

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2021

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 One South, 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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	MSEX	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post files).

Yes No

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

Large accelerated filer
Smaller reporting company

Accelerated filer

Non-accelerated filer
Emerging growth company

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

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

Yes No

The number of shares outstanding of each of the registrant's classes of common stock, as of April 30, 2021: Common Stock, No Par Value: 17,478,462 shares outstanding.

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

	Three Months Ended March 31,	
	2021	2020
Operating Revenues	\$ 32,541	\$ 31,769
Operating Expenses:		
Operations and Maintenance	18,356	17,192
Depreciation	4,832	4,448
Other Taxes	3,719	3,602
Total Operating Expenses	26,907	25,242
Operating Income	5,634	6,527
Other Income (Expense):		
Allowance for Funds Used During Construction	1,263	1,123
Other Income (Expense), net	775	385
Total Other Income, net	2,038	1,508
Interest Charges	1,738	1,669
Income before Income Taxes	5,934	6,366
Income Taxes	(973)	(1,302)
Net Income	6,907	7,668
Preferred Stock Dividend Requirements	30	30
Earnings Applicable to Common Stock	\$ 6,877	\$ 7,638
Earnings per share of Common Stock:		
Basic	\$ 0.39	\$ 0.44
Diluted	\$ 0.39	\$ 0.44
Average Number of Common Shares Outstanding:		
Basic	17,476	17,437
Diluted	17,591	17,552

See Notes to Condensed Consolidated Financial Statements.

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

		March 31, 2021	December 31, 2020
ASSETS			
UTILITY PLANT:	Water Production	\$ 173,375	\$ 168,080
	Transmission and Distribution	654,667	648,763
	General	85,990	85,056
	Construction Work in Progress	89,717	80,055
	TOTAL	1,003,749	981,954
	Less Accumulated Depreciation	188,565	185,356
	UTILITY PLANT - NET	815,184	796,598
CURRENT ASSETS:	Cash and Cash Equivalents	4,046	4,491
	Accounts Receivable, net of allowance for doubtful accounts of \$2,183 and \$2,053, respectively	12,709	14,569
	Unbilled Revenues	7,210	7,065
	Materials and Supplies (at average cost)	5,193	5,112
	Prepayments	2,222	2,886
	TOTAL CURRENT ASSETS	31,380	34,123
OTHER ASSETS:	Operating Lease Right of Use Asset	5,030	5,209
	Preliminary Survey and Investigation Charges	5,923	5,192
	Regulatory Assets	117,204	118,144
	Restricted Cash	163	5,913
	Non-utility Assets - Net	11,253	11,207
	Other	73	84
	TOTAL OTHER ASSETS	139,646	145,749
	TOTAL ASSETS	\$ 986,210	\$ 976,470
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock, No Par Value	\$ 217,976	\$ 217,451
	Retained Earnings	130,872	128,757
	TOTAL COMMON EQUITY	348,848	346,208
	Preferred Stock	2,084	2,084
	Long-term Debt	272,664	273,244
	TOTAL CAPITALIZATION	623,596	621,536
CURRENT LIABILITIES:	Current Portion of Long-term Debt	7,159	7,255
	Notes Payable	13,000	2,000
	Accounts Payable	24,414	30,443
	Accrued Taxes	14,025	10,138
	Accrued Interest	2,310	2,137
	Unearned Revenues and Advanced Service Fees	1,237	1,255
	Other	3,656	3,620
	TOTAL CURRENT LIABILITIES	65,801	56,848
COMMITMENTS AND CONTINGENT LIABILITIES (Note 7)			
OTHER LIABILITIES:	Customer Advances for Construction	23,290	23,404
	Lease Obligations	4,872	5,042
	Accumulated Deferred Income Taxes	61,474	61,297
	Employee Benefit Plans	33,672	34,426
	Regulatory Liabilities	58,565	60,792
	Other	1,163	1,135
	TOTAL OTHER LIABILITIES	183,036	186,096
CONTRIBUTIONS IN AID OF CONSTRUCTION		113,777	111,990
	TOTAL CAPITALIZATION AND LIABILITIES	\$ 986,210	\$ 976,470

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 6,907	\$ 7,668
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	6,296	5,108
Provision for Deferred Income Taxes and Investment Tax Credits	(2,359)	(3,430)
Equity Portion of Allowance for Funds Used During Construction (AFUDC)	(732)	(694)
Cash Surrender Value of Life Insurance	27	205
Stock Compensation Expense	203	162
Changes in Assets and Liabilities:		
Accounts Receivable	1,860	1,085
Unbilled Revenues	(145)	481
Materials & Supplies	(81)	169
Prepayments	664	577
Accounts Payable	(6,029)	810
Accrued Taxes	3,887	3,530
Accrued Interest	173	(1,169)
Employee Benefit Plans	95	450
Unearned Revenue & Advanced Service Fees	(18)	(1)
Other Assets and Liabilities	(1,306)	1,187
NET CASH PROVIDED BY OPERATING ACTIVITIES	9,442	16,138
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility Plant Expenditures, Including AFUDC of \$531 in 2021, \$429 in 2020	(22,033)	(25,147)
NET CASH USED IN INVESTING ACTIVITIES	(22,033)	(25,147)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of Long-term Debt	(1,324)	(1,330)
Proceeds from Issuance of Long-term Debt	687	5,398
Net Short-term Bank Borrowings	11,000	13,500
Deferred Debt Issuance Expense	(2)	(24)
Common Stock Issuance Expense	-	(37)
Proceeds from Issuance of Common Stock	322	313
Payment of Common Dividends	(4,762)	(4,468)
Payment of Preferred Dividends	(30)	(30)
Construction Advances and Contributions-Net	505	2,489
NET CASH PROVIDED BY FINANCING ACTIVITIES	6,396	15,811
NET CHANGES IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(6,195)	6,802
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	10,404	46,499
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	\$ 4,209	\$ 53,301
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:		
Utility Plant received as Construction Advances and Contributions	\$ 1,169	\$ 1,422
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash Paid During the Year for:		
Interest	\$ 1,726	\$ 3,022
Interest Capitalized	\$ 531	\$ 429
Income Taxes	\$ -	\$ 2

See Notes to Condensed Consolidated Financial Statements.

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

	March 31, 2021	December 31, 2020
Common Stock, No Par Value		
Shares Authorized - 40,000		
Shares Outstanding - 2021 - 17,478; 2020 - 17,473	\$ 217,976	\$ 217,451
Retained Earnings	130,872	128,757
TOTAL COMMON EQUITY	\$ 348,848	\$ 346,208
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	\$ 255	\$ 336
6.25%, Amortizing Secured Note, due May 19, 2028	3,010	3,115
6.44%, Amortizing Secured Note, due August 25, 2030	2,637	2,707
6.46%, Amortizing Secured Note, due September 19, 2031	2,917	2,987
4.22%, State Revolving Trust Note, due December 31, 2022	119	119
3.60%, State Revolving Trust Note, due May 1, 2025	1,170	1,170
3.30% State Revolving Trust Note, due March 1, 2026	243	266
3.49%, State Revolving Trust Note, due January 25, 2027	286	307
4.03%, State Revolving Trust Note, due December 1, 2026	390	389
0.00%, State Revolving Fund Bond, due August 1, 2021	10	11
3.64%, State Revolving Trust Note, due July 1, 2028	192	192
3.64%, State Revolving Trust Note, due January 1, 2028	62	62
3.45%, State Revolving Trust Note, due August 1, 2031	763	793
6.59%, Amortizing Secured Note, due April 20, 2029	2,819	2,907
7.05%, Amortizing Secured Note, due January 20, 2030	2,208	2,271
5.69%, Amortizing Secured Note, due January 20, 2030	4,530	4,658
4.45%, Amortizing Secured Note, due April 20, 2040	8,397	8,506
4.47%, Amortizing Secured Note, due April 20, 2040	3,116	3,156
3.75%, State Revolving Trust Note, due July 1, 2031	1,699	1,699
2.00%, State Revolving Trust Note, due February 1, 2036	934	961
2.00%, State Revolving Trust Note, due November 1, 2038	1,543	1,543
3.75%, State Revolving Trust Note, due November 30, 2030	883	883
0.00% Construction Loans	51,223	50,536
First Mortgage Bonds:		
0.00%, Series BB, due August 1, 2021	116	119
4.00% to 5.00%, Series CC, due August 1, 2021	164	164
0.00%, Series EE, due August 1, 2023	996	1,036
3.00% to 5.50%, Series FF, due August 1, 2024	1,870	1,870
0.00%, Series GG, due August 1, 2026	531	541
4.00% to 5.00%, Series HH, due August 1, 2026	620	620
0.00%, Series II, due August 1, 2024	326	338
3.40% to 5.00%, Series JJ, due August 1, 2027	500	500
0.00%, Series KK, due August 1, 2028	704	719
5.00% to 5.50%, Series LL, due August 1, 2028	846	846
0.00%, Series MM, due August 1, 2030	903	937
3.00% to 4.375%, Series NN, due August 1, 2030	1,105	1,105
0.00%, Series OO, due August 1, 2031	1,605	1,656
2.00% to 5.00%, Series PP, due August 1, 2031	600	600
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	1,756	1,806
3.00% to 3.25%, Series UU, due August 1, 2032	705	705
0.00%, Series VV, due August 1, 2033	1,813	1,861
3.00% to 5.00%, Series WW, due August 1, 2033	715	715
0.00%, Series XX, due August 1, 2047	10,121	10,247
3.00% to 5.00%, Series YY, due August 1, 2047	3,710	3,710
0.00%, Series 2018A, due August 1, 2047	6,167	6,246
3.00%-5.00%, Series 2018B, due August 1, 2047	2,211	2,211

	March 31, 2021	December 31, 2020
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	40,000
SUBTOTAL LONG-TERM DEBT	276,605	277,241
Add: Premium on Issuance of Long-term Debt	7,569	7,669
Less: Unamortized Debt Expense	(4,351)	(4,411)
Less: Current Portion of Long-term Debt	(7,159)	(7,255)
TOTAL LONG-TERM DEBT	\$ 272,664	\$ 273,244

