole and absolute discretion. A "London Banking Day" is a day on which the Bank and

banks in London are open for business and dealing in offshore dollars. If at any time LIBOR is less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

- (ii) "Reserve Percentage" means the total of the maximum reserve percentages for determining the reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency Liabilities, as defined in Federal Reserve Board Regulation D, rounded upward to the nearest 1/100 of one percent. The percentage will be expressed as a decimal, and will include, but not be limited to, marginal, emergency, supplemental, special, and other reserve percentages.
- (d) The election of LIBOR Rates shall be subject to the following terms and requirements: The interest period during which the LIBOR Rate will be in effect will be one (1), two (2) or three (3) months, as agreed to by the Bank in its sole and absolute discretion. The first day of the interest period must be a day other than a Saturday or a Sunday on which banks are open for business in New York and London and dealing in offshore dollars (a "LIBOR Banking Day"). The last day of the interest period and the actual number of days during the interest period will be determined by the Bank using the practices of the London inter-bank market (as determined by the Bank in its sole and absolute discretion). The Borrower shall irrevocably request a LIBOR Rate Loan no later than 12:00 noon Eastern time on the LIBOR Banking Day preceding the day on which the London Inter-Bank Offered Rate will be set, as specified above. For example, if there are no intervening holidays or weekend days in any of the relevant locations, the request must be made at least three days before the LIBOR Rate takes effect. Each prepayment of a LIBOR Rate Loan, whether voluntary, upon the Bank's demand, by reason of acceleration, maturity or otherwise, will be accompanied by the amount of accrued interest on the amount prepaid and a prepayment fee as described below. A "prepayment" is a payment of an amount on a date earlier than the scheduled payment date for such amount as required by this Agreement. The prepayment fee shall be in an amount sufficient to compensate the Bank for any loss, cost or expense incurred by it as a result of the prepayment, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Portion or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by the Bank in connection with the foregoing. For purposes of this paragraph, the Bank shall be deemed to have funded such Portion by a matching deposit or other borrowing in the applicable interbank market, whether or not such Portion was in fact so funded.

3. LOAN ADMINISTRATION AND FEES

3.1 Collection of Payments; Payments Generally.

- (a) Payments will be made by debit to a deposit account, if direct debit is provided for in this Agreement or is otherwise authorized by the Borrower. For payments not made by direct debit, payments will be made by mail to the address shown on the Borrower's statement, or by such other method as may be permitted by the Bank.
- (b) Each disbursement by the Bank and each payment by the Borrower will be evidenced by records kept by the Bank which will, absent manifest error, be conclusively presumed to be correct and accurate and constitute an account stated between the Borrower and the Bank.
- (c) All payments to be made by the Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff.

3.2 Requests for Credit; Equal Access by all Borrowers. Each Borrower will be liable for all extensions of credit made under this Agreement to any other Borrower.

3.3 Borrower's Instructions. Subject to the terms, conditions and procedures stated elsewhere in this Agreement, the Bank may honor instructions for advances or repayments and any other instructions under this Agreement given by the Borrower (if an individual), or by any one of the individuals the Bank reasonably believes is authorized to sign loan agreements on behalf of the Borrower, or any other individual(s) designated by any one of such authorized signers (each an "Authorized Individual"). The Bank may honor any such instructions made by any one of the Authorized Individuals, whether such instructions are given in writing or by telephone, telefax or Internet and intranet websites designated by the Bank with respect to separate products or services offered by the Bank.

3.4 Direct Debit.

- (a) The Borrower agrees that on the due date of any amount due under this Agreement, the Bank will debit the amount due from deposit account number 3132020158 owned by Middlesex Water Company, or such other of the Borrower's accounts with the Bank as designated in writing by the Borrower (the "Designated Account"). Should there be insufficient funds in the Designated Account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by the Borrower.
- (b) The Borrower may terminate this direct debit arrangement at any time by sending written notice to the Bank at the address specified at the end of this Agreement.

3.5 Banking Days. Unless otherwise provided in this Agreement, a banking day is a day other than a Saturday, Sunday or other day on which commercial banks are authorized to close, or are in fact closed, in the state where the Bank's lending

office is located, and, if such day relates to amounts bearing interest at an offshore rate (if any), means any such day on which dealings in dollar deposits are conducted among banks in the offshore dollar interbank market. All payments and disbursements which would be due or which are received on a day which is not a banking day will be due or applied, as applicable, on the next banking day.

3.6 Additional Costs. The Borrower will pay the Bank, on demand, for the Bank's costs or losses arising from any Change in Law which are allocated to this Agreement or any credit outstanding under this Agreement. The allocation will be made as determined by the Bank in its sole and absolute discretion. The costs include, without limitation, the following:

- (a) any reserve or deposit requirements (excluding any reserve requirement already reflected in the calculation of the interest rate in this Agreement); and
- (b) any capital or liquidity requirements relating to the Bank's assets and commitments for credit.

"Change in Law" means the occurrence, after the date of this Agreement, of the adoption or taking effect of any new or changed law, rule, regulation or treaty, or the issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority; provided that (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives issued in connection with that Act, and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

3.7 Interest Calculation. All interest and fees, if any, will be computed on the basis of a 360-day year and the actual number of days elapsed. This results in more interest or a higher fee than if a 365-day year is used. Installments of principal which are not paid when due under this Agreement shall continue to bear interest until paid. To the extent that any calculation of interest or any fee required to be paid under this Agreement shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

3.8 Event Rate. Upon the occurrence of any Event or after maturity or after judgment has been rendered on any obligation under this Agreement, all amounts outstanding under this Agreement, including any unpaid interest, fees, or costs, will at the option of the Bank in its sole and absolute discretion bear interest at a rate which is 2.0 percentage points higher than the rate of interest otherwise provided under this Agreement. This may result in compounding of interest. This will not constitute a waiver of any Acceleration Event.

3.9 Taxes. If any payments to the Bank under this Agreement are made from outside the United States, the Borrower will not deduct any foreign taxes from any payments it makes to the Bank. If any such taxes are imposed on or with respect to any payments made by or on account of any obligation of the Borrower or any Guarantor (including payments under this paragraph), the Borrower will pay the taxes and will also pay to the Bank, at the time interest is paid, any additional amount which the Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such taxes had not been imposed. The Borrower will confirm that it has paid the taxes by giving the Bank official tax receipts (or notarized copies) within thirty (30) days after the due date.

4. CONDITIONS

Before extending any credit to the Borrower under this Agreement, the Borrower shall provide such documents and other items the Bank may require, in form and content acceptable to the Bank, including the items specifically listed below.

4.1 Authorizations. If the Borrower or any other Obligor is anything other than a natural person, evidence that the execution, delivery and performance by the Borrower and/or such Obligor of this Agreement and any instrument or agreement required under this Agreement have been duly authorized.

4.2 Governing Documents. If required by the Bank, a copy of the Borrower's organizational documents.

4.3 KYC Information.

(a) Upon the request of the Bank, the Borrower shall have provided to the Bank, and the Bank shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act.

(b) If the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, it shall have provided a Beneficial Ownership Certification to the Bank if so requested.

4.4 Payment of Fees. Payment of all fees, expenses and other amounts due and owing to the Bank. If any fee is not paid in cash, the Bank may, in its sole and absolute discretion, treat the fee as a principal advance under this Agreement or deduct the fee from the loan proceeds.

4.5 Good Standing. Certificates of good standing for the Borrower from its state of formation and from any other state in which the Borrower is required to qualify to conduct its business.

4.6 Legal Opinion. A written opinion from the Borrower's in-house legal counsel, covering such matters as the Bank may require. The legal counsel and the terms of the opinion must be acceptable to the Bank.

5. REPRESENTATIONS AND WARRANTIES

When the Borrower signs this Agreement, and until the Bank is repaid in full, the Borrower makes the following representations and warranties. Each request for an extension of credit constitutes a renewal of these representations and warranties as of the date of the request:

5.1 Formation. If the Borrower is anything other than a natural person, it is duly formed and existing under the laws of the state or other jurisdiction where organized.

5.2 Authorization. This Agreement, and any instrument or agreement required under this Agreement, are within the Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers.

5.3 Beneficial Ownership Certification. The information included in the Beneficial Ownership Certification most recently provided to the Bank, if applicable, is true and correct in all respects.

5.4 Good Standing. In each state in which the Borrower does business, it is properly licensed, in good standing, and, where required, in compliance with fictitious name (e.g. trade name or d/b/a) statutes.

5.5 Government Sanctions.

- (a) The Borrower represents that no Obligor, nor any affiliated entities of any Obligor, including in the case of any Obligor that is not a natural person, subsidiaries nor, to the knowledge of the Borrower, any owner, trustee, director, officer, employee, agent, affiliate or representative of the Borrower or any other Obligor is an individual or entity ("Person") currently the subject of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "Sanctions"), nor is the Borrower or any other Obligor located, organized or resident in a country or territory that is the subject of Sanctions.
- (b) The Borrower represents and covenants that it will not, directly or indirectly, use the proceeds of the credit provided under this Agreement, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

5.6 Financial Information. All financial and other information that has been or will be supplied to the Bank is sufficiently complete to give the Bank accurate knowledge of the Borrower's (and any other Obligor's) financial condition, including all material contingent liabilities. Since the date of the most recent financial statement provided to the Bank, there has been no material adverse change in the business condition (financial or otherwise), operations, properties or prospects of the Borrower (or any other Obligor). If the Borrower is comprised of the trustees of a trust, the above representations shall also pertain to the trustor(s) of the trust.

5.7 Solvency. As of the date hereof, and after giving effect to each extension of credit hereunder, the Borrower and its subsidiaries, on a consolidated basis, (a) have capital sufficient to carry on their respective business and transactions and all business and transactions in which they are about to engage and are able to pay their debts as they mature, (b) have assets having a value, both at fair valuation and at present fair saleable value, greater than the amount required to pay their probable liabilities (including contingencies) and (c) do not believe that they will incur debts or liabilities beyond their ability to pay such debts or liabilities as they mature.

5.8 Lawsuits. There is no lawsuit, tax claim or other dispute pending or threatened against the Borrower or any other Obligor which, if lost, would impair the Borrower's or such Obligor's financial condition or ability to repay its obligations as contemplated by this Agreement or any other agreement contemplated hereby, except as have been disclosed in writing to the Bank prior to the date of this Agreement.

5.9 Investment Company Act. Neither the Borrower nor any of its subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

5.10 Other Obligations. The Borrower and each Related Party is not in default on any obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligation, except as have been disclosed in writing to the Bank prior to the date of this Agreement.

5.11 Tax Matters. The Borrower has no knowledge of any pending assessments or adjustments of income tax for itself or for any Related Party for any year and all taxes due have been paid, except as have been disclosed in writing to the Bank prior to the date of this Agreement.

5.12 No Event. No Event or Specified Event has occurred and is continuing.

5.13 No Plan Assets. The Borrower represents that, as of the date hereof and throughout the term of this Agreement, no Borrower or Guarantor, if any, is (1) an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (2) a plan or account subject to Section 4975 of the Internal Revenue Code of 1986 (the "Code"); (3) an entity deemed to hold "plan assets" of any such plans or accounts for purposes of ERISA or the Code; or (4) a "governmental plan" within the meaning of ERISA.

5.14 Enforceable Agreement. This Agreement is a legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms, and any instrument or agreement required under this Agreement, when executed and delivered, will be similarly legal, valid, binding and enforceable.

5.15 No Conflicts. This Agreement does not conflict with any law, agreement, or obligation by which the Borrower or any other Obligor is bound.

5.16 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any governmental authority or any other person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower or any Guarantor of this Agreement or

any guaranty, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect.

6. COVENANTS

The Borrower agrees, during the availability period and until the Bank is repaid in full, the Borrower shall, and shall cause each Related Party:

6.1 Use of Proceeds. To use the proceeds of the credit extended under this Agreement only for business purposes. The proceeds of the credit extended under this Loan Agreement may not be used directly or indirectly to purchase or carry any "margin stock" as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System, or extend credit to or invest in other parties for the purpose of purchasing or carrying any such "margin stock," or to reduce or retire any indebtedness incurred for such purpose.

6.2 Financial Information. To provide the following financial information and statements in form and content acceptable to the Bank, and such additional information as requested by the Bank from time to time.

- (a) Within 90 days of the fiscal year end, Middlesex Water Company's Annual Report on Form 10-K filed with the United States Securities and Exchange Commission (the "SEC") including the annual financial statements of Middlesex Water Company and its subsidiaries, certified and dated by an authorized financial officer. These financial statements shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") and shall include a consolidated balance sheet, statement of income and retained earnings and cash flow. These financial statements must be audited (with an opinion satisfactory to the Bank) by a Certified Public Accountant ("CPA") acceptable to the Bank. This covenant Section 6.2(a) shall be deemed satisfied upon the filing by Middlesex Water Company of its Annual Report on Form 10-K with the SEC within the 90 days of the fiscal year end.
- (b) Within 45 days after each fiscal quarter end (excluding the last quarter in each fiscal year), Middlesex Water Company's Quarterly Form 10-Q filed with the SEC including financial statements of Middlesex Water Company and its subsidiaries, certified and dated by an authorized financial officer. These financial statements shall be prepared in accordance with GAAP and shall include a consolidated balance sheet, statement of income and retained earnings and cash flow. This covenant Section 6.2(b) shall be deemed satisfied upon the filing by Middlesex Water Company of its applicable Quarterly Report on Form 10-Q with the SEC within 45 days after such fiscal quarter.
- (c) Promptly upon the Bank's request, such other books, records, statements, lists of property and accounts, budgets, forecasts or reports as to the Borrower and as to each other Obligor as the Bank may request.

6.3 Depository Accounts. To maintain such business, cash management, operating and administrative deposit accounts as are currently maintained at the Bank or its affiliates.

6.4 Additional Negative Covenants. Not to, without the Bank's written consent:

- (a) Enter into any consolidation, merger, or other combination, or become a partner in a partnership, a member of a joint venture, or a member of a limited liability company, without the Borrower, or if applicable, the Obligor, being the surviving entity.
- (b) Engage in any business activities substantially different from the Borrower's present business.
- (c) Liquidate or dissolve any Obligor's business.
- (d) With respect to any Obligor which is a business entity, adopt a plan of division or divide itself into two or more business entities (pursuant to a "plan of division" under Section 18-217 of the Delaware Limited Liability Company Act or a similar arrangement under any other applicable state statute).

6.5 Notices to Bank. To promptly notify the Bank in writing of:

- (a) Any Event or Specified Event.
- (b) Any change in any Obligor's name, legal structure, principal residence, or name on any driver's license or special identification card issued by any state (for an individual), state of registration (for a registered entity), place of business, or chief executive office if the Obligor has more than one place of business.
- (c) Any lawsuit in which the claim for damages exceeds One Million Dollars (\$1,000,000) in excess of any insurance coverage against the Borrower or any other Obligor.

6.6 Compliance with Laws. To comply with the requirements of all laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to cause a material adverse change in any Obligor's business condition (financial or otherwise), operations or properties, or ability to repay the credit, or, in the case of the Controlled Substances Act, result in the forfeiture of any material property of any Obligor.

6.7 Patriot Act; Beneficial Ownership Regulation. Promptly following any request therefor, to provide information and documentation reasonably requested by the Bank for purposes of compliance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act and the Beneficial Ownership Regulation.

7. ACCELERATION EVENTS AND REMEDIES

Acceleration Events. All outstanding amounts owing under this Uncommitted Line of Credit (including principal, interest or other charges outstanding) shall automatically become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, if: (a) the Facility Expiration Date occurs, including, without limitation, as a result of the Bank making demand for such payments; (b) the Borrower or any Obligor files a bankruptcy petition; (c) a bankruptcy petition is filed against any of the foregoing parties; (d) the Borrower or any Obligor makes a general assignment for the benefit of creditors; (e) a receiver or similar official is appointed for a substantial portion of the Borrower's or any Obligor's business; (f) the Borrower's or any Obligor's business is terminated; or (g) the Borrower or any Obligor is liquidated or dissolved (collectively, "Acceleration Events"). The Bank shall have all rights, powers and remedies available under any instruments and agreements required by or executed in connection with this Agreement, as well as all rights and remedies available at law or in equity.

8. ENFORCING THIS AGREEMENT; MISCELLANEOUS

8.1 Governing Law. Except to the extent that any law of the United States may apply, this Agreement shall be governed and interpreted according to the laws of New York (the "Governing Law State"), without regard to any choice of law, rules or principles to the contrary. Nothing in this paragraph shall be construed to limit or otherwise affect any rights or remedies of the Bank under federal law.

8.2 Venue and Jurisdiction. The Borrower agrees that any action or suit against the Bank arising out of or relating to this Agreement shall be filed in federal court or state court located in the Governing Law State. The Borrower agrees that the Bank shall not be deemed to have waived its rights to enforce this section by filing an action or suit against the Borrower or any Obligor in a venue outside of the Governing Law State. If the Bank does commence an action or suit arising out of or relating to this Agreement, the Borrower agrees that the case may be filed in federal court or state court in the Governing Law State. The Bank reserves the right to commence an action or suit in any other jurisdiction where any Borrower, any other Obligor, or any Collateral has any presence or is located. The Borrower consents to personal jurisdiction and venue in such forum selected by the Bank and waives any right to contest jurisdiction and venue and the convenience of any such forum. The provisions of this section are material inducements to the Bank's acceptance of this Agreement.

8.3 Successors and Assigns. This Agreement is binding on the Borrower's and the Bank's successors and assignees. The Borrower agrees that it may not assign this Agreement without the Bank's prior consent. The Bank may sell participations in or assign this loan and the related loan documents, and may exchange information about the Borrower and any other Obligor (including, without limitation, any information regarding any hazardous substances) with actual or potential participants or assignees. If a participation is sold or the loan is assigned, the purchaser will have the right of set-off against the Borrower.

8.4 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HERewith

OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (a) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (b) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER DOCUMENTS CONTEMPLATED HEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION AND (c) CERTIFIES THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE.

8.5 Severability; Waivers. If any part of this Agreement is not enforceable, the rest of the Agreement may be enforced. The Bank retains all rights, even if it makes a loan after the occurrence of an Event. If the Bank waives an Acceleration Event, it may enforce a later Acceleration Event. Any consent or waiver under this Agreement must be in writing.

8.6 Expenses.

- (a) The Borrower shall pay to the Bank immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees, expended or incurred by the Bank in connection with (i) the negotiation and preparation of this Agreement and any related agreements, the Bank's continued administration of this Agreement and such related agreements, and the preparation of any amendments and waivers related to this Agreement or such related agreements, and (ii) costs or expenses required to be paid by the Borrower or any other Obligor that are paid, incurred or advanced by the Bank.
- (b) The Borrower will indemnify and hold the Bank harmless from any loss, liability, damages, judgments, and costs of any kind relating to or arising directly or indirectly out of (i) this Agreement or any document required hereunder, (ii) any credit extended or committed by the Bank to the Borrower hereunder and (iii) any litigation or proceeding related to or arising out of this Agreement, any such document, or any such credit, including, without limitation, any act resulting from (A) the Bank complying with instructions the Bank reasonably believes are made by any Authorized Individual and (B) the Bank's reliance on any Communication executed using an Electronic Signature, or in the form of an Electronic Record, that the Bank reasonably believes is made by any Authorized Individual. This paragraph will survive this Agreement's termination, and will benefit the Bank and its officers, employees, and agents.
- (c) The Borrower shall reimburse the Bank for any reasonable costs and attorneys' fees incurred by the Bank in connection with (a) the enforcement or preservation of the Bank's rights and remedies and/or the collection of any obligations of the Borrower which become due to the Bank and in connection with any "workout" or restructuring, and (b) the prosecution or defense of any action in any way related to this Agreement the credit provided hereunder or any related agreements, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any

adversary proceeding, contested matter or motion brought by the Bank or any other person) relating to the Borrower or any other person or entity.

8.7 Joint and Several Liability.

- (a) Each Borrower agrees that it is jointly and severally liable to the Bank for the payment of all obligations arising under this Agreement and that such liability is independent of the obligations of the other Borrowers. Each obligation, promise, covenant, representation and warranty in this Agreement shall be deemed to have been made by, and be binding upon, each Borrower, unless this Agreement expressly provides otherwise. The Bank may bring an action against any Borrower, whether an action is brought against the other Borrowers.
- (b) Each Borrower agrees that any release which may be given by the Bank to the other Borrowers or any other Obligor will not release such Borrower from its obligations under this Agreement.
- (c) Each Borrower waives any right to assert against the Bank any defense, setoff, counterclaim, or claims which such Borrower may have against the other Borrowers or any other party liable to the Bank for the obligations of the Borrowers under this Agreement.
- (d) Each Borrower waives any defense by reason of any other Borrower's or any other person's defense, disability, or release from liability. The Bank can exercise its rights against each Borrower even if any other Borrower or any other person no longer is liable because of a statute of limitations or for other reasons.
- (e) Each Borrower agrees that it is solely responsible for keeping itself informed as to the financial condition of the other Borrowers and of all circumstances which bear upon the risk of nonpayment. Each Borrower waives any right it may have to require the Bank to disclose to such Borrower any information which the Bank may now or hereafter acquire concerning the financial condition of the other Borrowers.
- (f) Each Borrower waives all rights to notices of Events or nonperformance by any other Borrower under this Agreement. Each Borrower further waives all rights to notices of the existence or the creation of new indebtedness by any other Borrower and all rights to any other notices to any party liable on any of the credit extended under this Agreement.

- (g) The Borrowers represent and warrant to the Bank that each will derive benefit, directly and indirectly, from the collective administration and availability of credit under this Agreement. The Borrowers agree that the Bank will not be required to inquire as to the disposition by any Borrower of funds disbursed in accordance with the terms of this Agreement.
- (h) Until all obligations of the Borrowers to the Bank under this Agreement have been paid in full and the facility provided by the Bank under this Agreement has been terminated, each Borrower waives any right of subrogation, reimbursement, indemnification and contribution (contractual, statutory or otherwise), which such Borrower may now or hereafter have against any other Borrower with respect to the indebtedness incurred under this Agreement.
- (i) Each Borrower waives any right to require the Bank to proceed against any other Borrower or any other person; proceed against or exhaust any security; or pursue any other remedy. Further, each Borrower consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of the Borrowers under this Agreement or which, but for this provision, might operate as a discharge of the Borrowers.

8.8 Set-Off. Upon and after the occurrence of a Specified Event under this Agreement, (a) the Borrower hereby authorizes the Bank at any time without notice and whether or not the Bank shall have declared any amount owing by the Borrower to be due and payable, to set off against, and to apply to the payment of, the Borrower's indebtedness and obligations to the Bank under this Agreement and all related agreements, whether matured or unmatured, fixed or contingent, liquidated or unliquidated, any and all amounts owing by the Bank to the Borrower, and in the case of deposits, whether general or special (except trust and escrow accounts), time or demand and however evidenced, and (b) pending any such action, to hold such amounts as collateral to secure such indebtedness and obligations of the Borrower to the Bank and to return as unpaid for insufficient funds any and all checks and other items drawn against any deposits so held as the Bank, in its sole and absolute discretion, may elect. The Borrower hereby grants to the Bank a security interest in all deposits and accounts maintained with the Bank to secure the payment of all such indebtedness and obligations of the Borrower to the Bank.