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands except per share amounts)

	Common Stock Shares	Common Stock Amount	Retained Earnings	Total
Balance at January 1, 2020	17,434	\$ 215,125	\$ 108,667	\$ 323,792
Net Income	-	-	7,668	7,668
Dividend Reinvestment & Common Stock Purchase Plan	5	313	-	313
Restricted Stock Award - Net - Employees	-	162	-	162
Cash Dividends on Common Stock (\$0.2563 per share)	-	-	(4,468)	(4,468)
Cash Dividends on Preferred Stock	-	-	(30)	(30)
Common Stock Expenses	-	-	(37)	(37)
Balance at March 31, 2020	17,439	\$ 215,600	\$ 111,800	\$ 327,400
Balance at January 1, 2021	17,473	\$ 217,451	\$ 128,757	\$ 346,208
Net Income	-	-	6,907	6,907
Dividend Reinvestment & Common Stock Purchase Plan	5	322	-	322
Restricted Stock Award - Net - Employees	-	203	-	203
Cash Dividends on Common Stock (\$0.2725 per share)	-	-	(4,762)	(4,762)
Cash Dividends on Preferred Stock	-	-	(30)	(30)
Balance at March 31, 2021	17,478	\$ 217,976	\$ 130,872	\$ 348,848

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Recent Developments

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

The consolidated notes within the 2020 Annual Report on Form 10-K (the 2020 Form 10-K) are applicable to these financial statements and, in the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary (including normal recurring accruals) to present fairly the financial position as of March 31, 2021 and the results of operations and cash flows for the three month periods ended March 31, 2021 and 2020. Information included in the Condensed Consolidated Balance Sheet as of December 31, 2020, has been derived from the Company's December 31, 2020 audited financial statements included in the 2020 Form 10-K.

Recent Developments

Loan Agreement - In March 2021, Tidewater entered into a \$20 million loan agreement with CoBank, ACB (CoBank). Tidewater has the option to borrow in minimum increments of \$0.1 million through September 29, 2021. The interest rate will be set on the date of the applicable borrowing and the term of any borrowing cannot exceed twenty-five years. Proceeds from the loan will first be used to pay off balances under the Company's lines of credit (see Note 6 – *Short Term Borrowings*), with remaining proceeds used to finance a portion of Tidewater's 2021 capital program.

Middlesex Financing Petition – In February 2021, Middlesex requested approval from the New Jersey Board of Public Utilities (NJBPU) to redeem up to \$45.5 million of outstanding first mortgage bonds and issue replacement first mortgage bonds at a lower rate of interest. We cannot predict whether the NJBPU will ultimately approve or deny this request, for which a decision is expected in the second quarter of 2021.

Novel Coronavirus (COVID-19) – In March 2020, the United States declared the COVID-19 pandemic a national emergency, which remains in effect. While the Company's operations and capital construction program have not been materially disrupted to date from the pandemic, the COVID-19 impact on economic conditions nationally continues to be uncertain and could affect the Company's results of operations, financial condition and liquidity in the future. In New Jersey and Delaware, where our operations are located, the Governors have been relaxing many of the elements of their respective declared State of Emergency Orders (SEOs) and requirements as more of the citizenry is inoculated for the virus.

The NJBPU and the Delaware Public Service Commission (DEPSC) have approved the tracking of COVID-19 related incremental costs for potential recovery in customer rates in future rate proceedings. Neither jurisdiction has established a timetable or definitive formal procedures for seeking cost recovery. Since the issuance of the SEOs, the Company has increased its allowance for doubtful accounts for expected increases in accounts receivable write-offs due to the financial impact of COVID-19 on customers. We will continue to monitor the effects of COVID-19 and evaluate its impact on the Company's business, results of operations, financial condition and liquidity.

Recent Accounting Guidance

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

Note 2 – Rate and Regulatory Matters

Middlesex – In March 2021, the NJBPU approved Middlesex's petition to reset its Purchased Water Adjustment Clause (PWAC) tariff rate to recover additional costs of \$1.1 million for the purchase of treated water from a non-affiliated regulated water utility. The new PWAC rate became effective April 4, 2021. A PWAC is a rate mechanism that allows for recovery of increased purchased water costs between base rate case filings. It is reset to zero once those increased costs are included in base rates.

Tidewater - Effective January 1, 2021, Tidewater increased its DEPSC-approved Distribution System Improvement Charge (DSIC) rate, which was 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 March 2021, Tidewater was notified by the DEPSC that it had determined Tidewater's earned rate of return exceeded the rate of return authorized by the DEPSC. Consequently, Tidewater reset its DSIC rate to zero effective April 1, 2021 and is refunding customers, with interest, in the form of an account credit for DSIC revenue billed between April 1, 2020 and March 31, 2021. Accordingly, in March 2021, Tidewater recorded a \$0.8 million reserve, net of tax, for such refunds. Tidewater expects to apply the account credits in the second quarter of 2021.

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 order the acquisition of Twin Lakes by a public utility pursuant to Section 529 of the Pennsylvania Public Utility Code. The PAPUC assigned an Administrative Law Judge (ALJ) to adjudicate the matter and submit a recommended decision (Recommended Decision) to the PAPUC. On April 22, 2021, the ALJ issued a Recommended Decision concluding Twin Lakes has fully met the criteria for the PAPUC to order the acquisition of Twin Lakes by a public utility pursuant to Section 529. The ALJ, however, recommended that the PAPUC condition the acquisition of Twin Lakes pursuant to Section 529 upon Twin Lakes' parent, Middlesex, contributing \$1.7 million to an escrow account for the purpose of offsetting future capital expenditures assumed by the ALJ to be incurred by the ultimate purchaser of the Twin Lakes water system. The sale price and final agreement to sell Twin Lakes would be subsequently negotiated. The ALJ established a schedule for filing Briefs on Exceptions. Twin Lakes takes exception to certain of the ALJ's conclusions and expects to file a Brief before the Recommended Decision goes before the PAPUC for their disposition of the matter.

Twin Lakes remains under the operation of a large PAPUC regulated investor-owned water utility as the receiver, which had been appointed by the PAPUC under an Order effective January 15, 2021. The receivership is to remain in place until the final outcome of the Section 529 proceeding.

It is unknown at this time if the PAPUC will affirm or deny the Recommended Decision in whole, or in part. Separate from the disposition of this matter by the PAPUC, or any further litigation which may proceed beyond the PAPUC's final decision, the financial results, total assets and financial obligations of Twin Lakes are not material to Middlesex.

Note 3 – Capitalization

Common Stock - For each of the three months ended March 31, 2021 and 2020, the Company received proceeds of \$0.3 million for the issuance of approximately 5,000 shares of its common stock under the Middlesex Water Company Investment Plan.

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.

Middlesex currently has two projects that are in the construction loan phase of the New Jersey SRF program:

- 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 March 31, 2021, Middlesex has drawn a total of \$42.6 million and expects to draw any remaining funding requests on this construction loan in the second 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 anticipates that these two construction loans will be converted into long-term securitized loans by the NJIB during the fourth quarter of 2021.

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 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.

As part of its ongoing comprehensive financing plan, Middlesex received approval from the NJBPU in February 2019 to issue and sell up to \$140 million of FMBs through the New Jersey Economic Development Authority (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, were 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 proceeds were initially recorded as Restricted Cash on the balance sheet and held in escrow by a bond trustee. Funds were drawn down by requisition for the qualifying projects as costs were incurred with the final requisition made in February 2021.

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

	March 31, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Bonds	\$147,209	\$159,764	\$147,667	\$159,195

For other long-term debt for which there was no quoted market price and there is not an active trading market, it was not practicable to estimate their fair value (for details, including carrying value, interest rate and due date on these series of long-term debt, please refer to those series noted as “Amortizing Secured Note”, “State Revolving Trust Note”, “State Revolving Trust Bond”, “Construction Loans” and “Series 2020A” on the Condensed Consolidated Statements of Capital Stock and Long-Term Debt). The carrying amount of these instruments was \$129.4 million and \$129.6 million at March 31, 2021 and December 31, 2020, respectively. Customer advances for construction have carrying amounts of \$23.3 million and \$23.4 million at March 31, 2021 and 2020, respectively. Their relative fair values cannot be accurately estimated since future refund payments depend on several variables, including new customer connections, customer consumption levels and future rate increases.

Note 4 – Earnings Per Share

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

	(In Thousands Except per Share Amounts)			
	Three Months Ended March 31,			
	2021		2020	
Basic:	Income	Shares	Income	Shares
Net Income	\$ 6,907	17,476	\$ 7,668	17,437
Preferred Dividend	(30)		(30)	
Earnings Applicable to Common Stock	\$ 6,877	17,476	\$ 7,638	17,437
Basic EPS	\$ 0.39		\$ 0.44	
Diluted:				
Earnings Applicable to Common Stock	\$ 6,877	17,476	\$ 7,638	17,437
\$7.00 Series Preferred Dividend	17	115	17	115
Adjusted Earnings Applicable to Common Stock	\$ 6,894	17,591	\$ 7,655	17,552
Diluted EPS	\$ 0.39		\$ 0.44	

Note 5 – Business Segment Data

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

	(In Thousands)	
	Three Months Ended	
	March 31,	
Operations by Segments:	2021	2020
Revenues:		
Regulated	\$ 29,421	\$ 28,937
Non – Regulated	3,257	2,961
Inter-segment Elimination	(137)	(129)
Consolidated Revenues	\$ 32,541	\$ 31,769
Operating Income:		
Regulated	\$ 4,716	\$ 5,843
Non – Regulated	918	684
Consolidated Operating Income	\$ 5,634	\$ 6,527
Net Income:		
Regulated	\$ 6,240	\$ 7,181
Non – Regulated	667	487
Consolidated Net Income	\$ 6,907	\$ 7,668
Capital Expenditures:		
Regulated	\$ 21,963	\$ 24,968
Non – Regulated	70	179
Total Capital Expenditures	\$ 22,033	\$ 25,147
	As of	As of
	March 31,	December 31,
	2021	2020
Assets:		
Regulated	\$ 1,004,405	\$ 998,932
Non – Regulated	7,918	8,289
Inter-segment Elimination	(26,113)	(30,751)
Consolidated Assets	\$ 986,210	\$ 976,470

Note 6 – Short-term Borrowings

The Company maintains lines of credit aggregating \$110.0 million.