8.9 One Agreement. This Agreement and any related security or other agreements required by this Agreement constitute the entire agreement between the Borrower and the Bank with respect to each credit subject hereto and supersede all prior negotiations, communications, discussions and correspondence, oral or written, concerning the subject matter hereof. In the event of any conflict between this Agreement and any other agreements required by this Agreement, this Agreement will prevail.

8.10 Notices. Unless otherwise provided in this Agreement or in another agreement between the Bank and the Borrower, all notices required under this Agreement shall be personally delivered or sent by first class mail, postage

prepaid, or by overnight courier, to the addresses on the signature page of this Agreement, or sent by facsimile to the fax number(s) listed on the signature page, or to such other addresses as the Bank and the Borrower may specify from time to time in writing (any such notice a "Written Notice"). Written Notices shall be effective (i) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, (ii) if telecopied, when transmitted, or (iii) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered. In lieu of a Written Notice, notices and/or communications from the Bank to the Borrower may, to the extent permitted by law, be delivered electronically (i) by transmitting the communication to the electronic address provided by the Borrower or to such other electronic address as the Borrower may specify from time to time in writing, or (ii) by posting the communication on a website and sending the Borrower a notice to the Borrower's postal address or electronic address telling the Borrower that the communication has been posted, its location, and providing instructions on how to view it (any such notice, an "Electronic Notice"). Electronic Notices shall be effective when the communication, or a notice advising of its posting to a website, is sent to the Borrower's electronic address.

8.11 Headings. Article and paragraph headings are for reference only and shall not affect the interpretation or meaning of any provisions of this Agreement.

8.12 Amendments. This Agreement may only be amended by a writing signed by the parties hereto; which, to the extent expressly agreed to by the Bank in its discretion, may include being amended by an Electronic Record signed by the parties hereto using Electronic Signatures pursuant to the terms of this Agreement.

8.13 Amendment and Restatement of Prior Agreement. This Agreement is an amendment and restatement, in its entirety, of the Letter Agreement entered into as of September 25, 2015, between the Bank and the Borrower, and any indebtedness outstanding thereunder shall be deemed to be outstanding under this Agreement. Nothing in this Agreement shall be deemed to be a repayment or novation of the indebtedness, or to release or otherwise adversely affect any lien, mortgage or security interest securing such indebtedness or any rights of the Bank against any guarantor, surety or other party primarily or secondarily liable for such indebtedness.

8.14 Electronic Records and Signatures. This Agreement and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Agreement (each a "Communication"), including Communications required to be in writing, may, if agreed by the Bank, be in the form of an Electronic Record and may be executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. The Borrower agrees that any Electronic Signature (including, without limitation, facsimile or .pdf) on or associated with any Communication shall be valid and binding on the Borrower to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered to the Bank. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. 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), or an electronically signed Communication converted into another

format, for transmission, delivery and/or retention. The Bank may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of the Bank's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Bank is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Bank pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Bank has agreed to accept such Electronic Signature, the Bank shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of any Obligor without further verification and (b) upon the request of the Bank any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

8.15 Limitation of Interest and Other Charges. If, at any time, the rate of interest, together with all amounts which constitute interest and which are reserved, charged or taken by the Bank as compensation for fees, services or expenses incidental to the making, negotiating or collection of the loan evidenced hereby, shall be deemed by any competent court of law, governmental agency or tribunal to exceed the maximum rate of interest permitted to be charged by the Bank to the Borrower under applicable law, then, during such time as such rate of interest would be deemed excessive, that portion of each sum paid attributable to that portion of such interest rate that exceeds the maximum rate of interest so permitted shall be deemed a voluntary prepayment of principal. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof; provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Agreement shall be governed by such new law as of its effective date.

Signature Page

The Borrower executed this Agreement as of the date stated at the top of the first page, intending to create an instrument executed under seal.

Bank:

Bank of America, N.A.

By: /s/ Dilcia Pena Hill
Dilcia P. Hill, Senior Vice President

Borrower:

Middlesex Water Company

By: /s/A. Bruce O'Connor
A. Bruce O'Connor, Sr. VP, Treasurer & CFO

Tidewater Utilities, Inc.

By: /s/A. Bruce O'Connor
A. Bruce O'Connor, President

White Marsh Environmental Systems, Inc.

By: /s/A. Bruce O'Connor
A. Bruce O'Connor, President

Pinelands Water Company

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

Pinelands Wastewater Company

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

Utility Service Affiliates, Inc.

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

Utility Service Affiliates (Perth Amboy) Inc.

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

Tidewater Environmental Services, Inc.

By: /s/A. Bruce O'Connor
A. Bruce O'Connor, President

Address where notices to
the Bank are to be sent:

Dilcia P. Hill

Senior Vice President

Commercial Credit Officer
Global Commercial Banking
Bank of America
NJ7-550-04-02, 194 Wood Ave. South, Iselin, NJ 08830
T 732 321 5925 F 212 230 8577
dilcia.p.hill@bofa.com

Address where notices to
the Borrower are to be sent:

Middlesex Water Company
485 C Route 1 South, Suite 400, Iselin NJ 08830-3020
Attention: A. Bruce O'Connor
Senior Vice President, Treasurer and Chief
Financial Officer

USA Patriot Act Notice.

Federal law requires Bank of America, N.A. (the "Bank") to provide the following notice. The notice is not part of the foregoing agreement or instrument and may not be altered. Please read the notice carefully.

USA PATRIOT ACT NOTICE

Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account or obtains a loan. The Bank will ask for the Borrower's legal name, address, tax ID number or social security number and other identifying information. The Bank may also ask for additional information or documentation or take other actions reasonably necessary to verify the identity of the Borrower, guarantors or other related persons.

MIDDLESEX WATER COMPANY

\$40,000,000

First Mortgage Scheduled Interest Rate Bonds, Series 2020A,
due November 18, 2050

BOND PURCHASE AGREEMENT

Dated as of November 18, 2020

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MIDDLESEX WATER COMPANY
485C Route 1 South
Iselin, New Jersey 08830

First Mortgage Scheduled Interest Rate Bonds, Series 2020A,
due November 18, 2050

Dated as of
November 18, 2020

TO EACH OF THE PURCHASERS LISTED IN
THE PURCHASER SCHEDULE HERETO:

Ladies and Gentlemen:

MIDDLESEX WATER COMPANY, a corporation organized and existing under the laws of the State of New Jersey (the “**Company**”), agrees with each of the Purchasers as follows:

SECTION 1. AUTHORIZATION OF SERIES 2020A BONDS.

The Company will authorize the issue and sale of \$40,000,000 aggregate principal amount of its 2.90% First Mortgage Scheduled Interest Rate Bonds, Series 2020A, due November 18, 2050 (the “**Series 2020A Bonds**”). The Series 2020A Bonds shall be substantially in the form set out in Exhibit A to the Fifty-Fourth Supplement (as hereinafter defined). The Series 2020A Bonds will be issued under and secured by that certain Indenture of Mortgage dated April 1, 1927 (the “**Original Mortgage Indenture**”), from the Company, as grantor, to U.S. Bank National Association (as successor to Wachovia Bank, National Association, the successor to First Union National Bank, the successor to Meridian Bank, the successor to United Counties Trust Company, in turn the successor to Union County Trust Company), as trustee (the “**Trustee**”), as heretofore supplemented, including as supplemented by the Fifty-Fourth Supplemental Indenture dated as of November 1, 2020 (such Fifty-Fourth Supplemental Indenture being referred to herein as the “**Fifty-Fourth Supplement**”) which will be substantially in the form attached hereto as Schedule 1. The Original Indenture, as heretofore supplemented, including by the Fifty-Fourth Supplement, and as further supplemented or amended according to its terms, is hereinafter referred to as the “**Mortgage Indenture.**” The Series 2020A Bonds constitute bonds under the Mortgage Indenture and are secured thereunder on parity with other bonds issued and outstanding under the Mortgage Indenture. Certain capitalized and other terms used in this Agreement are defined in Schedule A and, for purposes of this Agreement, the rules of construction set forth in Section 24.4 shall govern. Terms used herein but not defined herein shall have the meanings set forth in the Mortgage Indenture.

SECTION 2. SALE AND PURCHASE OF SERIES 2020A BONDS.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Series 2020A Bonds in the principal amount specified opposite such Purchaser's name in the Purchaser Schedule at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

SECTION 3. CLOSING.

The sale and purchase of the Series 2020A Bonds to be purchased by each Purchaser shall occur at the offices of Schiff Hardin LLP, 1185 Avenue of the Americas, Suite 3000, New York, New York 10036, at 11:00 a.m., New York time, at a closing (the "**Closing**") on November 18, 2020 or on such other Business Day thereafter as may be agreed upon by the Company and the Purchasers. At the Closing, the Company will deliver to each Purchaser the Series 2020A Bonds to be purchased by such Purchaser in the form of a single Series 2020A Bond (or such greater number of Series 2020A Bonds in denominations of at least \$100,000 as such Purchaser may request) dated the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer to the account of the Company set forth in the funding instructions delivered pursuant to Section 4.10. If at the Closing the Company shall fail to tender such Series 2020A Bonds to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure by the Company to tender such Series 2020A Bonds or any of the conditions specified in Section 4 not having been fulfilled to such Purchaser's satisfaction.

SECTION 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Series 2020A Bonds to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement shall be correct when made and at the Closing.

Section 4.2. Performance; No Default. The Company and the Trustee shall have performed and complied with all agreements and conditions contained in each Transaction Document required to be performed or complied with by such Person prior to or at the Closing. Before and after giving effect to the issue and sale of the Series 2020A Bonds (and the application of the proceeds thereof as contemplated by Section 5.14), no Default or Event of Default shall have occurred and be continuing.

Section 4.3. Compliance Certificates.

(a) *Officer's Certificate.* The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) *Secretary's Certificate.* The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of the Closing, certifying as to (1) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of this Agreement, the Series 2020A Bonds and the Fifty-Fourth Supplement and (2) the Company's organizational documents as then in effect.

(c) *Certification of the Mortgage Indenture.* Each Purchaser shall have received a copy of the Mortgage Indenture (including all amendments and supplements thereto), certified by the Company as of the date of the Closing, exclusive of property exhibits, recording information and the like.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from Saul Ewing Arnstein & Lehr LLP, counsel for the Company, covering the matters set forth in Schedule 4.4(a) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) from Schiff Hardin LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Schedule 4.4(b) and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted By Applicable Law, Etc. On the date of the Closing, such Purchaser's purchase of Series 2020A Bonds shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation. If requested by such Purchaser not later than 10 days prior to the date of the Closing, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Authentication and Sale of Other Series 2020A Bonds. The Series 2020A Bonds to be purchased by each Purchaser shall have been duly authenticated and delivered by the Trustee and contemporaneously with the Closing, the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Series 2020A Bonds to be purchased by it at the Closing as specified in the Purchaser Schedule.

Section 4.7. Payment of Special Counsel Fees. Without limiting Section 15.1, the Company shall have paid on or before the Closing the fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4(b) to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4.8. Private Placement Number. A Private Placement Number issued by CUSIP Global Services (in cooperation with the SVO) shall have been obtained for the Series 2020A Bonds.

Section 4.9. Changes in Corporate Structure. The Company shall not have changed its jurisdiction of incorporation or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.10. Funding Instructions. At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company directing the manner of the payment of the purchase price of the Series 2020A Bonds and setting forth (a) the name and address of the transferee bank, (b) such transferee bank's ABA number, (c) the account name and number into which the purchase price for the Series 2020A Bonds is to be deposited and (d) the name and telephone number of a Responsible Officer of the Company responsible for (1) verifying receipt of the funds and (2) the information set forth in the instructions.

Section 4.11. Mortgage Indenture Conditions. All conditions precedent set forth in the Mortgage Indenture with respect to the execution, delivery and authentication of the Series 2020A Bonds shall have been satisfied, and the Purchaser shall have received copies of all certificates and opinions required to be delivered to the Trustee under the Mortgage Indenture with respect to the issuance and authentication of the Series 2020A Bonds.

Section 4.12. Execution and Delivery and Filing and Recording of the Fifty-Fourth Supplement. The Fifty-Fourth Supplement shall have been duly executed and delivered by the Company and the Trustee, and the Company shall have filed, or delivered for recordation, the Fifty-Fourth Supplement (and financing statements in respect thereof shall have been filed, if necessary) in such manner and in such places as is required by law (and no other instruments are required to be filed) to establish, preserve, perfect and protect the direct security interest and Lien upon the mortgaged property created by the Mortgage Indenture and the Company shall have delivered to such Purchaser or its special counsel satisfactory evidence of such filings and recordings.

Section 4.13. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and the Mortgage Indenture and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey, the only state in which the Company is required to qualify to do business. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Series 2020A Bonds (and had the corporate power and authority to execute and deliver the Mortgage Indenture, including the Fifty-Fourth Supplement, at the time of execution and delivery thereof) and to perform the provisions of the Transaction Documents.

Section 5.2. Authorization, Etc. The Company has taken all necessary corporate action to authorize the execution, delivery and performance of the Transaction Documents, and the Transaction Documents (other than the Series 2020A Bonds) constitute, and when the 2020A Bonds are executed, issued and delivered by the Company and authenticated by the Trustee and paid for by the Purchasers, each Series 2020A Bond will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (2) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. The Transaction Documents, the financial statements listed in Schedule 5.5 and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company prior to August 21, 2020 in connection with the transactions contemplated hereby and identified in Schedule 5.3 (the Transaction Documents and such documents, certificates or other writings and such financial statements delivered to each Purchaser being referred to, collectively, as the “**Disclosure Documents**”), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since December 31, 2019, there has been no change in the financial condition, operations, business or properties of the Company or any Subsidiary except changes that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists of (1) the Company's Subsidiaries, showing, as to each Subsidiary, the name thereof, the jurisdiction of its organization, the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, (2) the Company's Affiliates, other than Subsidiaries, and (3) the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and non-assessable and are owned by the Company or another Subsidiary free and clear of any Lien that is prohibited by this Agreement or the Mortgage Indenture.

(c) Each Subsidiary is a corporation or other legal entity duly organized, validly existing and, where applicable, in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and, where applicable, is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is subject to any legal, regulatory, contractual or other restriction (other than the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law or similar statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

Section 5.5. Financial Statements; Material Liabilities. The Company has delivered to each Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of such financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company and its Subsidiaries do not have any Material liabilities that are not disclosed in the Disclosure Documents.

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of the Transaction Documents (including the prior execution and delivery of the Mortgage Indenture and the Fifty-Fourth Supplement) will not (1) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien (other than the Lien of the Mortgage Indenture) in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter, regulations or by-laws, shareholders agreement or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (2) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority applicable to the

Company or any Subsidiary or (3) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

Section 5.7. Governmental Authorizations, Etc. Except for the filing of the Fifty-Fourth Supplement in the appropriate filing office in Middlesex County, New Jersey and Union County, New Jersey (which filings will be made at Closing), no consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement, the Fifty-Fourth Supplement or the Series 2020A Bonds.

Section 5.8. Litigation; Observance of Statutes and Orders.

(a) There are no actions, suits, investigations or proceedings pending or, to the best knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is (1) in violation of any order, judgment, decree or ruling of any court, any arbitrator of any kind or any Governmental Authority or (2) in violation of any applicable law, ordinance, rule or regulation of any Governmental Authority (including Environmental Laws, the USA PATRIOT Act or any of the other laws and regulations that are referred to in Section 5.16), which violation would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments payable by them, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which, individually or in the aggregate, is not Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of U.S. federal, state or other taxes for all fiscal periods are adequate. The U.S. federal income tax liabilities of the Company and its Subsidiaries have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended December 31, 2015.

Section 5.10. Title to Property; Leases. The Company and its Subsidiaries have good and sufficient title to their respective Material properties, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after such date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this

Agreement or the Mortgage Indenture, except for those defects in title that, individually or in the aggregate, would not have a Material Adverse Effect. All Material leases are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others, except for those conflicts that, individually or in the aggregate, would not have a Material Adverse Effect.

Section 5.12. Compliance with Employee Benefit Plans.

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA (except for ongoing funding purposes) or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that would, individually or in the aggregate, reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to section 430(k) of the Code or to any such penalty or excise tax provisions under the Code or federal law or section 4068 of ERISA or by the granting of a security interest in connection with the amendment of a Plan, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities.

(c) The Company and its ERISA Affiliates do not contribute to, and have never contributed to, a Multiemployer Plan.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Series 2020A Bonds hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed

pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.2 as to the sources of the funds to be used to pay the purchase price of the Series 2020A Bonds to be purchased by such Purchaser.

(f) The Company and its Subsidiaries do not have any Non-U.S. Plans.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Series 2020A Bonds or any similar Securities for sale to, or solicited any offer to buy the Series 2020A Bonds or any similar Securities from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers, each of which has been offered the Series 2020A Bonds at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Series 2020A Bonds to the registration requirements of section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Series 2020A Bonds hereunder to repay current short-term loan balances as they mature within 90 days following the Closing. No part of the proceeds from the sale of the Series 2020A Bonds hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any Securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute any of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute any of the value of such assets. As used in this Section, the terms “margin stock” and “purpose of buying or carrying” shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Indebtedness.

(a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries as of November 13, 2020 (including descriptions of the obligors and obligees, principal amounts outstanding, any collateral therefor and any Guaranty thereof), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Subsidiaries. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary the outstanding principal amount of which exceeds \$1,000,000 that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to

become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including its charter or any other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except as disclosed in Schedule 5.15.

Section 5.16. Foreign Assets Control Regulations, Etc.

(a) Neither the Company nor any Controlled Entity (1) is a Blocked Person, (2) has been notified that its name appears or may in the future appear on a State Sanctions List or (3) is a target of sanctions that have been imposed by the United Nations or the European Union.

(b) Neither the Company nor any Controlled Entity (1) has violated, been found in violation of, or been charged or convicted under, any applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws or (2) to the Company's knowledge, is under investigation by any Governmental Authority for possible violation of any U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws.

(c) No part of the proceeds from the sale of the Series 2020A Bonds hereunder:

(1) constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, (i) in connection with any investment in, or any transactions or dealings with, any Blocked Person, (ii) for any purpose that would cause any Purchaser to be in violation of any U.S. Economic Sanctions Laws or (iii) otherwise in violation of any U.S. Economic Sanctions Laws;

(2) will be used, directly or indirectly, in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Money Laundering Laws; or

(3) will be used, directly or indirectly, for the purpose of making any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage, in each case which would be in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Corruption Laws.

(d) The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all

applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws and Anti-Corruption Laws.

Section 5.17. Status under Certain Statutes. Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, the Public Utility Holding Company Act of 2005, the ICC Termination Act of 1995, or the Federal Power Act.

Section 5.18. Environmental Matters.

(a) Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim and no proceeding has been instituted asserting any claim against the Company or any of its Subsidiaries or any of their respective real properties or other assets now or formerly owned, leased or operated by any of them, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(c) Neither the Company nor any Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them in a manner which is contrary to any Environmental Law that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(d) Neither the Company nor any Subsidiary has disposed of any Hazardous Materials in a manner which is contrary to any Environmental Law that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(e) All buildings on all real properties now owned, leased or operated by the Company or any Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

Section 5.19. Lien of the Mortgage Indenture. The provisions of the Mortgage Indenture (including the Fifty-Fourth Supplement) are effective to create in favor of the Trustee, for the equal and ratable benefit of the holders of the Series 2020A Bonds and the holders of the other bonds issued and outstanding under the Mortgage Indenture, a legal, valid and enforceable Lien on, and security interest in and to, all right, title and interest of the Company in the mortgaged property. The Mortgage Indenture (including the Fifty-Fourth Supplement) has been duly recorded or filed in each place in which such recording or filing is required to protect and

preserve the Lien of the Mortgage Indenture (including the Fifty-Fourth Supplement) as a valid, perfected and continuing first priority Lien (subject to Permissible Encumbrances) on, and security interest in and to, all right, title and interest of the Company in the mortgaged property and all taxes and recording or filing fees required to be paid in connection with the execution, recording or filing of the Mortgage Indenture (including the Fifty-Fourth Supplement) have been duly paid.

Section 5.20. Series 2020A Bonds Pari Passu. The Company's obligations under the Series 2020A Bonds rank pari passu in right of payment, without preference or priority, with the other bonds issued and outstanding under the Mortgage Indenture.

Section 5.21. No Mortgage Indenture Default. No "event of default" under the Mortgage Indenture exists or will exist immediately after giving effect to the transactions contemplated by this Agreement and the other Transaction Documents and the applications of the proceeds from the issue and sale of the Series 2020A Bonds.

SECTION 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that (a) it is purchasing the Series 2020A Bonds for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control, and (b) it is (1) a Qualified Institutional Buyer or (2) an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act. Each Purchaser understands that the Series 2020A Bonds have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Series 2020A Bonds.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a "**Source**") to be used by such Purchaser to pay the purchase price of the Series 2020A Bonds to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption ("**PTE**") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the "**NAIC Annual Statement**")) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) *plus* surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (1) an insurance company pooled separate account, within the meaning of PTE 90-1 or (2) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the "**QPAM Exemption**")) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a Person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (1) the identity of such QPAM and (2) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Part IV(h) of PTE 96-23 (the "**INHAM Exemption**")) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a Person controlling or controlled by the INHAM (applying the definition of "control" in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the Company and (1) the identity of such INHAM and (2) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms “**employee benefit plan**,” “**governmental plan**,” and “**separate account**” shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 7. INFORMATION AS TO COMPANY.

Section 7.1. Financial and Business Information. The Company shall deliver to each holder of a Series 2020A Bond that is an Institutional Investor, which delivery may be made in accordance with Section 7.4:

(a) *Quarterly Statements* — within 60 days (or such shorter period as is 15 days greater than the period applicable to the filing of the Company’s Quarterly Report on Form 10-Q (the “**Form 10-Q**”) with the SEC regardless of whether the Company is subject to the filing requirements thereof) after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of

(1) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(2) consolidated statements of income, changes in shareholders’ equity and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

(b) *Annual Statements* — within 105 days (or such shorter period as is 15 days greater than the period applicable to the filing of the Company’s Annual Report on Form 10-K (the “**Form 10-K**”) with the SEC regardless of whether the Company is subject to the filing requirements thereof) after the end of each fiscal year of the Company, duplicate copies of

(1) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, and

(2) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon (without a "going concern" or similar qualification or exception and without any qualification or exception as to the scope of the audit on which such opinion is based) of independent public accountants of recognized national standing or otherwise reasonably acceptable to the Required Holders, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances;

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (1) each financial statement, report, notice, proxy statement or similar document sent by the Company or any Subsidiary (1) to its principal lending banks as a whole (excluding information sent to such banks in the ordinary course of administration of a bank facility, such as information relating to pricing and borrowing availability) or (2) to its public Securities holders generally, and (2) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC;

(d) *Notice of Default or Event of Default* — promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or "event of default" under and as defined in the Mortgage Indenture, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *Employee Benefits Matters* — promptly, and in any event within 10 days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(1) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date of this Agreement;

(2) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan;

(3) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, would reasonably be expected to have a Material Adverse Effect; or

(4) receipt of notice of the imposition of a Material financial penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more Non-U.S. Plans;

(f) *Supplemental Indentures* – promptly, and in any event within 10 days after the execution and delivery thereof, a copy of any supplemental indenture to the Mortgage Indenture that the Company from time to time may hereafter execute and deliver which amends the Indenture in any material respect, *provided* that the Company shall not be required to deliver a copy of any supplemental indenture that is executed and delivered solely to (1) evidence a new series of bonds or (2) subject additional property to the Lien of the Mortgage Indenture); and

(g) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries (including actual copies of the Company’s Form 10-Q and Form 10-K) or relating to the ability of the Company to perform its obligations hereunder, under the Series 2020A Notes or under any other Transaction Document as from time to time may be reasonably requested by any such holder of a Series 2020A Bond.