	(Millions)		Maximum	Credit Type	Renewal Date
	Outstanding	Available			
Bank of America	\$ -	\$ 30.0	\$ 30.0	Uncommitted	January 27, 2022
PNC Bank	10.0	58.0	68.0	Committed	January 31, 2023
CoBank	3.0	9.0	12.0	Committed	November 30, 2023
	<u>\$ 13.0</u>	<u>\$ 97.0</u>	<u>\$ 110.0</u>		

The interest rate for borrowings under the lines of credit is 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. Each of the lines of credit includes a provision for a replacement benchmark for when LIBOR is fully phased-out and no longer available to set the interest rate on borrowings under these lines of credit.

The weighted average interest rate on the outstanding borrowings at March 31, 2021 under these credit lines is 1.09%.

The weighted average daily amounts of outstanding borrowings under the Company's credit lines and the weighted average interest rates on those amounts were \$8.0 million and \$21.4 million at 1.12% and 2.58% for the three months ended March 31, 2021 and 2020, respectively.

The maturity dates for the \$13.0 million outstanding as of March 31, 2021 were in April 2021 and were extended at the discretion of the Company.

Note 7 – Commitments and Contingent Liabilities

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

Middlesex has an agreement with a non-affiliated 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.

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

Purchased water costs are shown below:

	(In Thousands)	
	Three Months Ended March 31,	
	2021	2020
Treated	\$ 877	\$ 793
Untreated	861	870
Total Costs	<u>\$ 1,738</u>	<u>\$ 1,663</u>

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.

Leases - The Company determines if an arrangement is a lease at inception. 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 entered into an operating lease of 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 were \$0.2 million for each of the three months ended March 31, 2021 and 2020, respectively.

Information related to operating lease ROU assets and lease liabilities is as follows:

	(In Millions)	
	As of	
	March 31, 2021	December 31, 2020
ROU Asset at Lease Inception	\$ 7.3	\$ 7.3
Accumulated Amortization	(2.3)	(2.1)
Current ROU Asset	\$ 5.0	\$ 5.2

The Company's future minimum operating lease commitments as of March 31, 2021 are as follows:

	(In Millions)
2021	\$ 0.6
2022	0.8
2023	0.8
2024	0.8
2025	0.8
Thereafter	3.6
Total Lease Payments	\$ 7.4
Imputed Interest	(1.8)
Present Value of Lease Payments	5.6
Less Current Portion*	(0.7)
Non-Current Lease Liability	\$ 4.9
*Included in Other Current Liabilities	

Construction - The Company has forecasted to spend approximately \$121 million for its construction program in 2021. The Company has entered into several construction contracts that, in the aggregate, obligate expenditure of an estimated \$17 million in the future. The timing and amount of capital expenditures is dependent on project scheduling and refinement of engineering estimates for certain projects.

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

Note 8 – Employee Benefit Plans

Pension Benefits - The Company's Pension Plan covers all active employees hired prior to April 1, 2007. Employees hired after March 31, 2007 are not eligible to participate in this plan, but do participate in a defined contribution plan that provides for a potential annual contribution in an amount that is at the discretion of the Company. In order to be eligible for a contribution, the participant must be employed by the Company on December 31st of the year to which the contribution relates. For each of the three month periods ended March 31, 2021 and 2020, the Company did not make Pension Plan cash contributions. The Company expects to make Pension Plan cash contributions of approximately \$3.4 million over the remainder of the current year. The Company also maintains an unfunded supplemental retirement benefit plan for certain active and retired Company officers and currently pays \$0.4 million in annual benefits to the retired participants.

Other Postretirement Benefits - The Company's retirement plan other than pensions (Other Benefits Plan) covers substantially all of its current retired employees. Employees hired after March 31, 2007 are not eligible to participate in this plan. Coverage includes healthcare and life insurance. For the three month period ended March 31, 2021, the Company did not make Other Benefits Plan cash contributions. For the three month period ended March 31, 2020, the Company made Other Benefits Plan cash contributions of \$0.3 million. The Company expects to make additional Other Benefits Plan cash contributions of \$0.8 million and \$0.3 million over the remainder of the current year.

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

	(In Thousands)			
	Pension Benefits		Other Benefits	
	Three Months Ended March 31,			
	2021	2020	2021	2020
Service Cost	\$ 674	\$ 609	\$ 229	\$ 248
Interest Cost	677	775	309	425
Expected Return on Assets	(1,556)	(1,409)	(786)	(721)
Amortization of Unrecognized Losses	717	515	132	338
Net Periodic Benefit Cost (Benefit)*	\$ 512	\$ 490	\$ (116)	\$ 290

*Service cost is included in Operations and Maintenance expense on the Condensed Consolidated Statements of Income; all other amounts are included in Other Income/Expense, net.

Note 9 – Revenue Recognition from Contracts with Customers

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 entity 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 and 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 of service provided to Tidewater customers and are recognized as service is provided.

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 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)	
	Three Months Ended March 31,	
	2021	2020
Regulated Tariff Sales		
Residential	\$ 16,957	\$ 16,681
Commercial	3,576	3,369
Industrial	2,177	2,081
Fire Protection	3,104	3,045
Wholesale	3,539	3,698
Non-Regulated Contract Operations	3,151	2,859
Total Revenue from Contracts with Customers	\$ 32,504	\$ 31,733
Other Regulated Revenues	68	62
Other Non-Regulated Revenues	106	103
Inter-segment Elimination	(137)	(129)
Total Revenue	\$ 32,541	\$ 31,769

Note 10 – Income Taxes

The Company's federal income tax returns for the tax years 2014 through 2017 were selected for examination by the Internal Revenue Service (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 March 31, 2021, the Company has reduced its income tax reserve provision and interest expense liability to \$0.5 million and \$0.2 million, respectively.

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

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements of Middlesex Water Company (Middlesex or the Company) included elsewhere herein and with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Forward-Looking Statements

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

- expected financial condition, performance, prospects and earnings of the Company;
- strategic plans for growth;
- the amount and timing of rate increases and other regulatory matters, including the recovery of certain costs recorded as regulatory assets;
- the Company's expected liquidity needs during the upcoming fiscal year and beyond and the sources and availability of funds to meet its liquidity needs;
- expected customer rates, consumption volumes, service fees, revenues, margins, expenses and operating results;
- financial projections;
- the expected amount of cash contributions to fund the Company's retirement benefit plans, anticipated discount rates and rates of return on 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 and compliance with related regulatory requirements;
- 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;
- impact of the Novel Coronavirus (COVID-19) pandemic; and
- other factors discussed elsewhere in this quarterly report.

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

For an additional discussion of factors that may affect the Company's business and results of operations, see Item 1A. - Risk Factors in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Overview

Middlesex 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 as to rates charged to customers for water and wastewater services, as to the quality of water service we provide and as to certain other matters in New Jersey and Delaware. Only our Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy), Inc. (USA-PA) and White Marsh Environmental Services, Inc. (White Marsh) subsidiaries are not regulated utilities.

Our New Jersey water utility system (the Middlesex System) provides water services to approximately 61,000 retail customers, primarily in central New Jersey. The Middlesex System also provides water service under contract to municipalities in central New Jersey with a total population of over 0.2 million. Our Bayview subsidiary provides water services in Downe Township, New Jersey. Our other New Jersey subsidiaries, Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), provide water and wastewater services to approximately 2,500 customers in Southampton Township, New Jersey.

Our Delaware subsidiaries, Tidewater and Southern Shores Water Company, LLC (Southern Shores), provide water services to approximately 53,000 retail customers in New Castle, Kent and Sussex Counties, Delaware. Tidewater's subsidiary, White Marsh, services approximately 1,900 customers in Delaware and Maryland through various operations and maintenance contracts.

Our Tidewater Environmental Services, Inc. (TESI) subsidiary provides wastewater services to approximately 4,000 residential retail customers in Sussex County, 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 responses 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 ten-year operations and maintenance contract expiring in 2022. In addition to performing day to day operations, USA is responsible for billing, collections, customer service, emergency responses and management of capital projects funded by Avalon. 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 (HomeServe), USA offers residential customers in New Jersey and Delaware a menu of water and wastewater related home maintenance programs. HomeServe is a leading national provider of such home maintenance service programs. USA receives a service fee for the billing, cash collection and other administrative matters associated with HomeServe's service contracts. USA also provides unregulated water and wastewater services under contract with several New Jersey municipalities.

Recent Developments

Loan Agreement - In March 2021, Tidewater entered into a \$20 million loan agreement with CoBank, ACB (CoBank). Tidewater has the option to borrow in minimum increments of \$0.1 million through September 29, 2021. The interest rate will be set on the date of the applicable borrowing and the term of any borrowing cannot exceed twenty-five years. Proceeds from the loan will first be used to pay off balances under the Company's lines of credit (see Note 6 – *Short Term Borrowings*), with remaining proceeds used to finance a portion of Tidewater's 2021 capital program.

Middlesex Financing Petition – In February 2021, Middlesex requested approval from the New Jersey Board of Public Utilities (NJBPU) to redeem up to \$45.5 million of outstanding first mortgage bonds and issue replacement first mortgage bonds at a lower rate of interest. We cannot predict whether the NJBPU will ultimately approve or deny this request, for which a decision is expected in the second quarter of 2021.

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 \$121 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 perfluoro-alkyl 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 expandable wastewater treatment plant with enhanced processes to meet changing regulatory requirements to serve our customer base in the Town of Milton, Delaware.

The actual amount and timing of capital expenditures is dependent on project scheduling and refinement of engineering estimates for certain capital projects.

COVID-19 – In March 2020, the United States declared the COVID-19 pandemic a national emergency, which remains in effect. While the Company's operations and capital construction program have not been disrupted to date from the pandemic, the COVID-19 impact on economic conditions nationally continues to be uncertain and could affect the Company's results of operations, financial condition and liquidity in the future. In New Jersey and Delaware, where our primary operations are located, the Governors have been relaxing many of the elements of their respective declared State of Emergency Orders (SEOs) and requirements as more of the citizenry is inoculated for the virus.

The NJBPU and the Delaware Public Service Commission (DEPSC) have approved the tracking of COVID-19 related incremental costs for potential recovery in customer rates in future rate proceedings. Neither jurisdiction has established a timetable or definitive formal procedures for seeking cost recovery. Since the issuance of the SEOs, the Company has increased its allowance for doubtful accounts for expected increases in accounts receivable write-offs due to the financial impact of COVID-19 on customers. We will continue to monitor the effects of COVID-19 and evaluate its impact on the Company's business, results of operations, financial condition and liquidity.

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. These factors 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. Water rates for our Middlesex customers were last reset in April 2018 and were determined using a rate base of \$245 million. Our additional investments in system infrastructure since that time has grown significantly. Operating costs are anticipated to increase in 2021 in a variety of categories, in particular due to wage inflation in a specialized labor market where we compete for such resources. In addition, the repair tax benefits approved by the NJBPU in the 2017 Middlesex rate case are due to expire in April 2022. These factors, among others, will require Middlesex to file a request for an increase in its water rates during the second quarter of 2021.

A non-controllable factor that may affect our outlook in 2021 is the pace at which remediation of the COVID-19 pandemic continues to occur, and the related impact on the regional and national economic recoveries. In addition, the New Jersey SEO moratorium on customer service terminations remains in effect, currently through June 30, 2021. For further discussion of the impact of COVID-19 on the Company, see *Recent Developments, COVID-19* above.

Organic residential customer growth for our Tidewater system is expected to continue at the 5% pace achieved in 2020, delaying any foreseeable need to seek an increase in customer base rates in 2021.

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.

Operating Results by Segment

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

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

Results of Operations – Three Months Ended March 31, 2021

	(In Thousands)					
	Three Months Ended March 31,					
	2021			2020		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	\$ 29,390	\$ 3,151	\$ 32,541	\$ 28,911	\$ 2,858	\$ 31,769
Operations and maintenance expenses	16,249	2,107	18,356	15,142	2,050	17,192
Depreciation expense	4,774	58	4,832	4,399	49	4,448
Other taxes	3,651	68	3,719	3,527	75	3,602
Operating income	4,716	918	5,634	5,843	684	6,527
Other income, net	1,979	59	2,038	1,472	36	1,508
Interest expense	1,738	-	1,738	1,668	1	1,669
Income taxes	(1,283)	310	(973)	(1,534)	232	(1,302)
Net income	\$ 6,240	\$ 667	\$ 6,907	\$ 7,181	\$ 487	\$ 7,668

Operating Revenues

Operating revenues for the three months ended March 31, 2021 increased \$0.8 million from the same period in 2020 due to the following factors:

- Middlesex System revenues increased \$0.3 million due to increased demand from customers;
- Tidewater System revenues increased \$0.2 million due primarily to additional customers, net of the a Distribution System Improvement Charge revenue refund (for further information, see *Note 2, Rate and Regulatory Matters, Tidewater*); and
- Non-regulated revenues increased \$0.3 million due to USA's contract to operate and maintain Highland Park's water and wastewater systems, which commenced July 1, 2020.

Operation and Maintenance Expense

Operation and maintenance expenses for the three months ended March 31, 2021 increased \$1.2 million from the same period in 2020 due to the following factors:

- Higher weather-related main break activity in our Middlesex system during the winter months resulted in \$0.4 million of additional non-labor costs;
- Labor costs increased \$0.3 million due to wage increases, overall averaging approximately 3%;
- Variable production costs increased \$0.1 million due to higher customer water consumption;
- Non-regulated operation and maintenance expenses increased \$0.1 million due to USA's contract to operate and maintain Highland Park's water and wastewater systems, which commenced July 1, 2020; and
- All other operation and maintenance expense categories increased \$0.2 million.

Depreciation

Depreciation expense for the three months ended March 31, 2021 increased \$0.4 million from the same period in 2020 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the three months ended March 31, 2021 increased \$0.1 million from the same period in 2020 primarily due to higher revenue related taxes on increased revenues in our Middlesex system.

Other Income, net

Other Income, net for the three months ended March 31, 2021 increased \$0.5 million from the same period in 2020 primarily due to higher Allowance for Funds Used During Construction resulting from a higher level of capital projects in progress and lower actuarially-determined retirement benefit plans non-service expense.

Interest Charges

Interest charges for the three months ended March 31, 2021 increased \$0.1 million from the same period in 2020 due to higher average short-term and long-term debt outstanding in 2021 as compared to 2020 partially offset by lower average interest rates.

Income Taxes

The benefit from income taxes for the three months ended March 31, 2021 decreased by \$0.3 million from the same period in 2020, primarily due to lower tax benefits associated with decreased repair expenditures on tangible property owned by Middlesex, partially offset by lower pre-tax income.

Net Income and Earnings Per Share

Net income for the three months ended March 31, 2021 decreased \$0.8 million as compared with the same period in 2020. Basic and diluted earnings per share were \$0.39 and \$0.44 for the three months ended March 31, 2021 and 2020, respectively.

Liquidity and Capital Resources

Operating Cash Flows

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

For the three months ended March 31, 2021, cash flows from operating activities decreased \$6.7 million to \$9.4 million. The decrease in cash flows from operating activities primarily resulted from the timing of payments to vendors.

Investing Cash Flows

For the three months ended March 31, 2021, cash flows used in investing activities decreased \$3.1 million to \$22.0 million. The decrease in cash flows used in investing activities resulted from decreased utility plant expenditures.

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

Financing Cash Flows

For the three months ended March 31, 2021, cash flows from financing activities decreased \$9.4 million to \$6.4 million. The decrease in cash flows provided by financing activities is due to net lower proceeds from the issuance of long-term debt, a reduction in net short-term bank borrowings and lower net construction advances and contributions.

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 Middlesex Water Company Investment Plan (Investment Plan) and proceeds from sales offerings to the public of our common stock. See below for a more detailed discussion regarding the funding of our capital program.

The capital investment program for 2021 is currently estimated to be approximately \$121 million. Through March 31, 2021, we have expended \$22 million and expect to incur approximately \$99 million for capital projects for the remainder of 2020.

We currently project that we may expend approximately \$193 million for capital projects in 2022 and 2023. The actual amount and timing of capital expenditures is dependent on project scheduling and refinement of engineering estimates for certain capital projects.

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

- Internally generated funds;
- Short-term borrowings, as needed, through \$110 million of lines of credit established with three financial institutions. As of March 31, 2021, there was \$97.0 million of available credit under these lines (for further discussion on Company lines of credit, see *Note 6 – Short Term Borrowings*);
- Proceeds from the Delaware State Revolving Fund (SRF). SRF programs provide low cost financing for projects that meet certain water quality and system improvement;
- Proceeds from Tidewater’s \$20 million CoBank loan (see *Recent Developments, Loan Agreement* above)
- Remaining proceeds from Middlesex’s August 2018 SRF Construction loan;
- Proceeds from the sale and issuance of First Mortgage Bonds in private placement offerings and/or through the New Jersey Economic Development Authority; and
- Proceeds from the Middlesex Water Company Investment Plan.

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 previously approved by the NJBPU in 2019, 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.

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

Item 3. Quantitative and Qualitative Disclosures of Market Risk

We are exposed to market risk associated with changes in interest rates and commodity prices. The Company is subject to the risk of fluctuating interest rates in the normal course of business. Our policy is to manage interest rates through the use of fixed rate long-term debt and, to a lesser extent, short-term debt. The Company’s interest rate risk related to existing fixed rate, long-term debt is not material due to the term of the majority of our First Mortgage Bonds, which have final maturity dates ranging from 2021 to 2059. Over the next twelve months, approximately \$7.2 million of the current portion of existing long-term debt instruments will mature. Applying a hypothetical change in the rate of interest charged by 10% on those borrowings, would not have a material effect on our earnings.

Our risks associated with commodity price increases for chemicals, electricity and other commodities are reduced through contractual arrangements and the ability to recover 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 subject to fluctuating market prices of debt and equity securities. Changes to the Company's retirement benefit plan asset values can impact the Company's retirement benefit plan expense, funded status and future minimum funding requirements. Our risk is mitigated by our ability to recover retirement benefit plan costs through rates for regulated utility services charged to our customers.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

The information about risk factors does not differ materially from those set forth in Part I, Item 1A. of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

- 10.19(b) Promissory Note and Supplement, dated March 29, 2021, between Tidewater Utilities, Inc. and CoBank, ACB; Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement, effective March 29,2021, between Tidewater Utilities, Inc. and CoBank, ACB
- 10.29(b) Amendment to Loan Documents 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.
- 31.1 [Section 302 Certification by Dennis W. Doll pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.](#)
- 31.2 [Section 302 Certification by A. Bruce O'Connor pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.](#)
- 32.1 [Section 906 Certification by Dennis W. Doll pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Section 906 Certification by A. Bruce O'Connor pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS XBRL Instance Document
- 101.SCH XBRL Schema Document
- 101.CAL XBRL Calculation Linkbase Document
- 101.LAB XBRL Labels Linkbase Document
- 101.PRE XBRL Presentation Linkbase Document
- 101.DEF XBRL Definition Linkbase Document
- 104 Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

SIGNATURES

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

MIDDLESEX WATER COMPANY

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

Date: May 5, 2021

PROMISSORY NOTE AND SUPPLEMENT
(Multiple Advance Term Loan)

THIS PROMISSORY NOTE AND SUPPLEMENT (this "Promissory Note and Supplement") is entered into as of March 29, 2021 between **TIDEWATER UTILITIES, INC.**, a Delaware corporation (the "Company"), and **CoBANK, ACB**, a federally chartered instrumentality of the United States ("CoBank"), and supplements that certain Master Loan Agreement dated as of May 23, 2003, as amended by the Amendment dated as of September 28, 2004, the Second Amendment to Master Loan Agreement dated as of August 22, 2005 and the Third Amendment to Master Loan Agreement dated as of December 1, 2015 (as further amended or restated from time to time, the "MLA"). Capitalized terms used herein and not defined herein shall have the meanings given to those terms in the MLA.