Section 7.2. Officer’s Certificate. Each set of financial statements delivered to a holder of a Series 2020A Bond pursuant to Section 7.1(a) or Section 7.1(b), shall be accompanied by a certificate of a Senior Financial Officer the delivery of which may be made in accordance with Section 7.4:

(a) *Covenant Compliance* — if the Mortgage Indenture included one or more financial covenants during the quarterly or annual period covered by the financial statements then being furnished, setting forth the information from such financial statements that is required in order to establish whether the Company was in compliance with each such financial covenant during such quarterly or annual period (including with

respect to each such provision that involves mathematical calculations, the information from such financial statements that is required to perform such calculations) and detailed calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such financial covenant, and the calculation of the amount, ratio or percentage then in existence. In the event that the Company or any Subsidiary has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of determining compliance with any such financial covenant or this Agreement pursuant to Section 22.2) as to the period covered by any such financial statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election; and

(b) *Event of Default* — certifying that such Senior Financial Officer has reviewed the relevant terms hereof and of the Mortgage Indenture and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or an "event of default" under and as defined in the Mortgage Indenture or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Visitation. The Company shall permit the representatives of each holder of a Series 2020A Bond that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such holder and upon not less than five Business Days' prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

Section 7.4. Electronic Delivery. Financial statements, opinions of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by the Company pursuant to Sections 7.1(a), (b), (c), (d), (e) and (f) and Section 7.2

shall be deemed to have been delivered if the Company satisfies any of the following requirements with respect thereto:

(a) such financial statements satisfying the requirements of Section 7.1(a) or (b) and related Officer's Certificate satisfying the requirements of Section 7.2 and any other information required under Section 7.1(c), (d), (e) or (f) are delivered to each holder of a Series 2020A Bond by e-mail at the e-mail address set forth in such holder's Purchaser Schedule or as communicated from time to time in a separate writing delivered to the Company;

(b) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of Section 7.1(a) or Section 7.1(b), as the case may be, with the SEC on EDGAR and shall have made such form and the related Officer's Certificate satisfying the requirements of Section 7.2 available on its home page on the internet, which is located at <http://www.middlesexwater.com> as of the date of this Agreement;

(c) such financial statements satisfying the requirements of Section 7.1(a) or Section 7.1(b) and related Officer's Certificate satisfying the requirements of Section 7.2 and any other information required under Section 7.1(c), (d), (e) or (f) are timely posted by or on behalf of the Company on IntraLinks or on any other similar website to which each holder of Series 2020A Bonds has free access; or

(d) the Company shall have timely filed any of the items referred to in Section 7.1(c), (d), (e) or (f) with the SEC on EDGAR and shall have made such items available on its home page on the internet or on IntraLinks or on any other similar website to which each holder of Series 2020A Bonds has free access;

provided however, that in no case shall access to such financial statements, other information and Officer's Certificates be conditioned upon any waiver or other agreement or consent (other than confidentiality provisions consistent with Section 20 of this Agreement); *provided further*, that in the case of any of clauses (b), (c) or (d), the Company shall have given each holder of a Series 2020A Bond concurrent written notice, which may be by e-mail or in accordance with Section 18, of such posting or filing in connection with each delivery.

SECTION 8. PAYMENT AND PREPAYMENT OF THE SERIES 2020A BONDS.

Section 8.1. Maturity. As provided therein, the entire unpaid principal balance of each Series 2020A Bond shall be due and payable on the Maturity Date thereof.

Section 8.2. Optional Prepayments with Make-Whole Amount. The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Series 2020A Bonds, in an amount not less than 10% of the aggregate principal amount of the Series 2020A Bonds then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Series 2020A Bonds written notice of each optional prepayment under this Section 8.2 not less than 10 days

and not more than 60 days prior to the date fixed for such prepayment unless the Company and the Required Holders agree to another time period pursuant to Section 17. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Series 2020A Bonds to be prepaid on such date, the principal amount of each Series 2020A Bond held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Series 2020A Bonds a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

Section 8.3. Required Prepayments upon Certain Events. If (a) all or substantially all of the mortgaged property shall have been damaged or destroyed to such extent that the Series 2020A Bonds shall be required to be redeemed pursuant to subsection B of Section 4 of Article VIII of the Second Supplement, or (b) title to, or the use of, all or substantially all of the mortgaged property shall have been taken under the exercise of the power of eminent domain, or shall be purchased, by, any governmental body or by any person, firm or corporation acting under governmental authority and the same shall require the Series 2020A Bonds to be redeemed pursuant to subsection B of Section 4 of Article VIII of the Second Supplement, then the Company shall, by notice as provided below, prepay all of the Series 2020A Bonds then outstanding at 100% of the principal amount thereof, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Series 2020A Bonds written notice of any required prepayment under this Section 8.3 within 90 days following the event resulting in such prepayment. Such notice shall specify the date of prepayment (which shall be a Business Day not less than 50 days nor more than 90 days after the date of such notice), the aggregate principal amount of the Series 2020A Bonds to be prepaid on such date, the principal amount of each Series 2020A Bond held by such holder to be prepaid, and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Series 2020A Bonds a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

Section 8.4. Allocation of Partial Prepayments. In the case of each partial prepayment of the Series 2020A Bonds pursuant to Section 8.2, the principal amount of the Series 2020A Bonds to be prepaid shall be allocated among all of the Series 2020A Bonds at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 8.5. Maturity; Surrender, Etc. In the case of each prepayment of Series 2020A Bonds pursuant to this Section 8, the principal amount of each Series 2020A Bond to be prepaid shall mature and become due and payable on the date fixed for such prepayment,

together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Series 2020A Bond paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Series 2020A Bond shall be issued in lieu of any prepaid principal amount of any Series 2020A Bond.

Section 8.6. Purchase of Series 2020A Bonds. The Company will not, and will not permit any Affiliate to, purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Series 2020A Bonds except (a) upon the payment or prepayment of the Series 2020A Bonds in accordance with this Agreement and the Series 2020A Bonds or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Series 2020A Bonds at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 15 Business Days. If the holders of more than 25% of the principal amount of the Series 2020A Bonds then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Series 2020A Bonds of such offer shall be extended by the number of days necessary to give each such remaining holder at least 15 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Series 2020A Bonds acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Series 2020A Bonds pursuant to this Agreement and no Series 2020A Bonds may be issued in substitution or exchange for any such Series 2020A Bonds.

Section 8.7. Make-Whole Amount.

The term “**Make-Whole Amount**” means, with respect to any Series 2020A Bond, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Series 2020A Bond over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

“**Called Principal**” means, with respect to any Series 2020A Bond, the principal of such Series 2020A Bond that is to be prepaid pursuant to Section 8.2 or Section 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

“**Discounted Value**” means, with respect to the Called Principal of any Series 2020A Bond, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Series 2020A Bonds is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“Reinvestment Yield” means, with respect to the Called Principal of any Series 2020A Bond, the sum of (a) 0.50% *plus* (b) the yield to maturity implied by the “Ask Yield(s)” reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities (**“Reported”**) having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (1) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (2) interpolating linearly between the “Ask Yields” Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (i) closest to and greater than such Remaining Average Life and (ii) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Series 2020A Bond.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then **“Reinvestment Yield”** means, with respect to the Called Principal of any Series 2020A Bond, the sum of (x) 0.50% *plus* (y) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (A) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (B) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Series 2020A Bond.

“Remaining Average Life” means, with respect to any Called Principal, the number of years obtained by dividing (a) such Called Principal into (b) the sum of the products obtained by multiplying (1) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (2) the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“Remaining Scheduled Payments” means, with respect to the Called Principal of any Series 2020A Bond, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the Series 2020A Bonds, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of

interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 8.3 or Section 12.1.

“Settlement Date” means, with respect to the Called Principal of any Series 2020A Bond, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or Section 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

Section 8.8. Payments Due on Non-Business Days. Anything in this Agreement or the Series 2020A Bonds to the contrary notwithstanding, (a) except as set forth in clause (b), any payment of interest on any Series 2020A Bond that is due on a date that is not a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; and (b) any payment of principal of or Make-Whole Amount on any Series 2020A Bond (including principal due on the Maturity Date of such Series 2020A Bond) that is due on a date that is not a Business Day shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

SECTION 9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Series 2020A Bonds are outstanding:

Section 9.1. Compliance with Laws. Without limiting Section 10.4, the Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject (including ERISA, Environmental Laws, the USA PATRIOT Act and the other laws and regulations that are referred to in Section 5.16) and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance.

(a) The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

(b) In addition to the foregoing, until payment in full of the Series 2020A Bonds, the Company will at a minimum, maintain general comprehensive liability

insurance against claims for bodily injury, death or property damage occurring on, in or about the mortgaged property (such coverage to include provisions waiving subrogation) in amounts not less than \$1,000,000 with respect to bodily injury to any one person, \$3,000,000 with respect to bodily injury to two or more persons in any one accident and, \$1,000,000 with respect to property damage resulting from any one occurrence.

(c) In addition to the provisions of Section 9.2(a) and Section 9.2(b), the Company shall also comply with all insurance requirements set forth in the Mortgage Indenture.

Section 9.3. Maintenance of Properties. The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided* that this Section 9.3 shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or is permitted under the Mortgage Indenture.

Section 9.4. Payment of Taxes. The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges or levies payable by any of them, to the extent the same have become due and payable and before they have become delinquent, *provided* that neither the Company nor any Subsidiary need pay any such tax, assessment, charge or levy if (a) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (b) the nonpayment of all such taxes, assessments, charges and levies would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.5. Corporate Existence, Etc. The Company will at all times preserve and keep its corporate existence in full force and effect. The Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Wholly-Owned Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Books and Records. The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be. The Company will, and will cause each of its Subsidiaries to, keep books, records and accounts which, in reasonable detail, accurately reflect all transactions and dispositions of assets. The Company and its Subsidiaries

have devised a system of internal accounting controls sufficient to provide reasonable assurances that their respective books, records, and accounts accurately reflect all transactions and dispositions of assets and the Company will, and will cause each of its Subsidiaries to, continue to maintain such system.

Section 9.7. Compliance with Other Covenant and Conditions. The Company will comply with all covenants, terms and conditions contained in the Mortgage Indenture (including each supplemental indenture).

Section 9.8. Series 2020A Bond to Rank Pari Passu. The Company will cause all Series 2020A Bonds and all other obligations of the Company under this Agreement to at all times rank in right of payment pari passu with all other Indebtedness and obligations of the Company secured by the Mortgage Indenture.

Section 9.9. Rating Requirement. The Company will at all times maintain a credit rating from an NRSRO on at least one series of its first mortgage bonds issued and outstanding under the Mortgage Indenture, which series of first mortgage bonds shall be secured equally and ratably with the Series 2020A Bonds but not have the benefit of any credit enhancement (herein, the “**Rated Bonds**”). If at any time the Company does not have any Rated Bonds outstanding, then the Company shall get within six months from the date that it does not have any Rated Bonds outstanding a credit rating of the Series 2020A Bonds from an NRSRO and shall at all times maintain a credit rating on the Series 2020A Bonds for so long as any Series 2020A Bonds are outstanding.

SECTION 10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Series 2020A Bonds are outstanding:

Section 10.1. Transactions with Affiliates. The Company will not, and will not permit any Subsidiary to, enter into directly or indirectly any Material transaction or Material group of related transactions (including the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except pursuant to the reasonable requirements of the Company’s or such Subsidiary’s business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm’s-length transaction with a Person not an Affiliate.

Section 10.2. Merger, Consolidation, Etc. The Company will not consolidate with or merge with any other Person or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to any Person unless:

- (a) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of the Company as an entirety, as the case may be, shall be (1) a solvent corporation or limited liability company with a net worth immediately following such transaction or each transaction in a series of transactions equal to or greater than the net worth of the Company immediately preceding such transaction or each transaction in

such series of transactions, (2) organized and existing under the laws of the United States or any state thereof (including the District of Columbia), and, (3) if the Company is not such corporation or limited liability company, such corporation or limited liability company shall have (i) executed and delivered to each holder of any Series 2020A Bonds its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement, the Series 2020A Bonds and each other Transaction Document and (ii) caused to be delivered to each holder of any Series 2020A Bonds an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(b) immediately before and immediately after giving effect to such transaction or each transaction in any such series of transactions, no Default or Event of Default shall have occurred and be continuing.

No such conveyance, transfer or lease of substantially all of the assets of the Company shall have the effect of releasing the Company or any successor corporation or limited liability company that shall theretofore have become such in the manner prescribed in this Section 10.2, from its liability under this Agreement, the Series 2020A Bonds or any other Transaction Document.

Anything in this Agreement to the contrary notwithstanding, except to the extent prohibited by Section 9.5 or the Mortgage Indenture, the Company may create and/or dissolve or otherwise terminate the existence of Subsidiaries and Affiliates without notice to or consent of any holder of a Series 2020A Bond.

Section 10.3. Line of Business. The Company will not, and will not permit any Subsidiary to, engage in any business if, as a result, the general nature of the business in which the Company and its Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Company and its Subsidiaries, taken as a whole, are engaged on the date of this Agreement.

Section 10.4. Economic Sanctions, Etc. The Company will not, and will not permit any Controlled Entity to (a) become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or (b) directly or indirectly have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving the proceeds of the Series 2020A Bonds) with any Person if such investment, dealing or transaction (1) would cause any holder or any affiliate of such holder to be in violation of, or subject to sanctions under, any law or regulation applicable to such holder, or (2) is prohibited by or subject to sanctions under any U.S. Economic Sanctions Laws.

Section 11. Events of Default.

An “**Event of Default**” shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Series 2020A Bond when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Series 2020A Bond for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Section 7.1(d) or Section 10; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in Sections 11(a), (b) and (c)) and such default is not remedied within 30 days after the earlier of (1) a Responsible Officer obtaining actual knowledge of such default and (2) the Company receiving written notice of such default from any holder of a Series 2020A Bond (any such written notice to be identified as a “notice of default” and to refer specifically to this Section 11(d)); or

(e) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) the occurrence of an “event of default” under the Mortgage Indenture other than an event of default resulting from a default in the payment of any installment of the principal or interest on the Series 2020A Bonds on the date when due, and the acceleration of the Series 2020A Bonds as a result of such “event of default”;

(g) (1) the Company or any Significant Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least \$25,000,000 (or its equivalent in the relevant currency of payment) beyond any period of grace provided with respect thereto, or (2) the Company or any Significant Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least \$25,000,000 (or its equivalent in the relevant currency of payment) or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition, such Indebtedness has become or has been declared due and payable before its stated maturity or before its regularly scheduled dates of payment; or

(h) the Company or any Significant Subsidiary (1) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (2) files, or consents by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (3) makes an assignment for the benefit of its creditors, (4) consents to the

appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (5) is adjudicated as insolvent or to be liquidated, or (6) takes corporate action for the purpose of any of the foregoing; or

(i) a court or other Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Significant Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Significant Subsidiaries, or any such petition shall be filed against the Company or any of its Significant Subsidiaries and such petition shall not be dismissed within 60 days; or

(j) one or more final judgments or orders for the payment of money aggregating in excess of \$25,000,000 (or its equivalent in the relevant currency of payment), including any such final order enforcing a binding arbitration decision, are rendered against one or more of the Company and its Significant Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(k) if (1) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (2) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC (unless a Plan is fully funded on a termination basis) or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (3) there is any "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under one or more Plans, determined in accordance with Title IV of ERISA, (4) the aggregate present value of accrued benefit liabilities under all funded Non-U.S. Plans exceeds the aggregate current value of the assets of such Non-U.S. Plans allocable to such liabilities, (5) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA (other than ongoing funding obligations) or the penalty or excise tax provisions of the Code relating to employee benefit plans, (6) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, (7) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder, (8) the Company or any Subsidiary fails to administer or maintain a Non-U.S. Plan in compliance with the requirements of any and all applicable laws, statutes, rules, regulations or court orders or any Non-U.S. Plan is involuntarily terminated or wound up, or (9) the Company or any Subsidiary becomes subject to the imposition of a financial

penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more Non-U.S. Plans; and any such event or events described in clauses (1) through (9) above, either individually or together with any other such event or events, would reasonably be expected to have a Material Adverse Effect. As used in this Section 11(k), the terms “**employee benefit plan**” and “**employee welfare benefit plan**” shall have the respective meanings assigned to such terms in section 3 of ERISA; or

(l) any Transaction Document shall cease to be in full force and effect, the Company or any Person acting on behalf of the Company shall contest in any manner the validity, binding nature or enforceability of any Transaction Document, or the obligations of the Company under any Transaction Document are not or cease to be legal, valid, binding and enforceable in accordance with the terms of the Company.

SECTION 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration. (a) If an Event of Default with respect to the Company described in Section 11(h) or (i) (other than an Event of Default described in clause (1) of Section 11(h) or described in clause (6) of Section 11(h) by virtue of the fact that such clause encompasses clause (1) of Section 11(h)) has occurred, all the Series 2020A Bonds then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Holders may at any time at its or their option, by notice or notices to the Company, declare all the Series 2020A Bonds then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 11(a) or (b) has occurred and is continuing, any holder or holders of Series 2020A Bonds at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Series 2020A Bonds held by it or them to be immediately due and payable.

Upon any Series 2020A Bonds becoming due and payable under this Section 12.1, whether automatically or by declaration, such Series 2020A Bonds will forthwith mature and the entire unpaid principal amount of such Series 2020A Bonds, *plus* (x) all accrued and unpaid interest thereon (including interest accrued thereon at the Default Rate) and (y) the Make-Whole Amount determined in respect of such principal amount, shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Series 2020A Bond has the right to maintain its investment in the Series 2020A Bonds free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Series 2020A Bonds are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Series 2020A Bonds have become or have been declared immediately due and payable under Section 12.1, the holder of any Series 2020A Bond at the time outstanding may proceed to protect and enforce the rights of such holder hereunder or under any other Transaction Document by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein, in any Series 2020A Bond or in any other Transaction Document, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise; *provided* that the exercise of rights and remedies in respect of the mortgaged property shall be made only in accordance with the terms of the Mortgage Indenture.

Section 12.3. Rescission. At any time after any Series 2020A Bonds have been declared due and payable pursuant to Section 12.1(b) or (c), the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Series 2020A Bonds, all principal of and Make-Whole Amount, if any, on any Series 2020A Bonds that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Series 2020A Bonds, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Series 2020A Bonds. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Series 2020A Bond in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement, any Series 2020A Bond or any other Transaction Document upon the holder of any Series 2020A Bond shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Series 2020A Bond on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including reasonable attorneys' fees, expenses and disbursements.

SECTION 13. REGISTRATION; TRANSFER AND EXCHANGE; REPLACEMENT OF SERIES 2020A BONDS.

The Company shall cause the Trustee to keep a register for the registration and registration of transfers of Series 2020A Bonds in accordance with the Fifty-Fourth Supplement. Registration of transfer or exchange of any Series 2020A Bond and replacement of any Series

2020A Bond that has been lost, stolen, destroyed or mutilated shall be done in accordance with the Mortgage Indenture.

SECTION 14. PAYMENTS ON SERIES 2020A BONDS.

Section 14.1. Place of Payment. Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Series 2020A Bonds shall be made in New York, New York at the principal office of JPMorgan Chase Bank, N.A. in such jurisdiction. The Company may at any time, by notice to each holder of a Series 2020A Bond, change the place of payment of the Series 2020A Bonds so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Payment by Wire Transfer. So long as any Purchaser or its nominee shall be the holder of any Series 2020A Bond, and notwithstanding anything contained in Section 14.1 or in such Series 2020A Bond to the contrary, the Company will pay all sums becoming due on such Series 2020A Bond for principal, Make-Whole Amount, if any, interest and all other amounts becoming due hereunder by the method and at the address specified for such purpose below such Purchaser's name in the Purchaser Schedule, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Series 2020A Bond or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Series 2020A Bond, such Purchaser shall surrender such Series 2020A Bond for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Series 2020A Bond held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Series 2020A Bond to the Company in exchange for a new Series 2020A Bond or Series 2020A Bonds pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Series 2020A Bond purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Series 2020A Bond as the Purchasers have made in this Section 14.2.

Section 14.3. FATCA Information. By acceptance of any Series 2020A Bond, the holder of such Series 2020A Bond agrees that such holder will with reasonable promptness duly complete and deliver to the Company, or to such other Person as may be reasonably requested by the Company, from time to time (a) in the case of any such holder that is a United States Person, such holder's United States tax identification number or other Forms reasonably requested by the Company necessary to establish such holder's status as a United States Person under FATCA and as may otherwise be necessary for the Company to comply with its obligations under FATCA and (b) in the case of any such holder that is not a United States Person, such documentation prescribed by applicable law (including as prescribed by section 1471(b)(3)(C)(i) of the Code) and such additional documentation as may be necessary for the Company to comply with its obligations under FATCA and to determine that such holder has complied with such

holder's obligations under FATCA or to determine the amount, if any, to deduct and withhold from any such payment made to such holder. Nothing in this Section 14.3 shall require any holder to provide information that is confidential or proprietary to such holder unless the Company is required to obtain such information under FATCA and, in such event, the Company shall treat any such information it receives as confidential.

SECTION 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Series 2020A Bond in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, the Series 2020A Bonds or any other Transaction Document (whether or not such amendment, waiver or consent becomes effective), including: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, the Series 2020A Bonds or any other Transaction Document or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, the Series 2020A Bonds or any other Transaction Document, or by reason of being a holder of any Series 2020A Bond, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Series 2020A Bonds and by the other Transaction Documents and (c) the costs and expenses incurred in connection with the initial filing of this Agreement and all related documents and financial information with the SVO *provided*, that such costs and expenses under this clause (c) shall not exceed \$3,500. If required by the NAIC, the Company shall obtain and maintain at its own cost and expense a Legal Entity Identifier (LEI).

The Company will pay, and will save each Purchaser and each other holder of a Series 2020A Bond harmless from, (i) all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Series 2020A Bonds), (ii) any and all wire transfer fees that any bank or other financial institution deducts from any payment under such Series 2020A Bond to such holder or otherwise charges to a holder of a Series 2020A Bond with respect to a payment under such Series 2020A Bond and (iii) any judgment, liability, claim, order, decree, fine, penalty, cost, fee, expense (including reasonable attorneys' fees and expenses) or obligation resulting from the consummation of the transactions contemplated hereby, including the use of the proceeds of the Series 2020A Bonds by the Company; provided that the Company shall have no obligation under this clause (iii) to any Purchaser or any holder to the extent the relevant judgment, liability, claim, order, decree, fine, penalty, cost, fee, expense or obligation is determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Purchaser or such holder.

Section 15.2. Certain Taxes. The Company agrees to pay all stamp, documentary or similar taxes or fees which may be payable in respect of the execution and delivery or the

enforcement of this Agreement or any other Transaction Document or the execution and delivery (but not the transfer) or the enforcement of any of the Series 2020A Bonds in the United States or any other jurisdiction where the Company has assets or of any amendment of, or waiver or consent under or with respect to, this Agreement, any of the Series 2020A Bonds or any other Transaction Document, and to pay any value added tax due and payable in respect of reimbursement of costs and expenses by the Company pursuant to this Section 15, and will save each holder of a Series 2020A Bond to the extent permitted by applicable law harmless against any loss or liability resulting from nonpayment or delay in payment of any such tax or fee required to be paid by the Company hereunder.

Section 15.3. Survival. The obligations of the Company under this Section 15 will survive the payment or transfer of any Series 2020A Bond, the enforcement, amendment or waiver of any provision of this Agreement, the Series 2020A Bonds or any other Transaction Document, and the termination of this Agreement or the Mortgage Indenture.

SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement, the Series 2020A Bonds and the Fifty-Fourth Supplement, the purchase or transfer by any Purchaser of any Series 2020A Bond or portion thereof or interest therein and the payment of any Series 2020A Bond, and may be relied upon by any subsequent holder of a Series 2020A Bond, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Series 2020A Bond. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement, the Series 2020A Bonds and the other Transaction Documents embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements. This Agreement and the Series 2020A Bonds may be amended, and the observance of any term hereof or of the Series 2020A Bonds may be waived (either retroactively or prospectively), only with the written consent of the Company and the Required Holders, except that:

(a) no amendment or waiver of any of Sections 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing; and

(b) no amendment or waiver may, without the written consent of each Purchaser and the holder of each Series 2020A Bond at the time outstanding, (1) subject to Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of (i) interest on the Series 2020A Bonds or (ii) the Make-Whole Amount, (2) change the percentage

of the principal amount of the Series 2020A Bonds the holders of which are required to consent to any amendment or waiver, or (3) amend any of Sections 8 (except as set forth in the second sentence of Section 8.2 and Section 17.1(c)), 11(a), 11(b), 12, 17 or 20.

Section 17.2. Solicitation of Holders of Series 2020A Bonds.

(a) *Solicitation.* The Company will provide each holder of a Series 2020A Bond with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Series 2020A Bonds or of any other Transaction Document. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to this Section 17 or any other Transaction Document to each holder of a Series 2020A Bond promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Series 2020A Bonds.

(b) *Payment.* The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of a Series 2020A Bond as consideration for or as an inducement to the entering into by such holder of any waiver or amendment of any of the terms and provisions hereof or any Series 2020A Bond unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of a Series 2020A Bond even if such holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer.* Any consent given pursuant to this Section 17 by a holder of a Series 2020A Bond that has transferred or has agreed to transfer its Series 2020A Bond to (1) the Company, (2) any Subsidiary or any other Affiliate or (3) any other Person in connection with, or in anticipation of, such other Person acquiring, making a tender offer for or merging with the Company and/or any of its Affiliates, in each case in connection with such consent, shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Series 2020A Bonds that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

Section 17.3. Binding Effect, Etc. Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Series 2020A Bonds and is binding upon them and upon each future holder of any Series 2020A Bond and upon the Company without regard to whether such Series 2020A Bond has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and any holder of a Series 2020A Bond and no delay

in exercising any rights hereunder or under any Series 2020A Bond shall operate as a waiver of any rights of any holder of such Series 2020A Bond.

Section 17.4. Series 2020A Bonds Held by Company, Etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Series 2020A Bonds then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Series 2020A Bonds, or have directed the taking of any action provided herein or in the Series 2020A Bonds to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Series 2020A Bonds then outstanding, Series 2020A Bonds directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

SECTION 18. NOTICES.

Except to the extent otherwise provided in Section 7.4, all notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by an internationally recognized overnight delivery service (charges prepaid), (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by an internationally recognized overnight delivery service (charges prepaid). Any such notice must be sent:

- (1) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in the Purchaser Schedule, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,
- (2) if to any other holder of any Series 2020A Bond, to such holder at such address as such other holder shall have specified to the Company in writing, or
- (3) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Jay Kooper, Secretary, or at such other address as the Company shall have specified to the holder of each Series 2020A Bond in writing.

Notices under this Section 18 will be deemed given only when actually received.

SECTION 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating hereto, including (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Series 2020A Bonds themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further

reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Series 2020A Bonds from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, “**Confidential Information**” means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser’s behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (1) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Series 2020A Bonds), (2) its auditors, financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with this Section 20, (3) any other holder of any Series 2020A Bond, (4) any Institutional Investor to which it sells or offers to sell such Series 2020A Bond or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (5) any Person from which it offers to purchase any Security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (6) any federal or state regulatory authority having jurisdiction over such Purchaser, (7) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser’s investment portfolio, or (8) any other Person to which such delivery or disclosure may be necessary or appropriate (i) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (ii) in response to any subpoena or other legal process, (iii) in connection with any litigation to which such Purchaser is a party or (iv) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser’s Series 2020A Bonds, this Agreement or any other Transaction Document. Each holder of a Series 2020A Bond, by its acceptance of a Series 2020A Bond, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Series 2020A Bond of information required to be delivered to such holder under this Agreement or requested by such holder (other

than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying this Section 20.

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement, any Purchaser or holder of a Series 2020A Bond is required to agree to a confidentiality undertaking (whether through IntraLinks, another secure website, a secure virtual workspace or otherwise) which is different from this Section 20, this Section 20 shall not be amended thereby and, as between such Purchaser or such holder and the Company, this Section 20 shall supersede any such other confidentiality undertaking.

SECTION 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates or another Purchaser or any one of such other Purchaser's Affiliates (a "**Substitute Purchaser**") as the purchaser of the Series 2020A Bonds that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Substitute Purchaser, shall contain such Substitute Purchaser's agreement to be bound by this Agreement and shall contain a confirmation by such Substitute Purchaser of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Substitute Purchaser in lieu of such original Purchaser. In the event that such Substitute Purchaser is so substituted as a Purchaser hereunder and such Substitute Purchaser thereafter transfers to such original Purchaser all of the Series 2020A Bonds then held by such Substitute Purchaser, upon receipt by the Company of notice of such transfer, any reference to such Substitute Purchaser as a "Purchaser" in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Substitute Purchaser, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Series 2020A Bonds under this Agreement.

SECTION 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including any subsequent holder of a Series 2020A Bond) whether so expressed or not, except that, subject to Section 10.2, the Company may not assign or otherwise transfer any of its rights or obligations hereunder or under the Series 2020A Bonds without the prior written consent of each holder. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

Section 22.2. Accounting Terms. All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (a) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (b) all financial

statements shall be prepared in accordance with GAAP. For purposes of determining compliance with this Agreement (including Section 9, Section 10 and the definition of “Indebtedness”), any election by the Company to measure any financial liability using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Topic No. 825-10-25 – *Fair Value Option*, International Accounting Standard 39 – *Financial Instruments: Recognition and Measurement* or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

Section 22.3. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.4. Construction, Etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Defined terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein) and, for purposes of the Series 2020A Bonds, shall also include any such notes issued in substitution therefor pursuant to Section 13, (b) subject to Section 22.1, any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections and Schedules shall be construed to refer to Sections of, and Schedules to, this Agreement, and (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

Section 22.5. Counterparts; Electronic Contracting. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. The parties agree to electronic contracting and signatures with respect to this Agreement, and all other documents delivered hereunder (other than the Series 2020A Bonds). Delivery of an electronic signature to,

or a signed copy of, this Agreement and all other documents delivered hereunder (other than the Series 2020A Bonds) by facsimile, email or other electronic transmission shall be fully binding on the parties to the same extent as the delivery of the signed originals and shall be admissible into evidence for all purposes. Notwithstanding the foregoing, if any Purchaser shall request manually signed counterpart signatures to any document delivered hereunder, the Company hereby agrees to use its reasonable endeavors to provide such manually signed signature pages as soon as reasonably practicable

Section 22.6. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.7. Jurisdiction and Process; Waiver of Jury Trial.

(a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Series 2020A Bonds. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company agrees, to the fullest extent permitted by applicable law, that a final judgment in any suit, action or proceeding of the nature referred to in Section 22.7(a) brought in any such court shall be conclusive and binding upon it subject to rights of appeal, as the case may be, and may be enforced in the courts of the United States of America or the State of New York (or any other courts to the jurisdiction of which it or any of its assets is or may be subject) by a suit upon such judgment.

(c) The Company consents to process being served by or on behalf of any holder of Series 2020A Bonds in any suit, action or proceeding of the nature referred to in Section 22.7(a) by mailing a copy thereof by registered, certified priority or express mail (or any substantially similar form of mail), postage prepaid, return receipt or delivery confirmation requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (1) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (2) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(d) Nothing in this Section 22.7 shall affect the right of any holder of a Series 2020A Bond to serve process in any manner permitted by law, or limit any right that the holders of any of the Series 2020A Bonds may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(e) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE SERIES 2020A BONDS OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HERewith OR THEREWITH.

Section 22.8. Transaction References. The Company agrees that each of NYL Investors LLC, the Purchasers and their respective Affiliates may (a) refer to the identity of the Company and the Series 2020A Bonds on its internet site or in marketing materials, press releases, published “tombstone” announcements or any other print or electronic medium and (b) display the Company’s corporate logo in conjunction with any such reference.

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

MIDDLESEX WATER COMPANY

By /s/ A. Bruce O'Connor
Its Senior Vice President, Treasurer
and Chief Financial Officer

This Agreement is hereby
accepted and agreed to as
of the date hereof.

NEW YORK LIFE INSURANCE COMPANY

By /s/ Christopher H. Carey
Name: Christopher H. Carey
Title: Vice President

NEW YORK LIFE INSURANCE AND ANNUITY
CORPORATION
By: NYL Investors LLC, its Investment
Manager

By /s/ Christopher H. Carey
Name: Christopher H. Carey
Title: Managing Director

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION INSTITUTIONALLY OWNED LIFE
INSURANCE SEPARATE ACCOUNT (BOLI30C)
By: NYL Investors LLC, its Investment Manager

By /s/ Christopher H. Carey
Name: Christopher H. Carey
Title: Managing Director

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION INSTITUTIONALLY OWNED LIFE
INSURANCE SEPARATE ACCOUNT (BOLI3)

By: NYL Investors LLC, its Investment Manager

By /s/ Christopher H. Carey
Name: Christopher H. Carey
Title: Managing Director

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

“Affiliate” means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person. Unless the context otherwise clearly requires, any reference to an “Affiliate” is a reference to an Affiliate of the Company.

“Agreement” means this Bond Purchase Agreement, including all Schedules attached to this Agreement.

“Anti-Corruption Laws” means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding bribery or any other corrupt activity, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010.

“Anti-Money Laundering Laws” means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes, including the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act) and the USA PATRIOT Act.

“Blocked Person” means (a) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by OFAC, (b) a Person, entity, organization, country or regime that is blocked or a target of sanctions that have been imposed under U.S. Economic Sanctions Laws or (c) a Person that is an agent, department or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, any Person, entity, organization, country or regime described in clause (a) or (b).

“Business Day” means (a) for the purposes of Section 8.6 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York are required or authorized to be closed.

“Capital Lease” means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

“Closing” is defined in Section 3.

“Code” means the Internal Revenue Code of 1986 and the rules and regulations promulgated thereunder from time to time.

SCHEDULE A (to Bond Purchase Agreement)

“**Company**” is defined in the first paragraph of this Agreement.

“**Confidential Information**” is defined in Section 20.

“**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms “**Controlled**” and “**Controlling**” shall have meanings correlative to the foregoing.

“**Controlled Entity**” means (a) any of the Subsidiaries of the Company and any of their or the Company’s respective Controlled Affiliates and (b) if the Company has a parent company, such parent company and its Controlled Affiliates.

“**Default**” means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“**Default Rate**” means that rate of interest per annum that is the greater of (a) 4.90% or (b) 2.00% over the rate of interest publicly announced by JPMorgan Chase Bank, N.A. in New York, New York as its “base” or “prime” rate.

“**Disclosure Documents**” is defined in Section 5.3.

“**EDGAR**” means the SEC’s Electronic Data Gathering, Analysis and Retrieval System or any successor SEC electronic filing system for such purposes.

“**Environmental Laws**” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to Hazardous Materials.

“**ERISA**” means the Employee Retirement Income Security Act of 1974 and the rules and regulations promulgated thereunder from time to time in effect.

“**ERISA Affiliate**” means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

“**Event of Default**” is defined in Section 11.

“**FATCA**” means (a) sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), together with any current or future regulations or official interpretations thereof, (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other jurisdiction, which (in either case) facilitates the implementation of the foregoing clause (a), and (c) any agreements entered into pursuant to section 1471(b)(1) of the Code.

“Fifty-Fourth Supplement” is defined in Section 1.

“Form 10-K” is defined in Section 7.1(b).

“Form 10-Q” is defined in Section 7.1(a).

“GAAP” means (a) generally accepted accounting principles as in effect from time to time in the United States of America and (b) for purposes of Section 9.6, with respect to any Subsidiary, generally accepted accounting principles (including International Financial Reporting Standards, as applicable) as in effect from time to time in the jurisdiction of organization of such Subsidiary.

“Governmental Authority” means

(a) the government of

(1) the United States of America or any state or other political subdivision thereof, or

(2) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

“Governmental Official” means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

“Guaranty” means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (1) for the purchase or payment of such indebtedness or obligation, or (2) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

“Hazardous Materials” means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law, including asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

“holder” means, with respect to any Series 2020A Bond, the Person in whose name such Series 2020A Bond is registered in the register maintained by the Trustee pursuant to the Fifty-Fourth Supplement.

“INHAM Exemption” is defined in Section 6.2(e).

“Indebtedness” with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) (1) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases and (2) all liabilities which would appear on its balance sheet in accordance with GAAP in respect of Synthetic Leases assuming such Synthetic Leases were accounted for as Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

- (e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);
- (f) the aggregate Swap Termination Value of all Swap Contracts of such Person; and
- (g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) hereof.

Indebtedness of any Person shall include all obligations of such Person of the character described in clauses (a) through (g) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

“Institutional Investor” means (a) any Purchaser of a Series 2020A Bond, (b) any holder of a Series 2020A Bond holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount of the Series 2020A Bonds then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Series 2020A Bond.

“Lien” means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

“Make-Whole Amount” is defined in Section 8.7.

“Material” means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement, the Series 2020A Bonds and the other Transaction Documents or (c) the validity or enforceability of this Agreement, the Series 2020A Bonds or any other Transaction Document.

“Maturity Date” means November 16, 2050.

“Mortgage Indenture” is defined in Section 1.

“Multiemployer Plan” means any Plan that is a “multiemployer plan” (as such term is defined in section 4001(a)(3) of ERISA).

“**NAIC**” means the National Association of Insurance Commissioners.

“**Non-U.S. Plan**” means any plan, fund or other similar program that (a) is established or maintained outside the United States of America by the Company or any Subsidiary primarily for the benefit of employees of the Company or one or more Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and (b) is not subject to ERISA or the Code.

“**NRSRO**” means any Nationally Recognized Statistical Rating Organization so designated by the SEC whose status has been confirmed by the SVO.

“**OFAC**” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“**OFAC Sanctions Program**” means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.

“**Officer’s Certificate**” means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

“**Original Mortgage Indenture**” is defined in Section 1.

“**PBGC**” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“**Person**” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

“**Plan**” means an “employee benefit plan” (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

“**Preferred Stock**” means any class of capital stock of a Person that is preferred over any other class of capital stock (or similar equity interests) of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

“**property**” or “**properties**” means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

“**PTE**” is defined in Section 6.2(a).

“Purchaser” or **“Purchasers”** means each of the purchasers that has executed and delivered this Agreement to the Company and such Purchaser’s successors and assigns (so long as any such assignment complies with section 4 of the Fifty-Fourth Supplement), *provided, however*, that any Purchaser of a Series 2020A Bond that ceases to be the registered holder or a beneficial owner (through a nominee) of such Series 2020A Bond as the result of a transfer thereof pursuant to section 4 of the Fifty-Fourth Supplement shall cease to be included within the meaning of “Purchaser” of such Series 2020A Bond for the purposes of this Agreement upon such transfer.

“Purchaser Schedule” means the Purchaser Schedule to this Agreement listing the Purchasers of the Series 2020A Bonds and including their notice and payment information.

“Qualified Institutional Buyer” means any Person who is a “qualified institutional buyer” within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

“QPAM Exemption” is defined in Section 6.2(d).

“Related Fund” means, with respect to any holder of any Series 2020A Bond, any fund or entity that (a) invests in Securities or bank loans, and (b) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

“Required Holders” means at any time on or after the Closing, the holders of more than 50% in principal amount of the Series 2020A Bonds at the time outstanding (exclusive of Series 2020A Bonds then owned by the Company or any of its Affiliates).

“Responsible Officer” means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States of America.

“Second Supplement” means Second Supplemental Indenture dated October 1, 1939 between the Company and the Trustee.

“Securities” or **“Security”** shall have the meaning specified in section 2(1) of the Securities Act.

“Securities Act” means the Securities Act of 1933 and the rules and regulations promulgated thereunder from time to time in effect.

“Senior Financial Officer” means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

“Series 2020A Bonds” is defined in Section 1.

“Significant Subsidiary” means at any time any Subsidiary that would at such time constitute a “significant subsidiary” (as such term is defined in Regulation S-X of the SEC as in effect on the date of the Closing) of the Company.

“Source” is defined in Section 6.2.

“State Sanctions List” means a list that is adopted by any state Governmental Authority within the United States of America pertaining to Persons that engage in investment or other commercial activities in Iran or any other country that is a target of economic sanctions imposed under U.S. Economic Sanctions Laws.

“Subsidiary” means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a “Subsidiary” is a reference to a Subsidiary of the Company.

“Substitute Purchaser” is defined in Section 21.

“SVO” means the Securities Valuation Office of the NAIC.

“Swap Contract” means (a) any and all interest rate swap transactions, basis swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward foreign exchange transactions, cap transactions, floor transactions, currency options, spot contracts or any other similar transactions or any of the foregoing (including any options to enter into any of the foregoing), and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amounts(s) determined as the mark-to-market values(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

“Synthetic Lease” means, at any time, any lease (including leases that may be terminated by the lessee at any time) of any property (a) that is accounted for as an operating lease under GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor.

“Transaction Documents” means this Agreement, the Mortgage (including the Fifty-Fourth Supplement) and the Series 2020A Bonds.

“Trustee” is defined on Section 1.

“United States” or **“U.S.”** means the United States of America.

“United States Person” has the meaning set forth in Section 7701(a)(30) of the Code.

“USA PATRIOT Act” means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the rules and regulations promulgated thereunder from time to time in effect.

“U.S. Economic Sanctions Laws” means those laws, executive orders, enabling legislation or regulations administered and enforced by the United States pursuant to which economic sanctions have been imposed on any Person, entity, organization, country or regime, including the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Iran Sanctions Act, the Sudan Accountability and Divestment Act and any other OFAC Sanctions Program.

“Wholly-Owned Subsidiary” means, at any time, any Subsidiary all of the equity interests (except directors’ qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company’s other Wholly-Owned Subsidiaries at such time.