SECTION 1. The Commitment. On the terms and conditions set forth in the MLA and this Promissory Note and Supplement, CoBank agrees to make loans (each, a "Loan") to the Company from time to time during the period set forth below in an aggregate principal amount not to exceed \$20,000,000 (the "Commitment"). Under the Commitment, amounts borrowed and later repaid may not be reborrowed.

SECTION 2. Purpose. The purpose of the Commitment is to: (A) refinance the outstanding principal balance of the loans made by CoBank to the Company from time to time under that certain Promissory Note and Supplement (Revolving Term Loan Supplement) dated as of March 19, 2009 and number RX0024T6, as amended by a First Amendment to Promissory Note and Supplement dated as of August 31, 2011, a Second Amendment to Promissory Note and Supplement dated as of October 15, 2014, a Third Amendment to Promissory Note and Supplement dated as of March 7, 2017 and a Fourth Amendment to Promissory Note and Supplement dated as of August 19, 2020 (the "Revolving Term Loan"); (B) refinance debt of the Company to Middlesex Water Company ("Middlesex Water") that was incurred to finance capital expenditures; and (C) finance additional capital expenditures.

SECTION 3. Term of Commitment. The term of the Commitment shall be from the date hereof up to and including September 29, 2021, or such later date as CoBank may, in its sole discretion, authorize in writing.

SECTION 4. Availability. Notwithstanding Section 2 of the MLA: (A) Loans will be made available upon written request in form and content prescribed by CoBank (the "Request for Loan"); (B) (C) Loans to be made for the purpose of refinancing the Revolving Term Loan will be made by CoBank retaining the proceeds of the Loans and applying them against the unpaid principal balance of the Revolving Term Loan; and (C) Loans to be made for the purpose of refinancing the Company's existing indebtedness owed to Middlesex Water will be made by wire transfer of immediately available funds directly to Middlesex Water.

SECTION 5. Interest.

(A) Rate Options. The Company agrees to pay interest on the unpaid balance of the Loans in accordance with one or more of the following interest rate options, as selected by the Company:

(1) Weekly Variable Rate Option. At a rate per annum equal to the rate of interest established by CoBank on the first Business Day of each week (the "Variable Rate Option"). The rate established by CoBank shall be effective until the first Business Day of the next week. Each change in the rate shall be applicable to all balances subject to this option and information about the then current rate shall be made available upon telephonic request.

(2) Quoted Rate Option. At a fixed rate per annum to be quoted by CoBank in its sole discretion in each instance (the "Quoted Fixed Rate Option"). Under this option, rates may be fixed on such balances and for such periods (each, a "Quoted Fixed Rate Period") as may be agreeable to CoBank in its sole discretion in each instance, provided that: (1) rates may not be fixed for Quoted Fixed Rate Periods of less than one year; (2) unless the Company fixes the rate of interest on the entire amount of the Loans, rates may only be fixed on balances not less than \$100,000.00; and (3) the maximum number of balances that may be subject to this option at any one time shall be five (5).

(3) LIBOR Option. At a fixed rate per annum equal to LIBOR (as hereinafter defined) plus 1.30%. Under this option: (1) rates may be fixed for Interest Periods (as hereinafter defined) of 1, 2, 3, 6 or 12 months, as selected by the Company; (2) amounts may be fixed in an amount not less than \$100,000.00; (3) the maximum number of fixes in place at any one time will be five; (4) rates may only be fixed on a Banking Day (as hereinafter defined) on three Banking Days' prior written notice, and (5) no Interest Period will end later than the maturity date of the Loans as may be extended from time to time. For purposes hereof: (a) "LIBOR" means the higher of: (i) zero percent (0.000%); or (ii) the rate (rounded upward to the nearest 1/100th and adjusted for reserves required on Eurocurrency Liabilities (as hereinafter defined) for banks subject to FRB Regulation D (as hereinafter defined) or required by any other federal law or regulation) reported at 11:00 a.m. London time two Banking Days before the commencement of the Interest Period for the offering of U.S. dollar deposits in the London interbank market for the Interest Period designated by the Company, by Bloomberg Information Services (or any successor or substitute service providing rate quotations comparable to those currently provided by such service, as determined by CoBank from time to time, for the purpose of providing quotations of interest rates applicable to dollar deposits in the London interbank market); (b) "Banking Day" means a day on which CoBank is open for business, dealings in U.S. dollar deposits are being carried out in the London interbank market, and banks are open for business in New York City and London, England; (c) "Interest Period" means a period commencing on the date this option is to take effect and ending on the numerically corresponding day in the month that is 1, 2, 3, 6 or 12 months thereafter, as the case may be; provided, however, that: (i) in the event such ending day is not a Banking Day, such period will be extended to the next Banking Day unless such next Banking Day falls in the next calendar month, in which case it will end on the preceding Banking Day; and (ii) if there is no numerically corresponding day in the month, then such period will end on the last Banking Day in the relevant month; (d) "Eurocurrency Liabilities" will have meaning as set forth in FRB

Regulation D; and (e) “FRB Regulation D” means Regulation D as promulgated by the Board of Governors of the Federal Reserve System, 12 CFR Part 204, as amended.

(B) Elections. Subject to the limitations set forth above, the Company: (1) shall select the applicable rate option(s) at the time it requests a Loan; (2) may, on any Business Day, elect to convert balances bearing interest at the Variable Rate Option to the Quoted Fixed Rate Option; (3) may, on the last day of any Quoted Fixed Rate Period, elect to refix the rate under the Quoted Fixed Rate Option or convert the balance to the Variable Rate Option; (4) may, on the last day of any Interest Period, elect to convert balances bearing interest at the LIBOR Option to the Variable Rate Option or Quoted Fixed Rate Option; and (5) may, on three Banking Days’ prior notice, elect to convert balances bearing interest at the Variable Rate Option or the Quoted Fixed Rate Option to the LIBOR Option or refix a rate under the LIBOR Option; provided, however, that balances bearing interest at the Quoted Fixed Rate Option or the LIBOR Option may not be converted to or continued under the LIBOR Option until the last day of the Quoted Fixed Rate Period or Interest Period applicable thereto. In the absence of an election provided for herein, the Company shall be deemed to have elected the Variable Rate Option. All elections provided for herein may be made telephonically, in writing, or, if agreed to in a separate agreement, electronically, and must be received by 12:00 noon Company’s local time on the applicable day. Any election made telephonically, shall be promptly confirmed in writing if so requested by CoBank. Notwithstanding the foregoing, while a Default or Event of Default exists the Company may not fix rates under the Quoted Fixed Rate or LIBOR Options.

(C) Calculation and Payment. Interest shall be calculated on the actual number of days the Loans are outstanding on the basis of a year consisting of 360 days. In calculating interest, the date each Loan is made shall be included and the date each Loan is repaid shall, if received before 3:00 P.M. Mountain time, be excluded. Interest shall be: (1) calculated monthly in arrears as of the last day of each month and on the final maturity date of the Loans; and (2) due and payable on the 20th day of the following month and on the final maturity date of the Loans. Notwithstanding the foregoing, at CoBank’s option, interest on balances bearing interest at the LIBOR Option shall be payable on the last day of the Interest Period or, in the case of Interest Periods of longer than three months, at three month intervals.

(D) Additional Provisions Regarding the LIBOR Option. If at any time the generally recognized administrator of interest rates offered for U.S. dollars on the London interbank market (a “LIBOR Rate”) ceases to provide quotations for LIBOR Rates, or if such administrator or any person having authority over such administrator or with respect to LIBOR Rates generally announces that LIBOR Rates will cease to be provided within a period not exceeding 90 days, or if CoBank otherwise determines that LIBOR Rates have been, or are likely within a period not exceeding 90 days to be, discontinued, or that LIBOR Rates do not, or are likely within a period not exceeding 90 days not to, adequately and fairly reflect the cost to CoBank of making or maintaining loans hereunder, then CoBank may, after consultation with but without the consent of the Company, amend this Promissory Note and Supplement and any other Loan Document to (1) replace any interest rate in this Promissory Note and Supplement based upon the LIBOR Rate with a replacement benchmark rate deemed appropriate by CoBank in good faith and in its sole discretion, (2) adjust the margins applicable to the determination of interest rates under this Promissory Note and Supplement (whether up or down) as deemed appropriate by CoBank in good faith and in its sole discretion to compensate for differences

between the LIBOR Rate and such replacement benchmark rate, and (3) after consultation with but without the consent of the Company, effect such other technical, administrative and operational changes to the Loan Documents as CoBank in good faith and in its sole discretion deems appropriate to reflect the adoption and implementation of such replacement rate. CoBank shall give the Company not less than five days' notice of any such amendment prior to the effective date thereof.