FORM OF FIFTY-FOURTH SUPPLEMENTAL INDENTURE

[See Attached]

MORTGAGE
FIFTY-FOURTH SUPPLEMENTAL INDENTURE
MIDDLESEX WATER COMPANY
TO
U.S. BANK NATIONAL ASSOCIATION
Trustee

Dated as of November 1, 2020

Record and Return to:
Joshua S. Pasker, Esq.
Saul Ewing Arnstein & Lehr LLP
1500 Market Street, 38th Floor
Philadelphia, PA 19102
215-972-7783

THIS FIFTY-FOURTH SUPPLEMENTAL INDENTURE, dated as of the first day of November, 2020, between MIDDLESEX WATER COMPANY, a corporation organized and existing under the laws of the State of New Jersey, having its principal office in the Township of Woodbridge, New Jersey (herein called “Water Company”), and U.S. BANK NATIONAL ASSOCIATION (as successor to Wachovia Bank, National Association, the successor to First Union National Bank, the successor to Meridian Bank, the successor to United Counties Trust Company, in turn the successor to the Union County Trust Company), a corporation organized and existing under the laws of the United States, having a New Jersey corporate trust office in the Township of Edison, New Jersey, as Trustee under the Indenture of Mortgage hereinafter mentioned (herein called the “Trustee”):

WHEREAS, on April 1, 1927, Water Company executed and delivered to the Trustee an Indenture of Mortgage (herein called the “Mortgage”) to secure its First and Refunding Mortgage Gold Bonds, Series A, 5-1/2%, which bonds have since been redeemed by Water Company, and which Mortgage provides that bonds of other series may be issued under and pursuant to an indenture supplemental thereto; and

WHEREAS, on May 14, 1935, Water Company executed and delivered to the Trustee a Supplemental Indenture to secure its First and Refunding Mortgage Bonds, Series B, 4-1/2%, which Supplemental Indenture, prior to the execution and delivery hereof, was satisfied and discharged of record, no bonds having been issued thereunder; and

WHEREAS, as of October 1, 1939, Water Company executed and delivered to the Trustee a Second Supplemental Indenture of Mortgage (herein called the “Second Supplemental Indenture”) to secure its First and Refunding Mortgage 3-3/4% Bonds, Series C (herein called the “Series C Bonds”), which bonds were paid at maturity by Water Company, and otherwise modifying, amending and supplementing the Mortgage; and

WHEREAS, as of April 1, 1946, Water Company executed and delivered to the Trustee a Third Supplemental Indenture of Mortgage (herein called the “Third Supplemental Indenture”) to secure its First and Refunding Mortgage 3% Bonds, Series D (herein called the “Series D Bonds”), which bonds were paid at maturity by Water Company, and otherwise modifying, amending and supplementing the Mortgage; and

WHEREAS, as of April 1, 1949, Water Company executed and delivered to the Trustee a Fourth Supplemental Indenture of Mortgage (herein called the “Fourth Supplemental Indenture”) to secure its First Mortgage 3-1/2% Bonds, Series E (herein called the “Series E Bonds”), which bonds were paid at maturity by Water Company, and otherwise modifying, amending and supplementing the Mortgage; and

WHEREAS, as of February 1, 1955, Water Company executed and delivered to the Trustee a Fifth Supplemental Indenture of Mortgage (herein called the “Fifth Supplemental Indenture”) to secure its First Mortgage 3-5/8% Bonds, Series F (herein called the “Series F Bonds”), which bonds were paid at maturity by Water Company, and otherwise supplementing the Mortgage; and

WHEREAS, as of December 1, 1959, Water Company executed and delivered to the Trustee a Sixth Supplemental Indenture of Mortgage (herein called the “Sixth Supplemental Indenture”) to secure its First Mortgage 5-3/4% Bonds, Series G (herein called the “Series G Bonds”), which bonds have since been redeemed by Water Company, and otherwise supplementing the Mortgage; and

WHEREAS, as of January 15, 1963, Water Company executed and delivered to the Trustee a Seventh Supplemental Indenture of Mortgage (herein called the “Seventh Supplemental

Indenture”) to secure its First Mortgage 4-1/2% Bonds, Series H (herein called the “Series H Bonds”), which bonds were paid at maturity by Water Company and otherwise supplementing the Mortgage; and

WHEREAS, as of July 1, 1964, Water Company executed and delivered to the Trustee, an Eighth Supplemental Indenture of Mortgage (herein called the “Eighth Supplemental Indenture”) to secure its First Mortgage 4 3/4% Bonds, Series I (herein called the “Series I Bonds”), which bonds have since been redeemed by Water Company, and otherwise supplementing the Mortgage; and

WHEREAS, as of June 1, 1965, Water Company executed and delivered to the Trustee a Ninth Supplemental Indenture of Mortgage (herein called the “Ninth Supplemental Indenture”) to secure its First Mortgage 4-3/4% Bonds, Series J (herein called the “Series J Bonds”), which bonds have since been redeemed by Water Company, and otherwise supplementing the Mortgage; and

WHEREAS, as of February 1, 1968, Water Company executed and delivered to the Trustee a Tenth Supplemental Indenture of Mortgage (herein called the “Tenth Supplemental Indenture”) to secure its First Mortgage 6-3/4% Bonds, Series K (herein called the “Series K Bonds”), and otherwise supplementing the Mortgage; and

WHEREAS, as of December 1, 1968, Water Company executed and delivered to the Trustee an Eleventh Supplemental Indenture of Mortgage (herein called the “Eleventh Supplemental Indenture”) to secure its First Mortgage 6-7/8% Bonds, Series L (herein called the “Series L Bonds”), which bonds have since been redeemed by Water Company, and otherwise supplementing the Mortgage; and

WHEREAS, as of December 1, 1970, Water Company executed and delivered to the Trustee a Twelfth Supplemental Indenture of Mortgage (herein called the “Twelfth Supplemental Indenture”) to secure its First Mortgage 10% Bonds, Series M (herein called the “Series M Bonds”), which bonds have since been redeemed by Water Company, and otherwise supplementing the Mortgage; and

WHEREAS, as of December 1, 1972, Water Company executed and delivered to the Trustee a Thirteenth Supplemental Indenture of Mortgage (herein called the “Thirteenth Supplemental Indenture”) to secure its First Mortgage 8-1/8% Bonds, Series N (herein called the “Series N Bonds”), which bonds have since been redeemed by Water Company, and otherwise supplementing the Mortgage; and

WHEREAS, as of April 1, 1979, Water Company executed and delivered to the Trustee a Fourteenth Supplemental Indenture of Mortgage (herein called the “Fourteenth Supplemental Indenture”) to secure its First Mortgage 7% Bonds, Series O (herein called the “Series O Bonds”), which bonds have since been redeemed by Water Company, and otherwise supplementing the Mortgage; and

WHEREAS, as of April 1, 1983, Water Company executed and delivered to the Trustee a Fifteenth Supplemental Indenture of Mortgage (herein called the “Fifteenth Supplemental Indenture”) to secure its First Mortgage 10-1/2% Bonds, Series P (herein called the “Series P Bonds”), which bonds have since been redeemed by Water Company, and otherwise supplementing the Mortgage; and

WHEREAS, as of August 1, 1988, Water Company executed and delivered to the Trustee a Sixteenth Supplemental Indenture of Mortgage (herein called the “Sixteenth Supplemental Indenture”) to secure its First Mortgage 8% Bonds, Series Q (herein called the “Series Q

Bonds”), which bonds have since been redeemed by Water Company, and otherwise supplementing the Mortgage; and WHEREAS, as of June 15, 1991, Water Company executed and delivered to the Trustee a Seventeenth Supplemental Indenture of Mortgage (herein called the “Seventeenth Supplemental Indenture”) to secure its First Mortgage 7.25% Bonds, Series R (herein called the “Series R Bonds”), which bonds have since been redeemed by Water Company, and otherwise supplementing the Mortgage; and WHEREAS, as of March 1, 1993, Water Company executed and delivered to the Trustee a Supplementary Indenture of Mortgage to the Fifteenth Supplemental Indenture of Mortgage (herein called the “Supplementary Indenture to the Fifteenth Supplemental Indenture”) to secure its First Mortgage 2 7/8%, Series P-1 (herein called the “Series P-1 Bonds”), which bonds have since been redeemed by Water Company, and otherwise supplementing the Mortgage. WHEREAS, as of September 1, 1993, Water Company executed and delivered to the Trustee an Eighteenth Supplemental Indenture of Mortgage (herein called the “Eighteenth Supplemental Indenture”) to secure its First Mortgage 5.20% Bonds, Series S (herein called the “Series S Bonds”), and otherwise supplementing the Mortgage; and WHEREAS, as of September 1, 1993, Water Company executed and delivered to the Trustee a Nineteenth Supplemental Indenture of Mortgage (herein called the “Nineteenth Supplemental Indenture”) to secure its First Mortgage 5.25% Bonds, Series T (herein called the “Series T Bonds”), and otherwise supplementing the Mortgage; and WHEREAS, as of January 1, 1994, Water Company executed and delivered to Trustee a Twentieth Supplemental Indenture of Mortgage (herein called the “Twentieth Supplemental Indenture”) to secure its First Mortgage 6.4% Bonds, Series U (herein called the “Series U Bonds”), and otherwise supplementing the Mortgage; and WHEREAS, as of January 1, 1994, Water Company executed and delivered to Trustee a Twenty-First Supplemental Indenture of Mortgage (herein called the “Twenty-First Supplemental Indenture”) to secure its First Mortgage 5.25% Bonds, Series V (herein called the “Series V Bonds”), and otherwise supplementing the Mortgage; and WHEREAS, as of March 1, 1998, Water Company executed and delivered to Trustee a Twenty-Second Supplemental Indenture of Mortgage (herein called the “Twenty-Second Supplemental Indenture”) to secure its First Mortgage 5.35% Bonds, Series W (herein called the “Series W Bonds”), and otherwise supplementing the Mortgage; and WHEREAS, as of October 15, 1998, Water Company executed and delivered to Trustee a Twenty-Third Supplemental Indenture of Mortgage (herein called the “Twenty-Third Supplemental Indenture”) to secure its First Mortgage 0% Bond, Series X (herein called the “Series X Bond”), and otherwise supplementing the Mortgage; and WHEREAS, as of October 15, 1998, Water Company executed and delivered to Trustee a Twenty-Fourth Supplemental Indenture of Mortgage (herein called the “Twenty-Fourth Supplemental Indenture”) to secure its First Mortgage Scheduled Interest Rate Bond, Series Y (herein called the “Series Y Bond”), and otherwise supplementing the Mortgage; and WHEREAS, as of October 15, 1999, Water Company executed and delivered to Trustee a Twenty-Fifth Supplemental Indenture of Mortgage (herein called the “Twenty-Fifth Supplemental Indenture”) to secure its First Mortgage 0% Bond, Series Z (herein called the “Series Z Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of October 15, 1999, Water Company executed and delivered to Trustee a Twenty-Sixth Supplemental Indenture of Mortgage (herein called the “Twenty-Sixth Supplemental Indenture”) to secure its First Mortgage Scheduled Interest Rate Bond, Series AA (herein called the “Series AA Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of October 15, 2001, Water Company executed and delivered to Trustee a Twenty-Seventh Supplemental Indenture of Mortgage (herein called the “Twenty-Seventh Supplemental Indenture”) to secure its First Mortgage 0% Bond, Series BB (herein called the “Series BB Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of October 15, 2001, Water Company executed and delivered to Trustee a Twenty-Eighth Supplemental Indenture of Mortgage (herein called the “Twenty-Eighth Supplemental Indenture”) to secure its First Mortgage Scheduled Interest Rate Bond, Series CC (herein called the “Series CC Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of January 15, 2002, Water Company executed and delivered to Trustee a Twenty-Ninth Supplemental Indenture of Mortgage (herein called the “Twenty-Ninth Supplemental Indenture”) to secure its First Mortgage 5.10% Bonds, Series DD (herein called the “Series DD Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of October 15, 2004, Water Company executed and delivered to Trustee a Thirtieth Supplemental Indenture of Mortgage (herein called the “Thirtieth Supplemental Indenture”) to secure its First Mortgage 0% Bond, Series EE (herein called the “Series EE Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of October 15, 2004, Water Company executed and delivered to Trustee a Thirty-First Supplemental Indenture of Mortgage (herein called the “Thirty-First Supplemental Indenture”) to secure its First Mortgage Scheduled Interest Rate Bond, Series FF (herein called the “Series FF Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of October 15, 2006, Water Company executed and delivered to Trustee a Thirty-Second Supplemental Indenture of Mortgage (herein called the “Thirty-Second Supplemental Indenture”) to secure its Non-Negotiable First Mortgage 0% Bond, Series GG (herein called the “Series GG Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of October 15, 2006, Water Company executed and delivered to Trustee a Thirty-Third Supplemental Indenture of Mortgage (herein called the “Thirty-Third Supplemental Indenture”) to secure its Non-Negotiable First Mortgage Scheduled Interest Rate Bond, Series I-11-1 (herein called the “Series I-IH Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of October 15, 2007, Water Company executed and delivered to the Trustee a Thirty-Fourth Supplemental Indenture of Mortgage (herein called the “Thirty-Fourth Supplemental Indenture”) to secure its First Mortgage 0% Bond, Series II (herein called the “Series II Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of October 15, 2007, Water Company executed and delivered to the Trustee a Thirty-Fifth Supplemental Indenture of Mortgage (herein called the “Thirty-Fifth Supplemental Indenture”) to secure its First Mortgage Scheduled Interest Rate Bond, Series JJ (herein called the “Series JJ Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of November 1, 2008, Water Company executed and delivered to the Trustee a Thirty-Sixth Supplemental Indenture of Mortgage (herein called the “Thirty-Sixth Supplemental Indenture”) to secure its First Mortgage 0% Bond, Series KK (herein called the “Series KK Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of November 1, 2008, Water Company executed and delivered to the Trustee a Thirty-Seventh Supplemental Indenture of Mortgage (herein called the “Thirty-Seventh Supplemental Indenture”) to secure its First Mortgage Scheduled Interest Rate Bond, Series LL (herein called the “Series LL Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of December 1, 2010, Water Company executed and delivered to the Trustee a Thirty-Eighth Supplemental Indenture of Mortgage (herein called the “Thirty-Eighth Supplemental Indenture”) to secure its First Mortgage 0% Bond, Series MM (herein called the “Series MM Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of December 1, 2010, Water Company executed and delivered to the Trustee a Thirty-Ninth Supplemental Indenture of Mortgage (herein called the “Thirty-Ninth Supplemental Indenture”) to secure its First Mortgage Scheduled Interest Rate Bond, Series NN (herein called the “Series NN Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of May 1, 2012, Water Company executed and delivered to the Trustee a Fortieth Supplemental Indenture of Mortgage (herein called the “Fortieth Supplemental Indenture”) to secure its First Mortgage 0% Bond, Series OO (herein called the “Series OO Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of May 1, 2012, Water Company executed and delivered to the Trustee a Forty-First Supplemental Indenture of Mortgage (herein called the “Forty-First Supplemental Indenture”) to secure its First Mortgage Scheduled Interest Rate Bond, Series PP (herein called the “Series PP Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of November 1, 2012, Water Company executed and delivered to the Trustee a Forty-Second Supplemental Indenture of Mortgage (herein called the “Forty-Second Supplemental Indenture”) to secure its First Mortgage 5% Bond, Series QQ (herein called the “Series QQ Bond”), and otherwise supplementing the Mortgage;

WHEREAS, as of November 1, 2012, Water Company executed and delivered to the Trustee a Forty-Third Supplemental Indenture of Mortgage (herein called the “Forty-Third Supplemental Indenture”) to secure its First Mortgage 3.80% Bond, Series RR (herein called the “Series RR Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of November 1, 2012, Water Company executed and delivered to the Trustee a Forty-Fourth Supplemental Indenture of Mortgage (herein called the “Forty-Fourth Supplemental Indenture”) to secure its First Mortgage 4.25% Bond, Series SS (herein called the “Series SS Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of May 1, 2013, Water Company executed and delivered to the Trustee a Forty-Fifth Supplemental Indenture of Mortgage (herein called the “Forty-Fifth Supplemental Indenture”) to secure its First Mortgage 0 % Bond, Series TT (herein called the “Series TT Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of May 1, 2013, Water Company executed and delivered to the Trustee a Forty-Sixth Supplemental Indenture of Mortgage (herein called the “Forty-Sixth Supplemental Indenture”) to secure its First Mortgage Scheduled Interest Rate Bond, Series UU (herein called the “Series UU Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of May 1, 2014, Water Company executed and delivered to the Trustee a Forty-Seventh Supplemental Indenture of Mortgage (herein called the “Forty-Seventh Supplemental Indenture”) to secure its First Mortgage 0% Bond, Series VV (herein called the “Series VV Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of May 1, 2014, Water Company executed and delivered to the Trustee a Forty-Eighth Supplemental Indenture of Mortgage (herein called the “Forty-Eighth

Supplemental Indenture”) to secure its First Mortgage Scheduled Interest Rate Bond, Series WW (herein called the “Series WW Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of November 1, 2017, Water Company executed and delivered to the Trustee a Forty-Ninth Supplemental Indenture of Mortgage (herein called the “Forty-Ninth Supplemental Indenture”) to secure its First Mortgage 0% Bond, Series XX (herein called the “Series XX Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of November 1, 2017, Water Company executed and delivered to the Trustee a Fiftieth Supplemental Indenture of Mortgage (herein called the “Fiftieth Supplemental Indenture”) to secure its First Mortgage Scheduled Interest Rate Bond, Series YY (herein called the “Series YY Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of May 1, 2018, Water Company executed and delivered to the Trustee a Fifty-First Supplemental Indenture of Mortgage (herein called the “Fifty-First Supplemental Indenture”) to secure its First Mortgage 0% Bond, Series 2018A (herein called the “Series 2018A Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of May 1, 2018, Water Company executed and delivered to the Trustee a Fifty-Second Supplemental Indenture of Mortgage (herein called the “Fifty-Second Supplemental Indenture”) to secure its First Mortgage Scheduled Interest Rate Bond, Series 2018B (herein called the “Series 2018B Bond”), and otherwise supplementing the Mortgage; and

WHEREAS, as of August 1, 2019, Water Company executed and delivered to the Trustee a Fifty-Third Supplemental Indenture of Mortgage (herein called the “Fifty-Third Supplemental Indenture”) to secure its First Mortgage Fixed Multi-Rate Bond, Series 2019A (herein called the “Series 2019A Bond”); and

WHEREAS, the Mortgage, as supplemented by the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture, the Supplementary Indenture to the Fifteenth Supplemental Indenture and the Eighteenth Supplemental Indenture, the Nineteenth Supplemental Indenture, the Twentieth Supplemental Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Twenty-Third Supplemental Indenture, the Twenty-Fourth Supplemental Indenture, the Twenty-Fifth Supplemental Indenture, the Twenty-Sixth Supplemental Indenture, the Twenty-Seventh Supplemental Indenture, the Twenty-Eighth Supplemental Indenture, the Twenty-Ninth Supplemental Indenture, the Thirtieth Supplemental Indenture, the Thirty-First Supplemental Indenture, the Thirty-Second Supplemental Indenture, the Thirty-Third Supplemental Indenture, the Thirty-Fourth Supplemental Indenture, the Thirty-Fifth Supplemental Indenture, the Thirty-Sixth Supplemental Indenture, the Thirty-Seventh Supplemental Indenture, the Thirty-Eighth Supplemental Indenture, the Thirty-Ninth Supplemental Indenture, the Fortieth Supplemental Indenture, the Forty-First Supplemental Indenture, the Forty-Second Supplemental Indenture, the Forty-Third Supplemental Indenture, the Forty-Fourth Supplemental Indenture, the Forty-Fifth Supplemental Indenture, the Forty-Sixth Supplemental Indenture, the Forty-Seventh Supplemental Indenture, the Forty-Eighth Supplemental Indenture, the Forty-Ninth Supplemental Indenture, the Fiftieth Supplemental Indenture, the Fifty-First

Supplemental Indenture, the Fifty-Second Supplemental Indenture and the Fifty-Third Supplemental Indenture, shall hereinafter be called the “Mortgage as Supplemented”; and

WHEREAS, Water Company deems it necessary to borrow money and to issue its bonds therefor, to be secured by the Mortgage as Supplemented and by this Fifty-Fourth Supplemental Indenture;

WHEREAS, Water Company desires to authorize and create a series of bonds under which one or more bonds shall be issued, limited to an aggregate principal amount of \$40,000,000 designated Series 2020A and to be known as its “First Mortgage Scheduled Interest Rate Bonds, Series 2020A” (herein called the “Series 2020A Bonds”), it being the intention of the parties that the Series 2020A Bonds shall, together with all other Bonds issued under the Mortgage and all indentures supplemental thereto, be entitled to priority over all other obligations of the Water Company and shall be secured by a prior first lien on all the mortgaged property, subject only to the prior liens specifically permitted under the Mortgage or under any indenture supplemental thereto; and

WHEREAS, Water Company desires that the Series 2020A Bonds shall be issued to fund payment of the principal of \$40,000,000, the aggregate amount initially owing to New York Life Insurance Company, New York Life Insurance and Annuity Corporation, New York Life Insurance and Annuity Corporation Institutionally Owned Life Insurance Separate Account (BOLI 3) and New York Life Insurance and Annuity Corporation Institutionally Owned Life Insurance Separate Account (BOLI 30C) (collectively, the “Purchasers”) pursuant to the Bond Purchase Agreement to be dated as of November 18, 2020 (“Bond Purchase Agreement”) by and between the Purchasers and Water Company, or such lesser amount as shall be determined in accordance with the Bond Purchase Agreement, plus any other amounts (including the Make-Whole Amount, if any) due and owing under the Bond Purchase Agreement at the time and in the amounts as provided therein, which principal amount is to be applied for the cleaning and lining of certain water mains and the spot replacement of water mains, hydrants, service lines and valves utilized by Water Company for the furnishing of water in the South Amboy, New Jersey service area; and

WHEREAS, the Purchasers require as a condition of making the loans documented by the Bond Purchase Agreement, that a single Series 2020A Bond be issued to each Purchaser, that all such Series 2020A Bonds evidence the payment obligations of Water Company under or pursuant to the Bond Purchase Agreement, that payments under each Series 2020A Bond be made to the holder thereof, that the Series 2020A Bonds be subject to assignment or transfer in accordance with the terms of the Bond Purchase Agreement, that all of the terms, conditions and provisions of the Bond Purchase Agreement be expressly incorporated by reference into the Series 2020A Bonds, that the obligations of Water Company under the Series 2020A Bonds shall be absolute and unconditional, without any defense or right of set-off, counterclaim or recoupment by reason of default by any holder of a Series 2020A Bond under the Bond Purchase Agreement or under any other agreement between Water Company and such holder or out of any indebtedness or liability at any time owing to Water Company or for any other reason, that the Series 2020A Bonds be subject to optional prepayment under the terms and conditions and in the amounts provided in the Bond Purchase Agreement, and that the Series 2020A Bonds may be subject to acceleration under the terms and conditions and in the amounts, provided in the Bond Purchase Agreement; and

WHEREAS, Water Company represents that all acts and proceedings required by law and by the Charter and By-Laws of Water Company, and by the Mortgage as Supplemented (to the extent applicable) necessary to make the Series 2020A Bonds, when executed by Water Company,

authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal obligations of Water Company and to constitute this Fifty-Fourth Supplemental Indenture a valid and binding supplement to the Mortgage as Supplemented in accordance with its and their terms, for the security of all bonds issued and which may hereafter be issued pursuant to the Mortgage and all indentures supplemental thereto, have been done and performed; and the execution and delivery of this Fifty-Fourth Supplemental Indenture have been in all respects duly authorized;

NOW THEREFORE, THIS INDENTURE WITNESSETH, that for and in consideration of the premises, and of the sum of One Dollar (\$1.00), lawful money of the United States of America, by each of the parties paid to the other, at or before the delivery hereof, and for other valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, Water Company has executed and delivered this Fifty-Fourth Supplemental Indenture, and has granted, bargained, sold, aliened, enfeoffed, conveyed and confirmed, and by these presents does grant, bargain, sell, alien, enfeoff, convey and confirm, unto to the Trustee, its successors and assigns forever, all real property of Water Company, together with all appurtenances and contracts, rights, privileges, permits and franchises used or useful in connection with the business of the Water Company as a water company or as a water utility or used directly for the purpose of supplying water, granted, bargained, sold, aliened, enfeoffed, conveyed and confirmed unto the Trustee by the Mortgage as Supplemented (including without limitation all such property acquired by Water Company since November 1, 2020, and all such property which Water Company may hereafter acquire), subject, however, to Permissible Encumbrances, and excepting all Property heretofore released from the lien of the Mortgage as Supplemented, and excepting all property of Water Company which is not used or useful in connection with its business as a water company or as a water utility as well as all personal property (both tangible and intangible) as to which a security interest may not be perfected by a filing under the Uniform Commercial Code as in effect in the State of New Jersey;

TO HAVE AND TO HOLD all and singular the above granted property, unto the Trustee, its successors and assigns forever, IN TRUST, nevertheless, for the equal and proportionate use, benefit, security and protection of those who from time to time shall hold any bonds which have been or may be issued under the Mortgage or any indenture supplemental thereto, without any discrimination, preference or priority of any one bond over any other by reason of priority in the time of issue, sale or negotiation thereof or otherwise, except as otherwise in the Mortgage or in any indenture supplemental thereto provided; and in trust for enforcing the payment of the principal of and the interest on such bonds, according to the tenor, purport and effect of the bonds and of the Mortgage and all indentures supplemental thereto and for enforcing the terms, provisions, covenants and stipulations therein and in the bonds set forth; and upon the trust, uses and purposes and subject to the covenants, agreements and conditions set forth and declared in the Mortgage as modified, amended and supplemented by all indentures supplemental thereto;

AND the parties do hereby covenant and agree that the Mortgage as Supplemented be and hereby is supplemented as hereinafter provided, and that the above granted property is to be held and applied subject to the covenants, conditions, uses and trusts set forth in the Mortgage as Supplemented and this Fifty-Fourth Supplemental Indenture; and Water Company for itself and its successors does hereby covenant and agree to and with the Trustee, and its successors in said trust, for the equal benefit of all present and future holders and registered owners of the bonds issued under the Mortgage and all indentures supplemental thereto, as follows:

ARTICLE I
FIRST MORTGAGE SCHEDULED INTEREST RATE BOND, SERIES 2020A

Section 1. Water Company hereby creates a series of bonds to be issued under and secured by the Mortgage as Supplemented by this Fifty-Fourth Supplemental Indenture, and to be designated as, and to be distinguished from the bonds of all other series by the title, “First Mortgage Scheduled Interest Rate Bonds, Series 2020A.” The Series 2020A Bonds shall be issued only as registered bonds without coupons in the aggregate principal amount of \$40,000,000; shall originally be dated as of November 18, 2020; and shall be issued in non-negotiable form to the purchasers thereof. The Series 2020A Bonds shall bear interest from the date of issuance of the Series 2020A Bonds at the rate of 2.90% per annum, computed on the basis of a 360-day year composed of twelve 30-day months until the obligations of Water Company with respect to the payment of principal shall be discharged, shall be payable as set forth below, shall state that, subject to certain limitations, the Mortgage and all indentures supplemental thereto may be modified, amended or supplemented as provided in the Mortgage as heretofore supplemented; shall mature on November 18, 2050 and shall be earlier redeemable (i) under the terms and conditions and in the amounts provided in the Bond Purchase Agreement at the option of Water Company with, to the extent required by the Order of the New Jersey Board of Public Utilities (“BPU”) dated May 5, 2020 (Docket No. WF 20020188), and/or required by then applicable law and regulations, the prior approval of the BPU, or (ii) as, when and to the extent mandated pursuant to subsection B of Section 4 of Article VIII of the Second Supplemental Indenture; and shall be subject to, entitled to the benefit of, and expressly incorporate by reference, all of the terms, conditions and provisions of the Bond Purchase Agreement.

The Series 2020A Bonds shall evidence the obligation to pay the aggregate principal amount owing to the holders of the Series 2020A Bonds under or pursuant to the Bond Purchase Agreement which shall initially be \$40,000,000 or such lesser amount as determined in accordance with the Bond Purchase Agreement, at the times and in the amounts determined as provided in the Bond Purchase Agreement, plus any other amounts (including the Make-Whole Amount, if any) due and owing under the Bond Purchase Agreement at the times and in the amounts as provided therein. The Series 2020A Bonds are subject to assignment or transfer in accordance with the terms of the Bond Purchase Agreement. The Series 2020A Bonds are subject to acceleration under the terms and conditions, and in the amounts, provided in the Bond Purchase Agreement. Payments under the Series 2020A Bonds shall, except as otherwise provided in the Bond Purchase Agreement, be made directly to the holders thereof.

In addition to any other default provided for under the Mortgage as Supplemented, it shall be a default under this Supplemental Indenture if payment of any of the principal or of the interest on the Series 2020A Bonds is not made when the same shall become due and payable (giving effect to any applicable grace period in the Bond Purchase Agreement) in installments, at maturity, upon redemption or otherwise.

Section 2. Payment of the purchase price of the Series 2020A Bonds shall be made to Water Company upon receipt by the applicable Purchaser of instructions from Water Company executed and delivered in accordance with the requirements set forth in the Bond Purchase Agreement and satisfaction of the other condition precedent set forth in the Bond Purchase Agreement.

Section 3. The Series 2020A Bonds and the certificates of authentication of the Trustee to be executed thereon shall be substantially in the form prescribed for registered bonds without coupons in the Second Supplemental Indenture (except that there may be deleted therefrom all references to the issuance of coupon bonds in exchange therefor); shall be in the form attached to this Fifty-Fourth Supplemental Indenture as Exhibit A; and shall contain appropriate references to this Fifty-Fourth Supplemental Indenture in addition to the Mortgage as Supplemented and appropriate changes with respect to the aggregate principal amount, interest rate, redemption dates and provisions, and maturity date of the Series 2020A Bonds, and with appropriate reference to the provision of the Fourth Supplemental Indenture that, subject to certain limitations, the Mortgage and all indentures supplemental thereto may be modified, amended or supplemented only as provided in the Mortgage and except that the Series 2020A Bonds shall not contain any references to a sinking fund.

Section 4. The Water Company hereby directs the Trustee to maintain a register for the registration and registration of transfers of Series 2020A Bonds. The name and address of each holder of one or more Series 2020A Bonds, each transfer thereof and the name and address of each transferee of one or more Series 2020A Bonds shall be registered in such register. If any holder of one or more Series 2020A Bonds is a nominee, then (1) the name and address of the beneficial owner of such Series 2020A Bond or Series 2020A Bonds shall also be registered in such register as an owner and holder thereof and (2) at any such beneficial owner's option, either such beneficial owner or its nominee may execute any amendment, waiver or consent pursuant to this Supplemental Indenture or the Bond Purchase Agreement. Prior to due presentment for registration of transfer, the person or entity in whose name any Series 2020A Bond shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and neither the Company nor the Trustee shall be affected by any notice or knowledge to the contrary. The Trustee shall give to any holder of a Series 2020A Bond that is an Institutional Investor (as defined in the Bond Purchase Agreement), promptly following request therefor, a complete and correct copy of the names and addresses of all registered holders of Series 2020A Bonds.

Upon surrender of any Series 2020A Bond to the Trustee at 333 Thornall St., Edison, NJ 08837, to the attention of the Corporate Trust Department (or such other address as the Trustee shall have specified to the Water Company and the holder of each Series 2020A Bond in writing), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Series 2020A Bond or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Series 2020A Bond or part thereof), within 10 business days thereafter, the Water Company shall execute and the Trustee shall authenticate and deliver, at the Water Company's expense and order (except as provided below), one or more new Series 2020A Bonds (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Series 2020A Bond. Each such new Series 2020A Bond shall be payable to such person as such holder may request and shall be substantially in the form of Exhibit A attached to this Supplemental Indenture. Each such new Series 2020A Bond shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Series 2020A Bond or dated the date of the surrendered Series

2020A Bond if no interest shall have been paid thereon. The Trustee may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Series 2020A Bonds. Series 2020A Bonds shall not be transferred in denominations of less than \$100,000; provided that if necessary to enable the registration of transfer by a holder of its entire holding of Series 2020A Bonds, one Series 2020A Bond may be in a denomination of less than \$100,000. Any transferee, by its acceptance of a Series 2020A Bond registered in its name (or the name of its nominee), shall be deemed to have made the representations set forth in the first sentence of Section 6.1 and in Section 6.2 of the Bond Purchase Agreement.

Upon receipt by the Trustee at 333 Thornall St., Edison, NJ 08837, to the attention of the Corporate Trust Department (or such other address as the Trustee shall have specified to the Water Company and the holder of each Series 2020A Bond in writing) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Series 2020A Bond (which evidence shall be, in the case of an Institutional Investor (as defined in the Bond Purchase Agreement), notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Series 2020A Bond, provides written evidence to the Trustee that it is, or is a nominee for, a Purchaser or another holder of a Series 2020A Bond with a minimum net worth of at least \$50,000,000 or a “qualified institutional buyer” within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act of 1933, as amended, such person’s or entity’s own unsecured agreement of indemnity shall be deemed to be satisfactory), or in the case of mutilation, upon surrender and cancellation thereof, within 10 business days thereafter the Trustee at the expense and upon the order of the Water Company shall execute and deliver, in lieu thereof, a new Series 2020A Bond, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Series 2020A Bond or dated the date of such lost, stolen, destroyed or mutilated Series 2020A Bond if no interest shall have been paid thereon. All Series 2020A Bonds issued upon any registration of transfer or exchange of Series 2020A Bonds shall be the valid obligations of the Water Company, evidencing the same debt, and entitled to the same security and benefits under the Mortgage Indenture as the Series 2020A Bonds surrendered upon such registration of transfer or exchange.

Section 5. Sections 4(A)(iii) and (iv) of Article VIII of the Second Supplemental Indenture shall not be available to Water Company with respect to the Series 2020A Bonds. Water Company shall issue its written order under Section 4(a)(i) or (ii), as the case may be, reasonably promptly after receipt by the Trustee of proceeds of sale, eminent domain or insurance (not otherwise to be paid directly to Water Company under the Mortgage as supplemented by the Supplemental Indentures including this Fifty-Fourth Supplemental Indenture).

ARTICLE II
MISCELLANEOUS

Section 1. The provisions of the Mortgage as Supplemented, as modified and extended by this Fifty-Fourth Supplemental Indenture, are hereby reaffirmed. Except insofar as they are inconsistent with the provisions hereof, the provisions of the Mortgage as Supplemented, with respect to the Series C, Series D, Series E, Series F, Series G, Series H, Series I, Series J, Series K, Series L, Series M, Series N, Series O, Series P, Series Q, Series R, Series P-1, Series S, Series T, Series U, Series V, Series W, Series X, Series Y, Series Z, Series AA, Series BB, Series CC, Series DD, Series EE, Series FF, Series GG, Series HH, Series II, Series JJ, Series KK, Series LL, Series MM, Series NN, Series OO, Series P1, Series QQ, Series RR, Series SS, Series TT, Series UU, Series VV Bonds, Series WW Bonds, Series XX Bonds, Series YY Bonds, Series 2018A Bond, Series 2018B Bond and Series 2019A Bond shall apply to the Series 2020A Bonds to the same extent as if they were set forth herein in full. Unless there is something in the subject or context repugnant to such construction, each reference in the Mortgage as Supplemented to the Mortgage as Supplemented shall be construed as also referring to this Fifty-Fourth Supplemental Indenture. The Mortgage and all indentures supplemental thereto may be modified, amended or supplemented by Water Company with prior notice by Water Company to but without the consent of any of the bondholders to accomplish any more of the following:

- (1) to correct any defect or inconsistent provision in the Mortgage or any indenture supplemental thereto, if such action is not adverse to the interests of the bondholders;**
- (2) to cure any ambiguity, supply any omission, or cure or correct any defect in any description of the Mortgaged Property, if such action is not adverse to the interests of the bondholders;**
- (3) to insert such provisions clarifying matters or questions arising under the Mortgage or any indenture supplemental thereto as are necessary or desirable, are not contrary to or inconsistent with the Mortgage or any indenture supplemental thereto as in effect and are not adverse to the interests of the bondholders; or**
- (4) to restate the Mortgage as supplemented by the Supplemental Indentures as a single integrated document which may add headings, an index and other provisions aiding the convenience of use.**

The terms and provisions of the Series 2020A Bonds shall not be amended by, and the Series 2020A Bonds shall not be entitled to the benefit of, any covenant, term or condition contained in any subsequent supplemental indenture (except to the extent such covenant, term or condition constitutes an amendment to the Mortgage) without the express written concurrence of the Water Company.

Section 2. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity and sufficiency of this Fifty-Fourth Supplemental Indenture or the due execution hereof by Water Company or for the recitals contained herein, all of which recitals are made by Water Company solely.

Section 3. The Trustee hereby accepts the trusts hereby declared and provided and agrees to perform the same upon the terms and conditions in the Mortgage as Supplemented and this Fifty-Fourth Supplemental Indenture.

Section 4. This Fifty-Fourth Supplemental Indenture has been executed simultaneously in several counterparts and all of said counterparts executed and delivered, each as an original, shall constitute one and the same instrument.

Section 5. Although this Fifty-Fourth Supplemental Indenture, for convenience and for the purpose of reference, is dated as of November 1, 2020, the actual date of execution by Water Company and the Trustee is as shown by their respective acknowledgments hereto annexed, and the actual date of delivery hereof by Water Company and the Trustee is the date of the closing of the sale of the Series 2020A Bonds by Water Company.

Section 6. In any case where the payment of principal of the Series 2020A Bonds or the date fixed for redemption of any Series 2020A Bond shall be a date that is not a Business Day (as defined in the Bond Purchase Agreement), then payment of interest or principal or redemption price need not be made on such date but shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

THE MORTGAGOR HEREBY DECLARES AND ACKNOWLEDGES THAT IT HAS RECEIVED, WITHOUT CHARGE, A TRUE COPY OF THIS MORTGAGE.

IN WITNESS WHEREOF said MIDDLESEX WATER COMPANY has caused these presents to be signed by its Senior Vice President, Treasurer and Chief Financial Officer and its corporate seal to be hereunto affixed, and duly attested by its Vice President, General Counsel and Secretary; and in testimony of its acceptance of the trusts created, U.S. BANK NATIONAL ASSOCIATION has caused these presents to be signed by its thereto duly authorized officer or corporate trust officer and duly attested by its thereto duly authorized officer or corporate trust officer, as of the day and year first above written.

ATTEST:

MIDDLESEX WATER COMPANY

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

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

ATTEST:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

/s/ Stephanie Roche
Authorized Officer

By: /s/ Paul O'Brien
Authorized Officer

STATE OF NEW JERSEY:

: ss:

COUNTY OF MIDDLESEX:

BE IT REMEMBERED, that on this 16 day of November, 2020, before me, the subscriber, personally appeared Jay L. Kooper, who, being by me duly sworn according to law, on his oath deposes and says and makes proof to my satisfaction that he is the Vice President, General Counsel and Secretary of Middlesex Water Company, one of the corporations named in and which executed the foregoing Fifty-Fourth Supplemental Indenture; that he is the attesting witness to said Fifty-Fourth Supplemental Indenture; that he well knows the seal of said corporation and that the seal thereto affixed is the proper common or corporate seal of Middlesex Water Company; that A. Bruce O'Connor is Senior Vice President, Treasurer and Chief Financial Officer of said corporation; that this deponent saw the said A. Bruce O'Connor as Senior Vice President, Treasurer and Chief Financial Officer sign said Fifty-Fourth Supplemental Indenture, and affix said seal thereto and heard him declare that he signed, sealed and delivered the same as the voluntary act and deed of the said corporation, for the uses and purposes therein expressed, he being duly authorized by resolution of the Board of Directors of the said corporation.

Sworn and subscribed to before me the day and year aforesaid.

/s/ Selena Montero
Notary

STATE OF NEW JERSEY:

: ss:

COUNTY OF Middlesex :

BE IT REMEMBERED, that on this day of November 16, 2020, before me, the subscriber, personally appeared Stephanie Roche who, being by me duly sworn according to law, on his oath deposes and says and makes proof to my satisfaction that he is an Authorized Officer of U.S. Bank National Association, one of the corporations named in and which executed the foregoing Fifty-Fourth Supplemental Indenture; that he is the attesting witness to said Fifty-Fourth Supplemental Indenture; that Paul O'Brien is an Authorized Officer of said corporation; that this deponent saw the Paul O'Brien, as Authorized Officer sign said Fifty-Fourth Supplemental Indenture, and heard him declare that he signed and delivered the same as the voluntary act and deed of the said corporation, for the uses and purposes therein expressed, he being duly authorized by said corporation.

Sworn and subscribed to before me the day and year aforesaid.

/s/ Annette M. Marsula
Notary

EXHIBIT A
FORM OF SERIES 2020A BOND
MIDDLESEX WATER COMPANY

NO. R-1 \$ _____

\$ _____

**NON-NEGOTIABLE
FIRST MORTGAGE SCHEDULED INTEREST RATE BOND,
SERIES 2020A, DUE NOVEMBER 18, 2050**

MIDDLESEX WATER COMPANY, a corporation organized and existing under the laws of the State of New Jersey (hereinafter called "Water Company"), for value received, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS (or so much thereof as shall not have been prepaid) on November 18, 2050 (the "Maturity Date"), with interest (computed on the basis of a 360-day year of twelve 30 day months) (a) on the unpaid balance hereof at the rate of 2.90% per annum from the date hereof, payable semiannually, on the eighteenth day of May and November in each year, commencing with the May 18th next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (x) on any overdue payment of interest and (y) during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 4.90% or (ii) 2.00% over the rate of interest publicly announced by U.S. Bank National Association from time to time in New York, New York as its "base" or "prime" rate, payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), as determined by Water Company (and not the Trustee).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Bond are to be made in lawful money of the United States of America at the principal office of U.S. Bank National Association in New York, New York or at such other place as Water Company shall have designated by written notice to the holder of this Bond as provided in the Bond Purchase Agreement referred to below.

This Bond is the one of the Bonds of a duly authorized issue of non-negotiable bonds of Water Company known as its First Mortgage Scheduled Interest Rate Bond, Series 2020A (hereinafter called the "Series 2020A Bond"), in an aggregate principal amount of \$40,000,000 issued and secured (together with all other bonds of Water Company (hereinafter called "Bonds") under and by an Indenture of Mortgage dated April 1, 1927 (hereinafter called the "Mortgage"), a Second Supplemental Indenture dated as of October 1, 1939 (hereinafter called the "Second Supplemental Indenture"), a Third Supplemental Indenture dated as of April 1, 1946 (hereinafter called the "Third Supplemental Indenture"), a Fourth Supplemental Indenture dated as of April 1, 1949 (hereinafter called the "Fourth Supplemental Indenture"), a Fifth Supplemental Indenture dated as of February 1, 1955 (hereinafter called the "Fifth Supplemental Indenture"), a Sixth Supplemental Indenture dated as of December 1, 1959 (hereinafter called the "Sixth Supplemental Indenture"), a Seventh Supplemental Indenture dated as of January 15, 1963 (hereinafter called the "Seventh Supplemental Indenture"), an Eighth Supplemental Indenture dated as of July 1, 1964 (hereinafter called the "Eighth Supplemental Indenture"), a Ninth Supplemental Indenture dated as of June 1, 1965 (hereinafter called the "Ninth Supplemental Indenture"), a Tenth Supplemental Indenture dated as of February 1, 1968

(hereinafter called the “Tenth Supplemental Indenture”), an Eleventh Supplemental Indenture dated as of December 1, 1968 (hereinafter called the “Eleventh Supplemental Indenture”), a Twelfth Supplemental Indenture dated as of December 1, 1970 (hereinafter called the “Twelfth Supplemental Indenture”), a Thirteenth Supplemental Indenture dated as of December 1, 1972 (hereinafter called the “Thirteenth Supplemental Indenture”), a Fourteenth Supplemental Indenture dated as of April 1, 1979 (hereinafter called the “Fourteenth Supplemental Indenture”), a Fifteenth Supplemental Indenture dated as of April 1, 1983 (hereinafter called the “Fifteenth Supplemental Indenture”), a Sixteenth Supplemental Indenture dated as of August 1, 1988 (hereinafter called the “Sixteenth Supplemental Indenture”), a Seventeenth Supplemental Indenture dated as of June 15, 1991 (hereinafter called the “Seventeenth Supplemental Indenture”), a Supplementary Indenture to the Fifteenth Supplemental Indenture dated as of March 1, 1993 (hereinafter called the “Supplementary Indenture”), an Eighteenth Supplemental Indenture dated as of September 1, 1993 (hereinafter called the “Eighteenth Supplemental Indenture”), a Nineteenth Supplemental Indenture dated as of September 1, 1993 (hereinafter called the “Nineteenth Supplemental Indenture”), a Twentieth Supplemental Indenture dated as of January 1, 1994 (hereinafter called the “Twentieth Supplemental Indenture”), a Twenty-First Supplemental Indenture dated as of January 1, 1994 (hereinafter called the “Twenty-First Supplemental Indenture”), a Twenty-Second Supplemental Indenture dated as of March 1, 1998 (hereinafter called the “Twenty-Second Supplemental Indenture”), a Twenty-Third Supplemental Indenture dated as of October 15, 1998 (hereinafter called the “Twenty-Third Supplemental Indenture”), a Twenty-Fourth Supplemental Indenture dated as of October 15, 1998 (hereinafter called the “Twenty-Fourth Supplemental Indenture”), a Twenty-Fifth Supplemental Indenture dated as of October 15, 1999 (hereinafter called the “Twenty-Fifth Supplemental Indenture”), a Twenty-Sixth Supplemental Indenture dated as of October 15, 1999 (hereinafter called the “Twenty-Sixth Supplemental Indenture”), a Twenty-Seventh Supplemental Indenture dated as of October 15, 2001 (hereinafter called the “Twenty-Seventh Supplemental Indenture”), a Twenty-Eighth Supplemental Indenture dated as of October 15, 2001 (hereinafter called the “Twenty-Eighth Supplemental Indenture”), a Twenty-Ninth Supplemental Indenture dated as of January 15, 2002 (hereinafter called the “Twenty-Ninth Supplemental Indenture”), a Thirtieth Supplemental Indenture dated as of October 15, 2004 (hereinafter called the “Thirtieth Supplemental Indenture”), a Thirty-First Supplemental Indenture dated as of October 15, 2004 (hereinafter called the “Thirty-First Supplemental Indenture”), a Thirty-Second Supplemental Indenture dated as of October 15, 2006 (hereinafter called the “Thirty-Second Supplemental Indenture”), a Thirty-Third Supplemental Indenture dated as of October 15, 2006 (hereinafter called the “Thirty-Third Supplemental Indenture”), a Thirty-Fourth Supplemental Indenture dated as of October 15, 2007 (hereinafter called the “Thirty-Fourth Supplemental Indenture”), a Thirty-Fifth Supplemental Indenture dated as of October 15, 2007 (hereinafter called the “Thirty-Fifth Supplemental Indenture”), a Thirty-Sixth Supplemental Indenture dated as of November 1, 2008 (hereinafter called the “Thirty-Sixth Supplemental Indenture, a Thirty-Seventh Supplemental Indenture dated as of November 1, 2008 (hereinafter called the “Thirty-Seventh Supplemental Indenture”), a Thirty-Eighth Supplemental Indenture dated as of December 1, 2010 (hereinafter called the “Thirty- Eighth Supplemental Indenture”), a Thirty-Ninth Supplemental Indenture dated as of December 1, 2010 (hereinafter called the “Thirty-Ninth Supplemental Indenture”), a Fortieth Supplemental