Notwithstanding the foregoing paragraph, if prior to the commencement of any Interest Period proposed to be subject to a LIBOR Rate, CoBank determines (which determination shall be conclusive and binding absent manifest error) that: (1) either dollar deposits are not being offered to banks in the London interbank market or that adequate and reasonable means do not exist for ascertaining a LIBOR Rate for such Interest Period; or (2) a LIBOR Rate for such Interest Period will not adequately and fairly reflect the cost to CoBank of making or maintaining the loans for such Interest Period; then CoBank shall give notice thereof to the Company as promptly as practicable thereafter and, until CoBank notifies the Company that the circumstances giving rise to such notice no longer exist, (a) any request to convert any loan to, or continue any LIBOR Rate loan at, a LIBOR Rate shall be ineffective, and (b) CoBank shall, after consultation but without the consent of the Company, select an alternate rate of interest to apply to any and all balances upon the expiration of the Interest Period applicable thereto, which rate of interest shall be commercially reasonable and generally consistent with the then-prevailing market convention, if any, for replacement of a LIBOR Rate in bilateral loan transactions.

SECTION 6. Fees. [Waived by CoBank]

SECTION 7. Promissory Note. The Company promises to repay the Loans to CoBank or order on September 29, 2046. In addition to the above, the Company promises to pay to CoBank or order interest on the unpaid principal balance of the Loans at the times and in accordance with the provisions set forth above. If any date on which principal or interest is due is not a Business Day, then such payment shall be due and payable on the next Business Day and, in the case of principal, interest shall continue to accrue on the amount thereof.

SECTION 8. Prepayment. Subject to Section 10.01 of the MLA, the Company may, on three Business Days' prior written notice, prepay all or any portion of the Loans. Unless otherwise agreed, all prepayments will be applied to such balances, fixed or variable, as CoBank shall specify.

SECTION 9. Security. The Company's obligations hereunder and, to the extent related hereto, the MLA, shall be secured as provided in Section 2.04 of the MLA.

SECTION 10. Conditions Precedent. In addition to the conditions precedent set forth in the MLA, CoBank's obligation to make:

(A) Initial Loan. The initial Loan to the Company hereunder is subject to the conditions precedent that CoBank shall have received each of the following (which in the case of instruments or documents, must be originals, duly executed, and in form and content acceptable to CoBank): (A) an amendment to the Mortgage (the "Mortgage Amendment"); (B) such

evidence as CoBank shall require that the Mortgage Amendment has been recorded in all places where the Mortgage has been recorded; (C) a lien search conducted in the office of the Delaware Secretary of State showing that there are no Liens on any property of the Company other than Liens in favor of CoBank and Liens permitted under Section 6.01 of the MLA; and (D) an endorsement to the "Title Policy" (as hereinafter defined) adding this Promissory Note and Supplement to the list of debt instruments secured by the Mortgage and insured by the Title Policy. For purposes hereof, the "Title Policy" shall mean that certain title insurance policy dated as of May 23, 2003 and issued by Stewart Title Guaranty Company, as endorsed to the date hereof.

(B) Each Loan. Each Loan to the Company (including the initial Loan) is subject to the condition precedent that CoBank receive a duly completed and executed Request for Loan.

SECTION 11. Representations and Warranties. In addition to the representations and warranties set forth in the MLA, the Company represents and warrants to CoBank that Appendix B to the Mortgage (as amended) sets forth all real property and interests in real property of the Company as of the date hereof, including without limitation, all real property on or under which the Company has a well, water treatment plant, or water storage facility.

SECTION 12. Counterparts and Electronic Delivery. This Promissory Note and Supplement may be executed in counterparts (and by different parties in different counterparts), each of which shall constitute an original, and all of which when taken together shall constitute a single agreement. In addition, this Promissory Note and Supplement may be delivered by electronic means.

Signature page on next page

IN WITNESS WHEREOF, the parties have caused this Promissory Note and Supplement to be executed by their duly authorized officers as of the date shown above.

CoBANK, ACB

By: /s/ Christen Spencer

Title: Assistant Corporate Secretary

TIDEWATER UTILITIES, INC.

By: /s/ A. Bruce O'Connor

Title: President

Tax Parcel No.: See Attached List of Parcel Numbers

Prepared by/Return to:
Richards, Layton & Finger, P.A.
P.O. Box 551
Wilmington, DE 19899

**AMENDMENT TO COMBINATION WATER UTILITY REAL ESTATE MORTGAGE AND SECURITY
AGREEMENT**

BY

TIDEWATER UTILITIES, INC.
1100 South Little Creek Road
Dover, DE 19901

IN FAVOR OF

COBANK, ACB
6340 South Fiddlers Green Circle
Greenwood Village, Colorado 80111

THE MORTGAGE GRANTS A SECURITY INTEREST
BY A TRANSMITTING UTILITY

THE MORTGAGE CONTAINS AFTER ACQUIRED PROPERTY PROVISIONS
AND SUCH AFTER ACQUIRED PROPERTY IS SECURED BY THE MORTGAGE

THIS AMENDMENT TO COMBINATION WATER UTILITY REAL ESTATE MORTGAGE AND SECURITY
AGREEMENT MAY BE FILED AS A FINANCING STATEMENT AND MAY BE RECORDED IN THE REAL PROPERTY
RECORDS

THIS AMENDMENT INCREASES THE AMOUNT THAT MAY BE SECURED BY THE MORTGAGE AND ADDS NEW
DEBT TO THE DEBT SECURED BY THE MORTGAGE

LIST OF TAX PARCEL NUMBERS

Sussex County

3-34.13.00-543.1
2-34.11.20-91.00
2-34-11.16-4.00
2-34.11.00-64.1
3-31-3.00-232.00
3-34-12.00-377.00
4-32-7.00-32.02
1-33-10.00-83.01

**AMENDMENT TO COMBINATION WATER UTILITY REAL ESTATE MORTGAGE AND
SECURITY AGREEMENT**

THIS AMENDMENT TO COMBINATION WATER UTILITY REAL ESTATE MORTGAGE AND SECURITY AGREEMENT (this "Amendment") is entered into as of March 29, 2021, between **TIDEWATER UTILITIES, INC.**, a Delaware corporation (the "Company"), and **CoBANK, ACB**, a federally chartered instrumentality of the United States ("CoBank").

RECITALS

WHEREAS, CoBank and the Company are parties to that certain Master Loan Agreement dated as of May 23, 2003 and various amendments thereto (as amended, the "MLA");

WHEREAS, in connection with the MLA, CoBank is the mortgagee under the Combination Water Utility Mortgage and Security Agreement between the Company and CoBank dated as of May 23, 2003 and recorded in the Office of the Recorder of Deeds in and for Sussex County, State of Delaware ("Recorder's Office") in Mortgage Book 5554, Page 159, as amended by an Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement dated as of September 28, 2004 and recorded in the Recorder's Office in Mortgage Book 7095, Page 72, an Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement dated April 22, 2005 and recorded in the Recorder's Office in Mortgage Book 7967, Page 314, an Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement dated as of March 19, 2009 and recorded in the Recorder's Office in Mortgage Book 10940, Page 216, and an Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement dated as of October 15, 2014 and recorded in the Recorder's Office in Mortgage Book 14517, Page 186 (collectively, as amended, the "Mortgage");

WHEREAS, pursuant to the MLA, CoBank made various loans to the Company evidenced by the notes described on Appendix A to the Mortgage;

WHEREAS, pursuant to the MLA, CoBank has agreed to extend \$20,000,000 in additional loans to the Company to be evidenced by that certain Promissory Note and Supplement (Multiple Advance Term Loan) dated as of March 29, 2021;

WHEREAS, in connection therewith, the parties desire to amend the existing Mortgage as set forth herein to give notice of the increase in the secured obligations of the Company; and

WHEREAS, the Mortgage, as amended hereby, remains in full force and effect and the lien and security interest and the priority of such lien and security interest granted thereunder continues (without interruption) thereunder. Except as amended hereby, the Mortgage shall otherwise remain unchanged. Capitalized terms used but not defined herein shall have the meanings assigned to such terms or defined by reference in the Mortgage.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. Recitals. The recitals set forth above constitute an integral part of this Agreement, are true and correct, and such recitals and the Mortgage are incorporated herein by this reference with the same force and effect as if fully set forth herein.

SECTION 2. Amendments. Appendix A is hereby amended and restated as provided in Appendix A hereto.

SECTION 3. Ratification. The Company hereby confirms and ratifies the Mortgage, and confirms and agrees that the Mortgaged Property shall secure all of the Company's obligations under the Credit Agreements, including, without limitation, those shown on Appendix A hereto.

Signature pages follow

IN WITNESS WHEREOF, TIDEWATER UTILITIES, INC., as Mortgagor, has caused this Amendment to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, all as of the day and year first above written.

TIDEWATER UTILITIES, INC., Mortgagor

Signed, sealed and delivered
in the presence of:

/s/ Jay L. Kooper
Witness

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

Attest:

By: /s/ Jay L. Kooper
Name: Jay L. Kooper
Title: General Counsel and Secretary

STATE OF NEW JERSEY)
)
COUNTY OF MIDDLESEX)

The foregoing instrument was acknowledged before me this 25th day of March, 2021, by A. Bruce O'Connor, as President of Tidewater Utilities, Inc., a Delaware corporation, on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year in first above written.

/s/ Selena Montero
Notary Public
Name: Selena Montero
My commission expires: December 28, 2023

IN WITNESS WHEREOF, CoBANK, ACB, as Mortgagee, has caused this Amendment to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, all as of the day and year first above written.

CoBANK, ACB, Mortgagee

Signed, sealed and delivered
in the presence of:

/s/ Illegible Manual Signature
Witness

By: /s/ Christian Spencer (SEAL)
Name: Christian Spencer
Title: Assistant Corporate Secretary

Attest:

By: /s/ Carey Norton
Name: Carey Norton
Title: Assistant Corporate Secretary

STATE OF Colorado)
)
COUNTY OF Arapohoe)

The foregoing instrument was acknowledged before me this 29th day of March , 2021, by Christian Spencer, as Assistant Corporate Secretary of CoBank, ACB, a federally chartered instrumentality of the United States, on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year in first above written.

/s/ Karen Buxman
Notary Public
Name: Karen Buxman
My commission expires: 09-13-2024

APPENDIX A - - CERTAIN OBLIGATIONS; ETC.