Indenture dated as of May 1, 2012 (hereinafter called the “Fortieth Supplemental Indenture”), a Forty-First Supplemental Indenture dated as of May 1, 2012 (hereinafter called the “Forty-First Supplemental Indenture”), a Forty-Second Supplemental Indenture dated as of November 1, 2012 (hereinafter called the “Forty-Second Supplemental Indenture”), a Forty-Third Supplemental Indenture dated as of November 1, 2012 (hereinafter called the “Forty-Third Supplemental Indenture”), a Forty-Fourth Supplemental Indenture dated as of November 1, 2012 (hereinafter called the “Forty-Fourth Supplemental Indenture”), a Forty-Fifth Supplemental Indenture (hereinafter called the “Forty-Fifth Supplemental Indenture”) dated as of May 1, 2013, a Forty-Sixth Supplemental Indenture dated as of May 1, 2013 (hereinafter called the “Forty-Sixth Supplemental Indenture”), a Forty-Seventh Supplemental Indenture dated as of May 1, 2014 (hereinafter called the “Forty-Seventh Supplemental Indenture”), a Forty-Eighth Supplemental Indenture dated as of May 1, 2014, a Forty-Ninth Supplemental Indenture dated as of November 1, 2017 (hereinafter called the “Forty-Ninth Supplemental Indenture”), a Fiftieth Supplemental Indenture dated as of November 1, 2017 (hereinafter called the “Fiftieth Supplemental Indenture”), a Fifty-First Supplemental Indenture dated as of May 1, 2018 (hereinafter called the “Fifty-First Supplemental Indenture”), a Fifty-Second Supplemental Indenture dated as of May 1, 2018 (hereinafter called the “Fifty-Second Supplemental Indenture”), a Fifty-Third Supplemental Indenture dated as of August 1, 2019 (hereinafter called the “Fifty-Third Supplemental Indenture”) and a Fifty-Fourth Supplemental Indenture dated as of November 1, 2020 (hereinafter called the “Fifty-Fourth Supplemental Indenture”) all executed by Water Company to U.S. Bank National Association, as successor to Wachovia Bank, National Association, the successor to First Union National Bank, the successor to Meridian Bank, the successor to United Counties Trust Company, in turn the successor to the Union County Trust Company, as Trustee (the “Trustee”), which Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture, Fifth Supplemental Indenture, Sixth Supplemental Indenture, Seventh Supplemental Indenture, Eighth Supplemental Indenture, Ninth Supplemental Indenture, Tenth Supplemental Indenture, Eleventh Supplemental Indenture, Twelfth Supplemental Indenture, Thirteenth Supplemental Indenture, Fourteenth Supplemental Indenture, Fifteenth Supplemental Indenture, Sixteenth Supplemental Indenture, Seventeenth Supplemental Indenture, Supplementary Indenture, Eighteenth Supplemental Indenture, Nineteenth Supplemental Indenture, Twentieth Supplemental Indenture, Twenty-First Supplemental Indenture, Twenty-Second Supplemental Indenture, Twenty-Third Supplemental Indenture, Twenty-Fourth Supplemental Indenture, Twenty-Fifth Supplemental Indenture, Twenty-Sixth Supplemental Indenture, Twenty-Seventh Supplemental Indenture, Twenty-Eighth Supplemental Indenture, Twenty-Ninth Supplemental Indenture, Thirtieth Supplemental Indenture, Thirty-First Supplemental Indenture, Thirty-Second Supplemental Indenture, Thirty-Third Supplemental Indenture, Thirty-Fourth Supplemental Indenture, Thirty-Fifth Supplemental Indenture, Thirty-Sixth Supplemental Indenture, Thirty-Seventh Supplemental Indenture, Thirty-Eighth Supplemental Indenture, Thirty-Ninth Supplemental Indenture, Fortieth Supplemental Indenture, Forty-First Supplemental Indenture, Forty-Second Supplemental Indenture, Forty-Third Supplemental Indenture, Forty-Fourth Supplemental Indenture, Forty-Fifth Supplemental Indenture, Forty-Sixth Supplemental Indenture, Forty-Seventh Supplemental Indenture, Forty-Eighth Supplemental Indenture, Forty-Ninth Supplemental Indenture, Fiftieth Supplemental Indenture, Fifty-First Supplemental Indenture, Fifty-Second Supplemental Indenture, Fifty-Third Supplemental Indenture and Fifty-Fourth Supplemental Indenture are referred to herein sometimes as the “Supplemental Indentures”, to which Mortgage

and Supplemental Indentures reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the Bonds are issued and are to be secured and the rights of registered owners thereof and of the Trustee in respect of such security. As provided in the Mortgage and Supplemental Indentures, and subject to the conditions therein imposed, additional bonds of other series, with the same or different maturity dates, bearing the same or different rates of interest and varying in other respects, may be issued. This Series 2020A Bond is one of the Series 2020A Bond described in the Fifty-Fourth Supplemental Indenture and designated therein as First Mortgage Scheduled Interest Rate Bond, Series 2020A.

As provided in the Fifty-Fourth Supplemental Indenture, this Series 2020A Bond is subject to redemption (i) under the terms and conditions and in the amounts provided in Bond Purchase Agreement at the option of Water Company with, to the extent required by the Order of the New Jersey Board of Public Utilities (“BPU”) dated May 5, 2020 (Docket No. WF 20020188) and/or required by then applicable law and regulations, the prior approval of the BPU, (ii) as, when and to the extent mandated pursuant to subsection B of Section 4 of Article VIII of the Second Supplemental Indenture; and shall be subject to, entitled to the benefit of, and expressly incorporate by reference, all of the terms, conditions and provisions of the Bond Purchase Agreement.

This Series 2020A Bonds shall evidence the obligation to pay the aggregate principal amount owing to the holder hereof under or pursuant to the Bond Purchase Agreement which shall initially be \$[] or such lesser amount as determined in accordance with the Bond Purchase Agreement, at the times and in the amounts determined as provided in the Bond Purchase Agreement, plus any other amounts (including the Make-Whole Amount, if any) due and owing under the Bond Purchase Agreement at the times and in the amounts as provided therein. The obligations of Water Company to make payments under this Series 2020A Bond are absolute and unconditional, without any defense or right of set-off, counterclaim or recoupment by reason of any default by the holder hereof under the Bond Purchase Agreement or under any other agreement between Water Company and the holder hereof or out of any indebtedness or liability at any time owing to Water Company by the holder hereof or for any other reason. This Series 2020A Bond is subject to assignment or transfer in accordance with the terms of the Bond Purchase Agreement. This Series 2020A Bond is subject to acceleration under the terms and conditions, and in the amounts, provided in the Bond Purchase Agreement. Payments under this Series 2020A Bond shall be made directly to the holder hereof.

If this Series 2020A Bond is called for redemption and payment is duly provided therefor, as specified in the Mortgage, the Fifty-Fourth Supplemental Indenture and in the Bond Purchase Agreement, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an event of default, as defined in the Mortgage or Supplemental Indentures or in the Bond Purchase Agreement, shall occur, this Series 2020A Bond may become or be declared due and payable, in the manner and with the effect provided in the Mortgage, the Supplemental Indentures and the Bond Purchase Agreement.

As provided in the Mortgage as modified, amended and supplemented by the Supplemental Indentures, and subject to the limitations therein contained, the Mortgage and all indentures supplemental thereto may be modified, amended or supplemented with the consent in writing of the holders of not less than 51% in aggregate principal amount of all series of Bonds outstanding at any time; provided, however, that no such modification shall reduce the principal amount of a Bond or the premium, if any, payable on a redemption thereof, extend the maturity thereof,

reduce the rate or extend time for payment of interest thereon, give a Bond any preference over another Bond, create or permit a lien on the property subject to the Mortgage (other than a Permitted Encumbrance as defined in the Eighth Supplemental Indenture) prior to or on a parity with the Mortgage, or reduce the percentage of the holders required for any action authorized to be taken by the holders of Bonds under the Mortgage, without the consent of the holders of all Bonds affected by such modification; provided, further, that no modification shall impose additional duties or responsibilities on the Trustee without the consent of the Trustee.

The Mortgage may be modified, amended or supplemented by Water Company without the consent of the holders of the Bonds for one or more of the following purposes: (1) to correct any defect or inconsistent provision in the Mortgage or any indenture supplemental thereto, if such action is not adverse to the interests of the holders of the Bonds; (2) to cure any ambiguity, supply any omission or cure or correct any defect in any description of the Mortgage Property, if such action is not adverse to the interests of the holders of the Bonds; (3) to insert such provisions clarifying matters or questions arising under the mortgage indenture as are necessary or desirable, are not contrary to or inconsistent with the Mortgage as in effect and are not adverse to the interests of the holders of the Bonds or (4) to restate the Mortgage as supplemented by the Supplemental Indentures as a single integrated document which may add headings, an index and other provisions aiding the convenience of use. The Company shall provide prior notice of such change to each holder of the Bonds.

This Series 2020A Bond shall not be transferred except (i) as provided or required under and pursuant to the Bond Purchase Agreement, (ii) to effect an exchange in connection with a bankruptcy, reorganization, insolvency, or similar proceeding involving Water Company and (iii) to effect an exchange in connection with prepayment by redemption or otherwise of this Series 2020A Bond.

This Series 2020A Bond may be transferred at the principal corporate trust office of the Trustee by surrendering this Series 2020A Bond for cancellation, accompanied by a written instrument of transfer in form designated by the holder and reasonably acceptable to Water Company and the Trustee, duly executed by the registered owner hereof in person or by attorney duly authorized in writing, and upon payment of any taxes or other governmental charges incident to such transfer, and upon any such transfer new registered Bond or Bonds of the same series and of the same aggregate principal amount in authorized denominations, will be issued to the transferee in exchange herefor.

This Series 2020A Bond, upon surrender hereof to the Trustee, accompanied by a written instrument of transfer as aforesaid, may be exchanged for another registered Bond of the same series and of the same principal amount; to the extent permitted by the Bond Purchase Agreement and upon payment of any charges and subject to the terms and conditions set forth in the Mortgage and Supplemental Indentures and the Bond Purchase Agreement.

The person in whose name this Series 2020A Bond shall be registered shall be deemed the owner hereof for all purposes, and payment of or on account of the principal hereof and any interest hereon shall be made only to or upon the order in writing of the registered owner hereof, and all such payments shall be valid and effectual to satisfy and discharge the liability upon this Series 2020A Bond to the extent of the sum or sums so paid.

No recourse shall be had for the payment of the principal of or any interest on this Series 2020A Bond or for any claim based hereon or otherwise in respect hereof or of the Mortgage or of any indenture supplemental thereto against any incorporator, or against any stockholder, director or officer, as such, past, present or future, of Water Company or of any predecessor or successor

corporation, either directly or through Water Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law or equity, or by the enforcement of any assessment or penalty, or otherwise howsoever, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released by every holder or registered owner hereof as more fully provided in the Mortgage and Supplemental Indentures; it being expressly agreed and understood that the Mortgage and Supplemental Indentures and all Bonds thereby secured are solely corporate obligations.

The terms and provisions of the Series 2020A Bond shall not be amended by, and the Series 2020A Bond shall not be entitled to the benefit of, any covenant, term or condition contained in any subsequent supplemental indenture (except to the extent such covenant, term or condition constitutes an amendment to the Mortgage) without the express written concurrence of Water Company.

This Series 2020A Bond shall not be entitled to any benefit under the Mortgage or any indenture supplemental thereto, or be valid or become obligatory for any purpose, until U.S. Bank National Association, as the Trustee under the Mortgage and Supplemental Indentures, or its successor thereunder, shall have signed the form of certificate endorsed hereon.

IN WITNESS WHEREOF, Middlesex Water Company has caused this Bond to be signed in its name by its Senior Vice President, Treasurer and Chief Financial Officer and its corporate seal to be hereto affixed by its Vice President, General Counsel and Secretary.

Dated:
ATTEST: MIDDLESEX WATER COMPANY

[EXEMPLAR ONLY] By: [EXEMPLAR ONLY]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is the bond described in the within mentioned Mortgage and Fifty-Fourth Supplemental Indenture.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: [EXEMPLAR ONLY]

This Bond has not been registered under the Securities Act of 1933, as amended, and may be offered or sold only in compliance with the provisions of said Act.

SCHEDULE 1
(to Bond Purchase Agreement)

**FORM OF OPINION OF SPECIAL COUNSEL
FOR THE COMPANY**

We have acted as special counsel to Middlesex Water Company, a New Jersey corporation (the “Borrower”), in connection with the Bond Purchase Agreement dated as of November 18, 2020 (the “Agreement”) by and between the Borrower and the Purchasers named therein and the authorization, issuance, sale, execution and delivery by the Borrower of its \$40,000,000 First Mortgage Scheduled Interest Rate Bonds, Series 2020A (the “2020A Bonds”) to the Purchasers. All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement.

In so acting, we have examined the Constitution and laws of the State of New Jersey, including, without limitation, the “New Jersey Business Corporation Act”, P.L. 1968, c. 263, as amended (N.J.S.A. 14A:1-1 *et seq.*), the certificate of incorporation and by-laws of the Borrower, and the various resolutions of the Borrower identified herein. We also have examined originals, or copies certified or otherwise identified to our satisfaction, of the following:

the 2020A Bonds;

the Agreement;

the Mortgage Indenture; and

the Order of the New Jersey Board of Public Utilities dated March 5, 2020, Docket No. WF 20020188, and

the Resolution (as defined herein).

We also have examined and relied as to factual matters upon originals, or copies certified or otherwise authenticated to our satisfaction, of such other records, documents, certificates and other instruments, and have made such investigation of law as in our judgment we have deemed necessary or appropriate, to enable us to render the opinions expressed below.

We are of the opinion that:

1. The Borrower is a corporation duly organized and validly existing and in good standing under the laws of the State of New Jersey and has the corporate power and authority to conduct its business as currently conducted and currently proposed to be conducted, to execute and deliver the Agreement, the Fifty-Fourth Supplement and the 2020A Bonds being issued on the date hereof and to perform the provisions thereof.

2. On February 19, 2020, the Borrower adopted a resolution (the “Resolution”): (i) authorizing the execution and delivery by the Borrower of the Agreement and the Fifty-Fourth Supplement and the issuance, sale, execution, and delivery by the Borrower of the 2020A Bonds to the Purchasers, (ii) authorizing the Borrower to consummate the transactions contemplated by the Agreement, the Fifty-Fourth Supplement and the 2020A Bonds, and (iii) authorizing the

SCHEDULE 4.4(a)
(to Bond Purchase Agreement)

execution and delivery of all other certificates, agreements, documents and instruments in connection with the execution and delivery of the 2020A Bonds. The Resolution was duly and lawfully adopted and authorized in accordance with applicable law, including, without limitation, the New Jersey Business Corporation Act, and the By-laws of the Borrower, and the Resolution constitutes all of the actions necessary to be taken by the Borrower to authorize its actions contemplated by clauses (i) through (iii) above.

3. The Agreement has been duly authorized, executed and delivered by the Borrower and constitutes a legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms.

4. The Fifty-Fourth Supplement has been duly authorized, executed and delivered by the Borrower and constitutes a legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms.

5. The 2020A Bonds being issued on the date hereof have been duly authorized, executed and delivered by the Borrower and, when authenticated by the Trustee, constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms.

6. The Mortgage Indenture constitutes the legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms.

7. All approvals, consents or authorizations of, or registrations of or filings with, any Governmental Authority required to date on the part of the Borrower in connection with the authorization, execution, delivery and performance of the Agreement and the Fifty-Fourth Supplement, the authorization, issuance, sale, execution, delivery and performance of the 2020A Bonds or the performance of the Mortgage Indenture have been obtained or made.

8. The Fifty-Fourth Supplement is in appropriate form for recording in the recording offices listed on Schedule A attached hereto. The Mortgage Indenture (excluding the Fifty-Fourth Supplement) creates, and when the Fifty-Fourth Supplement is filed in the recording offices listed on Schedule A, it will create, a valid and perfected lien on or security interest in all right, title and interest of the Borrower in (a) the real property described in the Fifty-Fourth Supplement, and (b) to the extent that a security interest in such personal property and fixtures may be created under the Uniform Commercial Code in effect in the State of New Jersey, the personal property and fixtures described in the Fifty-Fourth Supplement.

9. It is not necessary in connection with the offering, sale and delivery of the 2020A Bonds being delivered on the date hereof, under the circumstances contemplated by the Agreement, to register such 2020A Bonds under the Securities Act or to qualify an indenture in respect of such 2020A Bonds under the Trust Indenture Act of 1939.

10. The Borrower is not an “investment company” or, to our knowledge, a Person directly or indirectly controlled by or acting on behalf of an “investment company” within the meaning of the Investment Company Act of 1940.

11. None of the transactions contemplated by the Agreement (including the use of the proceeds from the sale of the 2020A Bonds being delivered on the date hereof) will violate or result in a violation of Regulation T, U or X of the Board of Governors of the United States Federal Reserve System, 12 CFR, Part 220, Part 221 and Part 224, respectively.

12. The authorization, execution and delivery by the Borrower of the Agreement and the Fifty-Fourth Supplement, the authorization, issuance, sale, execution, and delivery of the 2020A Bonds by the Borrower to the Purchasers and the observation and performance by the Borrower of its duties, covenants, obligations and agreements under the foregoing documents and under the Mortgage Indenture, including, without limitation, the repayment of the 2020A Bonds and the consummation of the transactions contemplated in the foregoing documents, do not and will not (i), result in the creation or imposition of any lien, charge or encumbrance, other than the lien created under the Mortgage Indenture, upon any properties or assets of the Borrower or any Subsidiary, (ii) result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument described on Schedule 5.15 to the Agreement, or (iii) result in any violation of the provisions of the Certificate of Incorporation or By-laws of the Borrower, the Resolution, or any laws, injunctions, judgments, decrees, rules, regulations or existing orders of any Governmental Authority known to us to which the Borrower or its properties or operations is subject.

This opinion is limited by, subject to and based on the following:

- (i) Each document submitted to us for review is accurate and complete; each such document submitted to us as an original is authentic; each such document submitted to us as a copy conforms to the original document.
- (ii) Parties who are natural persons, and natural persons acting on a party's behalf, have the requisite legal capacity.
- (iii) Each of the parties to the documents signed by the Borrower (the “Borrower Documents”) other than the Borrower (“Other Parties”) has satisfied all legal requirements necessary to make the Borrower Documents to which it is a party enforceable against it. Without limiting the generality of the foregoing, we have assumed that each Other Party: (a) has legal existence; (b) has taken all corporate or other action necessary to complete the transactions contemplated by the Borrower Documents; (c) has duly authorized, executed and delivered each Borrower Document to which it is a party; (d) has the power to enter into the Borrower Documents to which it is a party; (e) has satisfied the legal requirements that are applicable to it, to the extent necessary to make the

Borrower Documents to which it is a party enforceable against it, and has complied with all legal requirements pertaining to its status as such status relates to its rights to enforce the Borrower Documents against the Borrower.

- (iv) The Other Parties will (a) act in good faith in the exercise of any rights or enforcement of any remedies under the Borrower Documents; and (b) comply with all requirements of applicable procedural and substantive law in exercising any rights or enforcing any remedies under the Borrower Documents.
- (v) The Borrower Documents accurately reflect the complete understanding of the parties with respect to the transactions contemplated thereby and the rights and obligations of the parties thereunder.
- (vi) There are no agreements or understandings among the parties, written or oral, and there is no usage of trade or course of prior dealing among the parties that would, in either case, define, supplement, modify, amend or qualify the terms of the Borrower Documents.
- (vii) There has not been any mutual mistake of fact or misunderstanding, fraud, duress or undue influence.
- (viii) We express no opinion with respect to any of the following: (a) title to any real property, personal property or fixtures; (b) the creation, perfection, or priority of any liens, encumbrances or security interests in real property, personal property or fixtures; or (c) the accuracy or sufficiency of the descriptions of any real property, personal property or fixtures.
- (ix) The Other Parties and any agent acting for the Other Parties have acted in good faith and without notice of any defense against the enforcement of any rights created by, or adverse claim to any property or security interest transferred or created as part of the Borrower Documents.

We have no actual knowledge that the foregoing assumptions are false. We have no actual knowledge of facts that, under the circumstances, would make our reliance upon the foregoing assumptions unreasonable.

(a) This opinion is limited in all respects to the laws of the State of New Jersey and applicable federal law.

(b) Except as expressly set forth herein, we have made no independent investigation as to the accuracy or completeness of any representation, warranty, data or other information, written or oral, made or furnished in connection with the Borrower Documents or otherwise, and we have assumed that neither the Borrower Documents, nor any other

information furnished to us contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein not misleading.

(c) In rendering this opinion we have assumed that funds will be advanced to the Borrower pursuant to the terms of the Borrower Documents.

(d) The qualification of any opinion or statement herein by the use of the words "to our knowledge" or "known to us" means that during the course of our representation as described in this opinion letter, no information has come to the attention of the attorneys in this firm involved in the transactions described herein which would give such attorneys current actual knowledge of the existence of the facts so qualified. Except as set forth herein, we have not undertaken any investigation to determine the existence of such facts, but have relied on representations and warranties in the Borrower Documents and on information provided to us by the Borrower in connection with our preparation of this opinion letter, and no inference as to our knowledge thereof shall be drawn from the fact of our representation of any party or otherwise.

(e) We express no opinion as to the enforceability of any provisions of the Borrower Documents providing for (i) the waiver of a trial by jury, waiver of venue or forum selection, or waiver of damage claims; (ii) a right of setoff against or a waiver or release by the Borrower; (iii) the indemnification or exculpation of any person (A) in violation of public policy, (B) to the extent precluded by federal or state securities laws, or (C) purporting to indemnify or exculpate such person from the consequences of its own negligence, willful misconduct or strict liability; (iv) any party's consent to jurisdiction; (v) self-help remedies; (vi) confession of judgment provisions; (vii) waivers and releases of the benefit of procedural or substantive rights or defenses; (viii) waivers and releases of errors, defects and imperfections in proceedings; (ix) waivers and releases of obligations of good faith, fair dealing, diligence, and reasonableness; (x) provisions that entitle any party, as a matter of right, to the appointment of a receiver after the occurrence of a default; (xi) provisions imposing increased interest rates or late payment charges upon delinquency in payment or the occurrence of a default; (xii) provisions requiring that all waivers under and/or modifications of the Borrower Documents be in writing; or (xiii) provisions for the concurrent or cumulative exercise of remedies which would have the effect of compensating the Other Parties for an amount in excess of their actual loss.

(f) We also bring to your attention that the enforceability of the Borrower Documents may be limited to the extent that remedies are sought for a breach that a court concludes is immaterial or does not adversely affect the party seeking to enforce its rights thereunder. The enforceability of the Borrower Documents may also be limited by unconscionable or inequitable conduct on the part of the Other Parties, defenses arising from the Other Parties' failure to act in accordance with the terms and conditions of the Borrower Documents, defenses arising as a consequence of the passage of time, or defenses arising as a result of the Other Parties' failure to act reasonably or in good faith.

(g) We have made no examination of and express no opinion with respect to (i) title to or rights in or descriptions of the properties contemplated as security by the Borrower Documents; (ii) the filing or recording of the Borrower Documents or any financing statements or other instruments relating thereto; (iii) except as expressly set forth herein, the creation

perfection, or enforcement of any liens or security interest in any collateral; or (iv) the priority of any liens or security interest in any collateral.

(h) We express no opinion with respect to (a) permits, consents, authorizations or approvals relating to the construction, development, use or occupancy of the Property; (b) compliance of the Borrower with any law, order, rule or regulation relating to the construction, development, use or occupancy of the Property; or (c) compliance of the Property with applicable laws, including, without limitation, laws relating to subdivision, zoning, building, or environmental matters. We have assumed that the Property constitutes a separately subdivided parcel.

(i) Except as expressly set forth herein, we express no opinion with respect to compliance with, or the applicability of, any state or federal securities laws, rules or regulations to the transactions contemplated by the Borrower Documents.

This opinion is given as of the date hereof and we assume no obligation to advise you of changes that may hereafter be brought to our attention. This opinion letter is limited to the matters expressly stated herein and no opinions may be inferred or implied beyond the matters expressly stated herein. This opinion may be relied upon by each of the Purchasers and any subsequent holder of the 2020A Bonds. This opinion may be provided to any Governmental Authority, including, without limitation, the National Association of Insurance Commissioners.

**FORM OF OPINION OF SPECIAL COUNSEL
FOR THE PURCHASERS**

The closing opinion of Schiff Hardin LLP, special counsel to the Purchasers, called for by Section 4.4(b) of the Agreement, shall be dated the date of the Closing and addressed to the Purchasers, shall be satisfactory in form and substance to the Purchasers and shall be to the effect that:

1. The Company is a corporation in good standing under the laws of the State of New Jersey.
2. The Agreement constitutes the legal, valid and binding contract of the Company, enforceable against the Company in accordance with its terms.
3. The issuance, sale and delivery of the Notes being delivered on the date of the Closing under the circumstances contemplated by the Agreement do not, under existing law, require the registration of such Notes under the Securities Act or the qualification of an indenture under the Trust Indenture Act of 1939.

The opinion of Schiff Hardin LLP shall also state that the opinion of Saul Ewing Arnstein & Lehr LLP, counsel for the Company, is satisfactory in scope and form to Schiff Hardin LLP and that, in their opinion, the Purchasers are justified in relying thereon.

In rendering the opinion set forth in paragraph 1 above, Schiff Hardin LLP may rely solely upon an examination of the good standing of the Company from the Secretary of State of the State of New Jersey. The opinion of Schiff Hardin LLP is limited to the laws of the State of New York and the federal laws of the United States.

With respect to matters of fact upon which such opinion is based, Schiff Hardin LLP may rely on appropriate certificates of public officials and officers of the Company and upon representations of the Company and the Purchasers delivered in connection with the issuance and sale of the Notes.

SCHEDULE 4.4(b)
(to Bond Purchase Agreement)

DISCLOSURE MATERIALS

Documents Delivered Prior to August 21, 2020

New Jersey Board of Public Utilities, I/M/O application of Middlesex Water Company for Authority to Issue and Sell up to \$100.0 million of Principal Amount Debt Securities, Docket No. WF20020188, Order (Issued May 5, 2020).

Middlesex Water Company List of Top 10 Largest Commercial and Industrial Customers (by 2019 Revenues)

SCHEDULE 5.3
(to Bond Purchase Agreement)

**SUBSIDIARIES OF THE COMPANY AND
OWNERSHIP OF SUBSIDIARY STOCK**

(i) Subsidiaries:

Name	Jurisdiction	% of Shares
Tidewater Utilities, Inc.	Delaware	100
Tidewater Environmental Systems, Inc.	Delaware	100
White Marsh Environmental Systems, Inc.	Delaware	100
Pinelands Water Company	Delaware	100
Pinelands Wastewater Company	New Jersey	100
Utility Service Affiliates, Inc.	New Jersey	100
Utility Service Affiliates (Perth Amboy), Inc.	New Jersey	100
Twin Lakes Utilities, Inc.	New Jersey	100
Southern Shores Water Company, LLC	Pennsylvania	100
	Maryland/Delaware	100

SCHEDULE 5.4
(to Bond Purchase Agreement)

(ii) Affiliates:

N/A/ (See Section (i) for Subsidiaries).

(iii) Company's Directors and Senior Officers:

Directors

Dennis W. Doll (Chairman)

James F. Cosgrove, Jr.

Kim C. Hanemann

Steven M. Klein

Amy B. Mansue

Ann L. Noble

Walter G. Reinhard

Senior Officers

Dennis W. Doll (President and Chief Executive Officer)

A. Bruce O'Connor (Senior Vice President, Treasurer and Chief Financial Officer)

Jay L. Kooper (Vice President, General Counsel and Secretary)

G. Christian Andreasen, Jr. (Vice President, Enterprise Engineering)

Robert K. Fullagar (Vice President, Operations)

Lorrie B. Ginegaw (Vice President, Human Resources)

Bernadette M. Sohler (Vice President, Corporate Affairs)

Georgia M. Simpson (Vice President, Information Technology)

FINANCIAL STATEMENTS

Middlesex Water Company

Form 10-K – For the Fiscal Year Ended December 31, 2017

Form 10-K – For the Fiscal Year Ended December 31, 2018

Form 10-K – For the Fiscal Year Ended December 31, 2019

Form 10-Q – For the Quarterly Period Ended March 31, 2020

Form 10-Q – For the Quarterly Period Ended June 30 2020

Form 10-Q – For the Quarterly Period Ended September 30, 2020

SCHEDULE 5.5
(to Bond Purchase Agreement)

SCHEDULE 5.15
Existing Indebtedness of the Company as of November 13, 2020

Item	Obligor	Creditor	CUSIP	Description of Indebtedness	Interest Rate	Collateral	Final Maturity	Outstanding Principal Amount
1	(l) MWC	(7) NJDEP	(3) N/A	0.00%, Series BB	0.00%	(5) FMB	08/01/21	\$ 119,138
2	(l) MWC	(2) NJIB	(3) N/A	4.00% to 5.00%, Series CC	(4) Various	(5) FMB	08/01/21	\$ 163,756
3	(l) MWC	(7) NJDEP	(3) N/A	0.00%, Series EE	0.00%	(5) FMB	08/01/23	\$ 1,036,365
4	(l) MWC	(2) NJIB	(3) N/A	3.00% to 5.50%, Series FF	(4) Various	(5) FMB	08/01/24	\$ 1,870,000
5	(l) MWC	(7) NJDEP	(3) N/A	0.00%, Series GG	0.00%	(5) FMB	08/01/26	\$ 541,647
6	(l) MWC	(2) NJIB	(3) N/A	4.00% to 5.00%, Series HH	(4) Various	(5) FMB	08/01/26	\$ 620,000
7	(l) MWC	(7) NJDEP	(3) N/A	0.00%, Series II	0.00%	(5) FMB	08/01/27	\$ 338,049
8	(l) MWC	(2) NJIB	(3) N/A	3.40% to 5.00%, Series JJ	(4) Various	(5) FMB	08/01/27	\$ 500,000
9	(l) MWC	(7) NJDEP	(3) N/A	0.00%, Series KK	0.00%	(5) FMB	08/01/28	\$ 718,862
10	(l) MWC	(2) NJIB	(3) N/A	5.00% to 5.50%, Series LL	(4) Various	(5) FMB	08/01/28	\$ 846,000
11	(l) MWC	(7) NJDEP	(3) N/A	0.00%, Series MM	0.00%	(5) FMB	08/01/30	\$ 936,626
12	(l) MWC	(2) NJIB	(3) N/A	3.00% to 4.375%, Series NN	(4) Various	(5) FMB	08/01/30	\$ 1,105,000
13	(l) MWC	(7) NJDEP	(3) N/A	0.00%, Series OO	0.00%	(5) FMB	08/01/31	\$ 1,655,593
14	(l) MWC	(2) NJIB	(3) N/A	2.00% to 5.00%, Series PP	(4) Various	(5) FMB	08/01/31	\$ 600,000
15	(l) MWC	(6) NJEDA	645780FH5	5.00%, Series QQ	5.00%	(5) FMB	10/01/23	\$ 9,915,000
16	(l) MWC	(6) NJEDA	645780FF9	3.80%, Series RR	3.80%	(5) FMB	10/01/38	\$ 22,500,000
17	(l) MWC	(6) NJEDA	645780FG7	4.25%, Series SS	4.25%	(5) FMB	10/01/47	\$ 23,000,000
18	(l) MWC	(7) NJDEP	(3) N/A	0.00%, Series TT	0.00%	(5) FMB	08/01/32	\$ 1,806,102
19	(l) MWC	(2) NJIB	(3) N/A	3.00% to 3.25%, Series UU	(4) Various	(5) FMB	08/01/32	\$ 705,000
20	(l) MWC	(7) NJDEP	(3) N/A	0.00%, Series VV	0.00%	(5) FMB	08/01/33	\$ 1,860,931
21	(l) MWC	(2) NJIB	(3) N/A	3.00% to 5.00%, Series WW	(4) Various	(5) FMB	08/01/33	\$ 715,000
22	(l) MWC	(7) NJDEP	(3) N/A	0.00%, Series XX	0.00%	(5) FMB	08/01/47	\$ 10,247,113
23	(l) MWC	(2) NJIB	(3) N/A	3.00% to 5.00%, Series YY	(4) Various	(5) FMB	08/01/47	\$ 3,710,000
24	(l) MWC	(7) NJDEP	(3) N/A	0.00%, Series 2018A	0.00%	(5) FMB	08/01/47	\$ 6,246,274
25	(l) MWC	(2) NJIB	(3) N/A	3.00%-5.00%, Series 2018B	(4) Various	(5) FMB	08/01/47	\$ 2,210,557
26	(l) MWC	(6) NJEDA	645780FK8	4.00% Series 2019A	4.00%	(5) FMB	08/01/59	\$ 32,500,000
27	(l) MWC	(6) NJEDA	645780FJ1	5.00% Series 2019B	5.00%	(5) FMB	08/01/59	\$ 21,200,000
28	(l) MWC	(2) NJIB	(3) N/A	Construction Note CFP-19-1	0.00%	None (8)	12/31/21	\$ 41,879,557
29	(l) MWC	(2) NJIB	(3) N/A	Construction Note CFP-1	0.00%	None (8)	12/31/20	\$ 8,656,747
30	(l) MWC	(2) NJIB	(3) N/A	0.00%, SRF Bond	0.00%	None	08/01/21	\$ 10,740
31	(l) MWC	(2) NJIB	(3) N/A	4.00% to 5.00%, SRI Bond	(4) Various	None	08/01/21	\$ 3,638
32	(l) MWC	PNC Bank, N.A.	(3) N/A	Line of Credit	1.04725%	None	11/19/20	\$ 3,000,000
33	(l) MWC	PNC Bank, N.A.	(3) N/A	Line of Credit	1.04338%	None	11/23/20	\$ 4,000,000

SCHEDULE 5.15
(to Bond Purchase Agreement)

Item	Obligor	Creditor	CUSIP	Description of Indebtedness	Interest Rate	Collateral	Final Maturity	Outstanding Principal Amount
34	(1) MWC	PNC Bank, N.A	(3) N/A	Line of Credit	1.04925%	None	11/27/20	\$ 4,000,000
35	(1) MWC	PNC Bank, N.A	(3) N/A	Line of Credit	1.09063%	None	12/01/20	\$ 1,000,000
36	(1) MWC	Bank of America	(3) N/A	Line of Credit	1.55%	None	11/18/20	\$ 9,000,000
37	(1) MWC	Bank of America	(3) N/A	Line of Credit	1.55%	None	11/18/20	\$ 4,000,000
38	(1) MWC	Bank of America	(3) N/A	Line of Credit	1.55%	None	11/18/20	\$ 3,000,000
39	(1) MWC	Bank of America	(3) N/A	Line of Credit	1.55%	None	11/18/20	\$ 7,000,000
Total Indebtedness as of November 13, 2020								\$ 233,217,695

(1) - MWC is defined as Middlesex Water Company.

(2) - NJIB is defined as New Jersey Infrastructure Bank (f/k/a the New Jersey Environmental Infrastructure Trust (a/k/a the NJEIT)).

(3) - N/A is defined as Not Applicable.

(4) - There are Various interest rates since there are multiple scheduled maturity dates of portions of the loan before the final maturity date.

(5) - FMB is defined as First Mortgage Bonds issued by Middlesex Water Company.

(6) - NJEDA is defined as the New Jersey Economic Development Authority.

(7) - NJDEP is defined as the New Jersey Department of Environmental Protection (State of New Jersey)

(8) - Settlement of the Construction Loan Note will be accomplished by MWC issuing FMBs to the NJIB for 25% of the Construction Loan Note balance and to the NJDEP for 75% of the Construction Loan Note balance. Final maturity the FMBs is expected to be a maximum of thirty years from the date of the Construction Loan Note settlement.

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER

PRINCIPAL AMOUNT OF
SERIES 2020A BONDS TO BE
PURCHASED

NEW YORK LIFE INSURANCE COMPANY
(Tax I.D. No. 13-5582869)

\$30,800,000

- (1) All payments by wire or intrabank transfer of immediately available funds to:
JPMorgan Chase Bank
New York, New York 10019
ABA No. 021-000-021
Swift Code: CHASUS33
Credit: New York Life Insurance Company
General Account No. 008-9-00687

with sufficient information (including issuer, PPN number, interest rate, maturity and whether payment is of principal, premium, or interest) to identify the source and application of such funds.

All notices of payments, written confirmations of such wire transfers and any audit confirmation:

New York Life Insurance Company
c/o NYL Investors LLC
51 Madison Avenue
2nd Floor, Room 208
New York, New York 10010-1603

Attention: Investment Services
Private Group
2nd Floor
Fax#: 908-840-3385

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPvtOps@nylim.com

Any changes in the foregoing payment instructions shall be confirmed by e-mail to NYLIMWireConfirmation@nylim.com prior to becoming effective.

- (2) All other communications:
New York Life Insurance Company
c/o NYL Investors LLC
51 Madison Avenue
2nd Floor, Room 208
New York, New York 10010

Attention: Private Capital Investors
2nd Floor
Fax #: 908-840-3385

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPvtOps@nylim.com

and with a copy of any notices regarding defaults or Events of Default under the operative documents to:

Attention: Office of General Counsel
Investment Section, Room 1016
Fax #: 212-576-8340

- (3) Note(s) to be registered in the name of: New York Life Insurance Company

PURCHASER SCHEDULE
(to Bond Purchase Agreement)

(4) Physical address for notes delivery.

Fed EX delivery address:

JPMorgan

4 Metro Tech Center

Physical Receive - 3rd floor

Brooklyn, NY 11245-0001

Tele: (718) 242 0263

Ref: New York Life Insurance Company G51405

Physical delivery via messenger:

JPMorgan

4 Metro Tech Center

Physical Receive - Window 5

Brooklyn, NY 11245-0001

(718) 242-0263

(Willoughby Street side of the building)

Ref: New York Life Insurance Company G51405

With a copy to: Dean L. Morini (Dean_Morini@nylim.com)

(5) Also, with respect to any notices delivered electronically under clause 2 hereof, please also send a copy to: chris_carey@nylinvestors.com and kimberly_stepancic@nylinvestors.com.

NAME AND ADDRESS OF PURCHASER

PRINCIPAL AMOUNT OF
SERIES 2020A BONDS TO BE
PURCHASED

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION

\$7,200,000

(Tax I.D. No. 13-3044743)

- (1) All payments by wire or intrabank transfer of immediately available funds to:
JPMorgan Chase Bank
New York, New York
ABA No. 021-000-021
Swift Code: CHASUS33
Credit: New York Life Insurance and Annuity Corporation
General Account No. 323-8-47382

with sufficient information (including issuer, PPN number, interest rate, maturity and whether payment is of principal, premium, or interest) to identify the source and application of such funds,

All notices of payments, written confirmations of such wire transfers and any audit confirmation:

New York Life Insurance and Annuity Corporation
c/o NYL Investors LLC
51 Madison Avenue
2nd Floor, Room 208
New York, New York 10010-1603
Attention: Investment Services
Private Group
2nd Floor
Fax #: 908-840-3385

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPVtOps@nylim.com

Any changes in the foregoing payment instructions shall be confirmed by e-mail to NYLIMWireConfirmation@nylim.com prior to becoming effective.

- (2) All other communications:

New York Life Insurance and Annuity Corporation
c/o NYL Investors LLC
51 Madison Avenue
2nd Floor, Room 208
New York, New York 10010-1603
Attention: Private Capital Investors
2nd Floor
Fax#: 908-840-3385

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPVtOps@nylim.com

and with a copy of any notices regarding defaults or Events of Default under the operative documents to:

Attention: Office of General Counsel
Investment Section, Room 1016
Fax #: 212-576-8340

- (3) Note(s) to be registered in the name of: New York Life Insurance and Annuity Corporation

(4) Physical address for notes delivery.

Fed EX delivery address:

JPMorgan
4 Metro Tech Center
Physical Receive - 3rd floor
Brooklyn, NY 11245-0001
Tele: (718) 242 0263
Ref: New York Life Insurance and Annuity Corporation G51410

Physical delivery via messenger:

JPMorgan
4 Metro Tech Center
Physical Receive - Window 5
Brooklyn, NY 11245-0001
(718) 242-0263
(Willoughby Street side of the building)
Ref: New York Life Insurance and Annuity Corporation G51410

With a copy to: Dean L. Morini (Dean_Morini@nylim.com)

(5) Also, with respect to any notices delivered electronically under clause 2 hereof, please also send a copy to: chris_carey@nylinvestors.com and kimberly_stepancic@nylinvestors.com.

NAME AND ADDRESS OF PURCHASER

PRINCIPAL AMOUNT OF
SERIES 2020A BONDS TO BE
PURCHASED

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION
INSTITUTIONALLY OWNED LIFE INSURANCE SEPARATE ACCOUNT (BOLI 30C)
(Tax I.D. No. 13-3044743)

\$1,600,000

- (1) All payments by wire or intrabank transfer of immediately available funds to:

JPMorgan Chase Bank
New York, New York
ABA No. 021-000-021
Swift Code: CHASUS33
Credit: NYLIAC SEPARATE BOLI 30C
General Account No. 304-6-23970

with sufficient information (including issuer, PPN number, interest rate, maturity and whether payment is of principal, premium, or interest) to identify the source and application of such funds, with advice of such payments to:

All notices of payments, written confirmations of such wire transfers and any audit confirmation:

New York Life Insurance and Annuity Corporation
Institutionally owned Life Insurance Separate Account
c/o NYL Investors LLC
51 Madison Avenue
2nd Floor Room 208
New York, New York 10010-1603

Attention: Investment Services
Private Group
2nd Floor
Fax # 908-840-3385

with a copy sent electronically to:

FI IGLibrary@nylim.com
TraditionalPVtOps@nylim.com

Any changes in the foregoing payment instructions shall be confirmed by e-mail to NYLIMWireConfirmation@nylim.com prior to becoming effective.

- (2) All other communications:

New York Life Insurance and Annuity Corporation
Institutionally Owned Life Insurance Separate Account
c/o NYL Investors LLC
51 Madison Avenue
2nd Floor Room 208
New York, New York 10010-1603

Attention: Private Capital Investors
2nd Floor
Fax # 908-840-3385

with a copy sent electronically to:

FI IGLibrary@nylim.com
TraditionalPVtOps@nylim.com

and with a copy of any notices regarding defaults or Events of Default under the operative documents to:

Attention: Office of General Counsel
Investment Section, Room 1016
Fax#: 212-576-8340

- (3) Note(s) to be registered in the name of: New York Life Insurance and Annuity Corporation
Institutionally owned Life Insurance Separate Account (BOLI 30C)

- (4) Physical address for notes delivery.

Fed EX delivery address:

JPMorgan
4 Metro Tech Center
Physical Receive - 3rd floor
Brooklyn, NY 11245-0001
Tele: (718) 242 0263
Ref NYLIAC BOLI 30C Yield G11003

Physical delivery via messenger:

JPMorgan
4 Metro Tech Center
Physical Receive -Window 5
Brooklyn, NY 11245-0001
(718) 242-0263
(Willoughby Street side of the building)
Ref: NYLIAC BOLI 30C Yield G11003

With a copy to: Dean L. Morini (Dean_Morini@nylim.com)

- (5) Also, with respect to any notices delivered electronically under clause 2 hereof, please also send a copy to: chris_carey@nylinvestors.com and kimberly_stepanic@nylinvestors.com.

NAME AND ADDRESS OF PURCHASER

PRINCIPAL AMOUNT OF
SERIES 2020A BONDS TO BE
PURCHASED

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION
INSTITUTIONALLY OWNED LIFE INSURANCE SEPARATE ACCOUNT (BOLI 3)
(Tax I.D. No. 13-3044743)

\$400,000

(1) All payments by wire or intrabank transfer of immediately available funds to:

JPMorgan Chase Bank
New York, New York
ABA No. 021-000-021
Swift Code: CHASUS33
Credit: NYLIAC SEPARATE BOLI 3 BROAD FIXED
General Account No. 323-8-39002

with sufficient information (including issuer, PPN number, interest rate, maturity and whether payment is of principal, premium, or interest) to identify the source and application of such funds,

All notices of payments, written confirmations of such wire transfers and any audit confirmation:

New York Life Insurance and Annuity Corporation
Institutionally Owned Life Insurance Separate Account
c/o NYL Investors LLC
51 Madison Avenue
2nd Floor, Room 208
New York, New York 10010-1603

Attention: Investment Services
Private Group
2nd Floor
Fax#: 908-840-3385

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPVtOps@nylim.com

Any changes in the foregoing payment instructions shall be confirmed by e-mail to NYLIMWireConfirmation@nylim.com prior to becoming effective.

(2) All other communications:

New York Life Insurance and Annuity Corporation
Institutionally Owned Life Insurance Separate Account
c/o NYL Investors LLC
51 Madison Avenue
2nd Floor, Room 208
New York, New York 10010-1603

Attention: Private Capital Investors
2nd Floor
Fax#: 908-840-3385

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPVtOps@nylim.com

and with a copy of any notices regarding defaults or Events of Default under the operative documents to:

Attention: Office of General Counsel
Investment Section, Room 1016
Fax #: 212-576-8340

(3) Note(s) to be registered in the name of: New York Life Insurance and Annuity Corporation
Institutionally Owned Life Insurance Separate Account (BOLI 3)

- (4) Physical address for notes delivery.

Fed EX delivery address:

JPMorgan
4 Metro Tech Center
Physical Receive - 3rd floor
Brooklyn, NY 11245-0001
Tele: (718) 242 0263
Ref NYLIAC BOLI31 G53671

Physical delivery via messenger:

JPMorgan
4 Metro Tech Center
Physical Receive - Window 5
Brooklyn, NY 11245-0001
(718) 242-0263
(Willoughby Street side of the building)
Ref NYLIAC BOLI31 G53671

With a copy to: Dean L. Morini (Dean_Morini@nylim.com)

- (5) Also, with respect to any notices delivered electronically under clause 2 hereof, please also send a copy to: chris_carey@nylinvestors.com and kimberly_stepancic@nylinvestors.com.

Middlesex Water Company

Subsidiaries

	Jurisdiction of Organization
Tidewater Utilities, Inc.	Delaware
Tidewater Environmental Services, Inc.	Delaware
Pinelands Water Company	New Jersey
Pinelands Wastewater Company	New Jersey
Utility Service Affiliates (Perth Amboy) Inc.	New Jersey
Utility Service Affiliates, Inc.	New Jersey
Twin Lakes Utilities, Inc.	Pennsylvania

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-233649) and Form S-8 (File No. 333-156269) of Middlesex Water Company of our report dated February 25, 2021, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ Baker Tilly US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)

Lancaster, Pennsylvania

February 25, 2021

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 Annual Report on Form 10-K 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: February 25, 2021

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 Annual Report on Form 10-K 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: February 25, 2021

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: February 25, 2021

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.

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: February 25, 2021

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.