1. The “Credit Agreement” referred to in Section 1.01 of the Mortgage are as follows:
 - (A) Master Loan Agreement dated as of May 23, 2003 and numbered RX0024;
 - (B) Promissory Note and Supplement dated as of May 23, 2003 and numbered RX0024T1 in the principal amount of \$3,187,241.75;
 - (C) Promissory Note and Supplement dated as of May 23, 2003 and numbered RX0024T2 in the principal amount of \$10,500,000;
 - (D) Promissory Note and Supplement dated as of August 22, 2005, and numbered RX0024T3 in the principal amount of \$7,000,000;
 - (E) Promissory Note and Supplement dated as of August 22, 2005, and numbered RX0024T4 in the principal amount of \$7,000,000;
 - (F) Promissory Note and Supplement dated as of August 22, 2005, and numbered RX0024T5 in the principal amount of \$7,000,000;
 - (G) Promissory Note and Supplement dated as of March 19, 2009, and numbered RX0024T6 in the principal amount of \$10,000,000;
 - (H) Promissory Note and Supplement dated as of March 19, 2009, and numbered RX0024T7 in the principal amount of \$7,000,000;
 - (I) Promissory Note and Supplement dated as of March 19, 2009, and numbered RX0024T8 in the principal amount of \$15,000,000;
 - (J) Promissory Note and Supplement dated as of October 15, 2014, and numbered RX0024T9 in the principal amount of \$15,000,000;
 - (K) Promissory Note and Supplement dated as of March 29, 2021, and numbered RX0024T10 in the principal amount of \$20,000,000; and
 - (L) All amendments to and restatements of any of the foregoing.

 2. The “Maximum Debt Limit” is: \$102,000,000.00 plus: (1) all accrued interest, prepayment premiums, fees and other charges owing to the Mortgagee; and (2) other sums as provided in Section 6.09 of the Mortgage.
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Amendment to Loan Documents

THIS AMENDMENT TO LOAN DOCUMENTS (this “**Amendment**”) is made as of April 5, 2021, by and between **MIDDLESEX WATER COMPANY, WHITE MARSH ENVIRONMENTAL SYSTEMS, INC., UTILITY SERVICE AFFILIATES (PERTH AMBOY) INC., TIDEWATER ENVIRONMENTAL SERVICES, INC., PINELANDS WASTEWATER COMPANY, TIDEWATER UTILITIES, INC., PINELANDS WATER COMPANY** and **UTILITY SERVICE AFFILIATES INC.** (individually and collectively, the “**Borrower**”), and **PNC BANK, NATIONAL ASSOCIATION** (the “**Bank**”).

BACKGROUND

A. The Borrower or another obligor has executed and delivered to the Bank (or a predecessor which is now known by the Bank’s name as set forth above), one or more promissory notes, letter agreements, loan agreements, security agreements, mortgages, pledge agreements, collateral assignments, and other agreements, instruments, certificates and documents, some or all of which are more fully described on attached Exhibit A, which is made a part of this Amendment (collectively as amended from time to time, the “**Loan Documents**”) which evidence or secure some or all of the indebtedness and other obligations of the Borrower to the Bank for one or more loans or other extensions of credit (as used herein, collectively, together with the Obligations, if and as defined in the Loan Documents, the “**Obligations**”). Any initially capitalized terms used in this Amendment without definition shall have the meanings assigned to those terms in the Loan Documents.

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

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

1. Certain of the Loan Documents are amended as set forth in Exhibit A. Any and all references to any Loan Document in any other Loan Document shall be deemed to refer to such Loan Document as amended by this Amendment. This Amendment is deemed incorporated into each of the Loan Documents. To the extent that any term or provision of this Amendment is or may be inconsistent with any term or provision in any Loan Document, the terms and provisions of this Amendment shall control.

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

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

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

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

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

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

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

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

10. This Amendment will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the State identified in and governing the Loan Documents that are being amended hereby (the "**State**"), excluding its conflict of laws rules, including without limitation the Electronic Transactions Act (or equivalent) in such State (or, to the extent controlling, the laws of the United States of America, including without limitation the Electronic Signatures in Global and National Commerce Act). This Amendment has been delivered to and accepted by the Bank and will be deemed to be made in the State.

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

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

MIDDLESEX WATER COMPANY

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

A. Bruce O'connor
Senior Vice President & Treasurer

PINELANDS WASTEWATER COMPANY

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

A. Bruce O'connor
Vice President & Treasurer

PINELANDS WATER COMPANY

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

A. Bruce O'connor
Vice President & Treasurer

TIDEWATER ENVIRONMENTAL SERVICES, INC.

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

A. Bruce O'connor
President

TIDEWATER UTILITIES, INC.

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

A. Bruce O'connor
President

UTILITY SERVICE AFFILIATES (PERTH AMBOY) INC.

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

A. Bruce O'connor
Vice President & Treasurer

WHITE MARSH ENVIRONMENTAL SYSTEMS, INC.

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

A. Bruce O'connor
President

UTILITY SERVICE AFFILIATES INC.

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

A. Bruce O'connor
Treasurer

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Anthony Frasso
(SEAL)

Anthony Frasso
Vice President

**EXHIBIT A TO
AMENDMENT TO LOAN DOCUMENTS
DATED AS OF APRIL 5, 2021**

A. **Loan Documents.** The “Loan Documents” that are the subject of this Amendment include the following (as each of such documents has been amended, modified or otherwise supplemented previously):

1. Amended and Restated Loan Agreement between the Borrower and the Bank dated April 29, 2015 between the Borrower and the Bank
2. \$68,000,000.00 Amended and Restated Committed Line of Credit Note dated October 22, 2019 executed and delivered by the Borrower to the Bank (“**Note**”)
3. Amendment to Loan Documents dated June 30, 2015 between the Borrower and the Bank
4. Amendment to Loan Documents dated September 26, 2017 between the Borrower and the Bank
5. Amendment to Loan Documents dated May 4, 2018 between the Borrower and the Bank
6. Amendment to Loan Documents dated February 19, 2019 between the Borrower and the Bank
7. Amendment to Loan Documents dated October 22, 2019 between the Borrower and the Bank
8. All other documents, instruments, agreements, and certificates executed and delivered in connection with the Loan Documents listed in this Section A.

B. **Amendment(s).** The Loan Documents are amended as follows:

1. The Expiration Date, as set forth in the Note, is hereby extended from January 31, 2022 to January 31, 2023.
2. The LIBOR Replacement Rider attached to this Amendment as Exhibit B is hereby added as a Rider to, and incorporated into, the Note.
3. Section 13 of the Note entitled “**Anti-Money Laundering/International Trade Law Compliance**” is hereby amended and restated to read in its entirety as follows:

“**13. Anti-Money Laundering/International Trade Law Compliance.** The Borrower represents, warrants and covenants to the Bank, as of the date hereof, the date of each advance of proceeds under the Facility, the date of any renewal, extension or modification of the Facility, and at all times until the Facility has been terminated and all amounts thereunder have been indefeasibly paid in full, that: (a) no Covered Entity (i) is a Sanctioned Person; (ii) has any of its assets in a Sanctioned Jurisdiction or in the possession, custody or control of a Sanctioned Person; or (iii) does business in or with, or derives any of its operating income from investments in or transactions with, any Sanctioned Jurisdiction or Sanctioned Person; (b) the proceeds of the Facility will not be used to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Jurisdiction or Sanctioned Person; (c) the funds used to repay the Facility are not derived from any unlawful activity; (d) each Covered Entity is in compliance with, and no Covered Entity engages in any dealings or transactions prohibited by, any laws of the United States, including but not limited to any Anti-Terrorism Laws; and (e) no Collateral is or will become Embargoed Property. The Borrower covenants and agrees that (a) it

shall immediately notify the Bank in writing upon the occurrence of a Reportable Compliance Event; and (b) if, at any time, any Collateral becomes Embargoed Property, in addition to all other rights and remedies available to the Bank, upon request by the Bank, the Borrower shall provide substitute Collateral acceptable to the Bank that is not Embargoed Property.

As used herein: “**Anti-Terrorism Laws**” means any laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, or bribery, all as amended, supplemented or replaced from time to time; “**Collateral**” means any collateral securing any debt, liabilities or other obligations of any Obligor to the Bank; “**Compliance Authority**” means each and all of the (a) U.S. Treasury Department/Office of Foreign Assets Control, (b) U.S. Treasury Department/Financial Crimes Enforcement Network, (c) U.S. State Department/Directorate of Defense Trade Controls, (d) U.S. Commerce Department/Bureau of Industry and Security, (e) U.S. Internal Revenue Service, (f) U.S. Justice Department, and (g) U.S. Securities and Exchange Commission; “**Covered Entity**” means the Borrower, its affiliates and subsidiaries, all guarantors, pledgors of collateral, all owners of the foregoing, and all brokers or other agents of the Borrower acting in any capacity in connection with the Facility; “**Embargoed Property**” means any property (a) in which a Sanctioned Person holds an interest; (b) beneficially owned, directly or indirectly, by a Sanctioned Person; (c) that is due to or from a Sanctioned Person; (d) that is located in a Sanctioned Jurisdiction; or (e) that would otherwise cause any actual or possible violation by the Bank of any applicable Anti-Terrorism Law if the Bank were to obtain an encumbrance on, lien on, pledge of or security interest in such property or provide services in consideration of such property; “**Reportable Compliance Event**” means (1) any Covered Entity becomes a Sanctioned Person, or is indicted, arraigned, investigated or custodially detained, or receives an inquiry from regulatory or law enforcement officials, in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or self-discovers facts or circumstances implicating any aspect of its operations with the actual or possible violation of any Anti-Terrorism Law; (2) any Covered Entity engages in a transaction that has caused or may cause the Bank to be in violation of any Anti-Terrorism Laws, including a Covered Entity’s use of any proceeds of the Facility to fund any operations in, finance any investments or activities in, or, make any payments to, directly or indirectly, a Sanctioned Jurisdiction or Sanctioned Person; or (3) any Collateral becomes Embargoed Property; “**Sanctioned Jurisdiction**” means a country subject to a sanctions program maintained by any Compliance Authority; and “**Sanctioned Person**” means any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person or entity, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any order or directive of any Compliance Authority or otherwise subject to, or specially designated under, any sanctions program maintained by any Compliance Authority.”

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

1. Execution by all parties and delivery to the Bank of this Amendment.
2. Payment by the Borrower to the Bank of all fees and expenses required by the Bank in connection with this Amendment.

**EXHIBIT B TO
AMENDMENT TO LOAN DOCUMENTS**

LIBOR Replacement Rider

This LIBOR Replacement Rider provides a mechanism for determining an alternative rate of interest in the event that the London interbank offered rate is no longer available or in certain other circumstances. The Bank does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of “LIBOR” or with respect to any alternative or successor rate thereto, or replacement rate therefor. To the extent that any term or provision of this LIBOR Replacement Rider is or may be inconsistent with any term or provision in the remainder of this Note or any other Loan Document, the terms and provisions of this LIBOR Replacement Rider shall control.

(a) **Benchmark Replacement.** Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then, (x) if the Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of “Benchmark Replacement” on the Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment or further action or consent of any other party hereto or to any other Loan Document; and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of “Benchmark Replacement” on the Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (Eastern time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Borrower without any amendment hereto or to any other Loan Document, or further action or consent of the Borrower.

(b) **Benchmark Replacement Conforming Changes.** In connection with the implementation of a Benchmark Replacement, the Bank will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of the Borrower.

(c) **Notices; Standards for Decisions and Determinations.** The Bank will promptly notify the Borrower of (i) any occurrence of a Benchmark Transition Event, a Term SOFR Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to paragraph (d) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Bank pursuant to this Rider, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from the Borrower.

(d) **Unavailability of Tenor of Benchmark.** Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or USD LIBOR) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Bank in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Bank may modify the definition of “Interest Period” for any Benchmark settings at or after such time to remove such unavailable or non-

representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Bank may modify the definition of “Interest Period” for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) **Benchmark Unavailability Period.** Upon the Borrower’s receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a loan or advance of, conversion to or continuation of a USD LIBOR loan to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a loan or advance of or conversion to a loan or advance at the Fallback Rate. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Fallback Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Fallback Rate.

(f) **Secondary Term SOFR Conversion.** Notwithstanding anything to the contrary herein or in any other Loan Document and subject to the proviso below in this paragraph, if a Term SOFR Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (i) the applicable Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder or under any Loan Document in respect of such Benchmark setting (the “**Secondary Term SOFR Conversion Date**”) and subsequent Benchmark settings, without any amendment or further action or consent of any other party hereto or to any other Loan Document; and (ii) loans outstanding on the Secondary Term SOFR Conversion Date bearing interest based on the then-current Benchmark shall be deemed to have been converted to loans bearing interest at the Benchmark Replacement with a tenor approximately the same length as the interest payment period of the then-current Benchmark; provided that, (A) this paragraph (f) shall not be effective unless the Bank has delivered to the Borrower a Term SOFR Notice and (B) this paragraph (f) shall not be effective with respect to the Facility if (I) the Borrower has outstanding an interest rate swap with the Bank to hedge, in whole or part, the floating rate risk under the Facility on the Secondary Term SOFR Conversion Date, and (II) such swap incorporates LIBOR fallback provisions with a Daily Simple SOFR rate as the primary alternative fallback rate for USD LIBOR.

(g) **Certain Defined Terms.** As used in this Rider:

“**Available Tenor**” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if the then-current Benchmark is a term rate or is based on a term rate, any tenor for such Benchmark that is or may be used for determining such Benchmark or the length of an Interest Period under the terms of the Facility as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to paragraph (d) of this Rider, or (y) if the then-current Benchmark is not a term rate nor based on a term rate, any payment period for interest calculated with reference to such Benchmark under the terms of the Facility as of such date. For the avoidance of doubt, the Available Tenor for the Daily LIBOR Rate is one month.

“**Benchmark**” means, initially, USD LIBOR; provided that if a Benchmark Transition Event, a Term SOFR Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to USD LIBOR or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to paragraph (a) of this Rider.

“**Benchmark Replacement**” means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Bank on the applicable Benchmark Replacement Date; provided, however, if (i) the Borrower has outstanding an interest rate swap with the Bank on the Benchmark Replacement Date to hedge, in whole or part, the floating rate risk under the Facility, and (ii) such swap incorporates LIBOR fallback provisions with a Daily Simple SOFR rate as the primary alternative fallback rate for USD LIBOR, then the

Benchmark Replacement alternative set forth in clause (1) below shall not apply to the Facility and the alternative set forth below in clause (2) shall be the first alternative:

- (1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;
- (2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;
- (3) the sum of: (a) the alternate benchmark rate that has been selected by the Bank as the replacement for the then-current Benchmark for the applicable Corresponding Tenor, giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated or bilateral credit facilities at such time, and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Bank in its reasonable discretion; provided, further, that, with respect to a Term SOFR Transition Event, on the applicable Benchmark Replacement Date, the “Benchmark Replacement” shall revert to and shall be determined as set forth in clause (1) of this definition, all in accordance with paragraph (f) (Secondary Term SOFR Conversion) above. If the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes hereof and of the other Loan Documents.

“**Benchmark Replacement Adjustment**” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any Available Tenor for any setting of such Unadjusted Benchmark Replacement:

- (1) for purposes of clauses (1) and (2) of the definition of “Benchmark Replacement,” the first alternative set forth in the order below that can be determined by the Bank:
 - (a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the time such Benchmark Replacement is first set for such Available Tenor that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;
 - (b) the spread adjustment (which may be a positive or negative value or zero) as of the time such Benchmark Replacement is first set for such Available Tenor that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and
- (2) for purposes of clause (3) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Bank for the applicable Corresponding Tenor, giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable

Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated or bilateral credit facilities;

provided that, (x) in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Bank in its reasonable discretion and (y) if the then-current Benchmark is a term rate, more than one tenor of such Benchmark is available as of the applicable Benchmark Replacement Date and the applicable Unadjusted Benchmark Replacement will not be a term rate, the Available Tenor of such Benchmark for purposes of this definition of “Benchmark Replacement Adjustment” shall be deemed to be the Available Tenor that has approximately the same length (disregarding business day adjustments) as the payment period for interest calculated with reference to such Unadjusted Benchmark Replacement.

“**Benchmark Replacement Conforming Changes**” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Business Day,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions and other technical, administrative or operational matters) that the Bank decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Bank in a manner substantially consistent with market practice (or, if the Bank decides that adoption of any portion of such market practice is not administratively feasible or if the Bank determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Bank decides is reasonably necessary in connection with the administration of the Facility and the Loan Documents).

“**Benchmark Replacement Date**” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date determined by the Bank, which date shall promptly follow the date of the public statement or publication of information referenced therein;
- (3) in the case of a Term SOFR Transition Event, the date that is set forth in the Term SOFR Notice provided to the Borrower pursuant to this Rider, which date shall be at least 30 days from the date of the Term SOFR Notice; or
- (4) in the case of an Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Borrower.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);
- (2) a public statement or publication of information by a Governmental Authority having jurisdiction over the Bank, the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) or a Governmental Authority having jurisdiction over the Bank announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“**Benchmark Unavailability Period**” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with this Rider, and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with this Rider.

“**Corresponding Tenor**” with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

“**Daily Simple SOFR**” means, for any day, SOFR, with the conventions for this rate (which may include a lookback) being established by the Bank in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for business loans; provided, that if the Bank decides that any such convention is not administratively feasible for the Bank, then the Bank may establish another convention in its reasonable discretion.

“**Early Opt-in Election**” means, if the then-current Benchmark is USD LIBOR, the occurrence of:

- (1) a determination by the Bank that at least five (5) currently outstanding U.S. dollar-denominated syndicated or bilateral credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate, and

(2) the election by the Bank to trigger a fallback from USD LIBOR and the provision by the Bank of written notice of such election to the Borrower.

“**Fallback Rate**” means the alternative rate of interest that would have been applicable under the terms of the Facility (absent this Rider) if the Bank had given notice that USD LIBOR had become unavailable or, if no such alternative rate is specified, the Base Rate.

“**Floor**” means the minimum rate of interest, if any, provided under the terms of the Facility with respect to USD LIBOR or, if no minimum rate of interest is specified, zero.

“**Governmental Authority**” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“**ISDA Definitions**” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

“**Reference Time**” with respect to any setting of the then-current Benchmark means (1) if such Benchmark is USD LIBOR (other than the Daily LIBOR Rate), 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not USD LIBOR or is the Daily LIBOR Rate, the time determined by the Bank in its reasonable discretion.

“**Relevant Governmental Body**” means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

“**SOFR**” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator’s Website on the immediately succeeding Business Day.

“**SOFR Administrator**” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“**SOFR Administrator’s Website**” means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“**Term SOFR**” means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“**Term SOFR Notice**” means a notification by the Bank to the Borrower of the occurrence of a Term SOFR Transition Event.

“**Term SOFR Transition Event**” means the determination by the Bank that (1) Term SOFR has been recommended for use by the Relevant Governmental Body, and is determinable for each Available Tenor, (2) the administration of Term SOFR is administratively feasible for the Bank and (3) a Benchmark Transition Event has previously occurred resulting in a Benchmark Replacement in accordance with this Rider that is not Term SOFR.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“USD LIBOR” means, for purposes of this Rider only, any interest rate that is based on the London interbank offered rate for U.S. dollars.

LBR 15 (Bilat STD 2020-11 – HW)
Non-Streamlined

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

I, Dennis W. Doll, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Middlesex Water Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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

Date: May 5, 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 quarterly report on Form 10-Q of Middlesex Water Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ A. Bruce O'Connor

A. Bruce O'Connor
Chief Financial Officer

Date: May 5, 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: May 5, 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: May 5, 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.
