

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended: March 31, 2003
Commission File
No. 0-422

MIDDLESEX WATER COMPANY
(Exact name of registrant as specified in its charter)

INCORPORATED IN NEW JERSEY
(State or other jurisdiction of
incorporation or organization)

22-1114430
(I.R.S. Employer
Identification No.)

1500 RONSON ROAD, ISELIN, NJ
(Address of principal executive offices)

08830
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that this registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 30 days.

YES . NO .

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12-2 of the Securities Exchange Act of 1934). Yes No

Indicate the number of shares outstanding of each of the Issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at March 31, 2003
-----	-----
Common Stock, No Par Value	7,810,409

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MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2003	2002	2003	2002
	----	----	----	----
Operating Revenues	\$14,981,373	\$14,229,403	\$62,684,756	\$60,723,650
	-----	-----	-----	-----
Operating Expenses:				
Operations	7,811,629	7,213,568	30,516,982	29,212,127
Maintenance	975,854	657,564	3,165,499	2,753,784
Depreciation	1,280,180	1,295,718	4,947,730	5,097,272
Other Taxes	1,923,990	1,851,660	7,931,203	7,789,069
Federal Income Taxes	613,871	698,905	3,792,543	3,937,614
	-----	-----	-----	-----
Total Operating Expenses	12,605,524	11,717,415	50,353,957	48,789,866
	-----	-----	-----	-----
Operating Income	2,375,849	2,511,988	12,330,799	11,933,784
Other Income:				
Allowance for Funds Used During Construction	92,606	70,283	291,991	193,987
Other - Net	774	27,913	145,071	319,105
	-----	-----	-----	-----
Total Other Income	93,380	98,196	437,062	513,092
Income Before Interest Charges	2,469,229	2,610,184	12,767,861	12,446,876
	-----	-----	-----	-----
Interest Charges	1,244,348	1,333,478	5,054,333	5,100,836
	-----	-----	-----	-----
Net Income	1,224,881	1,276,706	7,713,528	7,346,040
Preferred Stock Dividend Requirements	63,697	63,697	254,786	254,786
	-----	-----	-----	-----
Earnings Applicable to Common Stock	\$ 1,161,184	\$ 1,213,009	\$ 7,458,742	\$ 7,091,254
	=====	=====	=====	=====
Earnings per share of Common Stock:				
Basic	\$ 0.15	\$ 0.16	\$ 0.96	\$ 0.93
Diluted	\$ 0.15	\$ 0.16	\$ 0.96	\$ 0.93
Average Number of Common Shares Outstanding :				
Basic	7,783,877	7,639,843	7,745,741	7,613,209
Diluted	8,041,232	7,897,198	8,003,096	7,870,564
Cash Dividends Paid per Common Share	\$ 0.215	\$ 0.210	\$ 0.850	\$ 0.833

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS AND OTHER DEBITS
(Unaudited)

	March 31, 2003	December 31, 2002
	-----	-----
UTILITY PLANT:		
Water Production	\$ 73,034,406	\$ 72,212,878
Transmission and Distribution	162,514,527	158,412,075
General	18,810,740	18,618,211
Construction Work in Progress	4,904,817	6,619,767
	-----	-----
TOTAL	259,264,490	255,862,931
Less Accumulated Depreciation	49,027,484	47,919,527
	-----	-----
UTILITY PLANT-NET	210,237,006	207,943,404
	-----	-----
NONUTILITY ASSETS-NET	3,736,618	3,424,492
	-----	-----
CURRENT ASSETS:		
Cash and Cash Equivalents	4,923,968	2,937,894
Temporary Cash Investments-Restricted	5,396,206	6,146,699
Accounts Receivable (net of allowance for doubtful accounts)	5,535,992	6,028,302
Unbilled Revenues	3,140,548	3,181,091
Materials and Supplies (at average cost)	1,261,034	1,190,337
Prepayments and Other Current Assets	613,440	815,392
	-----	-----
TOTAL CURRENT ASSETS	20,871,188	20,299,715
	-----	-----
DEFERRED CHARGES:		
Unamortized Debt Expense	3,200,904	3,239,364
Preliminary Survey and Investigation Charges	1,397,671	1,098,468
Regulatory Assets		
Income Taxes	6,287,873	6,287,873
Post Retirement Costs	847,708	869,260
Other	1,425,092	1,441,656
	-----	-----
TOTAL DEFERRED CHARGES	13,159,248	12,936,621
	-----	-----
TOTAL	\$248,004,060	\$244,604,232
	=====	=====

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND OTHER CREDITS
(Unaudited)

	March 31, 2003	December 31, 2002
	-----	-----
CAPITALIZATION (see accompanying statements)	\$168,526,024	\$168,047,689
	-----	-----
CURRENT LIABILITIES:		
Current Portion of Long-term Debt	637,729	639,427
Notes Payable	18,475,000	17,650,000
Accounts Payable	2,453,722	2,059,877
Taxes Accrued	7,864,708	5,898,751
Interest Accrued	1,190,803	1,614,278
Other	1,337,371	1,716,270
	-----	-----
TOTAL CURRENT LIABILITIES	31,959,333	29,578,603
	-----	-----
DEFERRED CREDITS:		
Customer Advances for Construction	10,937,971	10,881,815
Accumulated Deferred Investment Tax Credits	1,834,145	1,853,799
Accumulated Deferred Federal Income Taxes	13,329,517	13,241,901
Employee Benefit Plans	5,513,564	5,279,737
Other	746,267	814,897
	-----	-----
TOTAL DEFERRED CREDITS	32,361,464	32,072,149
	-----	-----
CONTRIBUTIONS IN AID OF CONSTRUCTION	15,157,239	14,905,791
	-----	-----
TOTAL	\$248,004,060	\$244,604,232
	=====	=====

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CAPITALIZATION AND RETAINED EARNINGS
(Unaudited)

	March 31, 2003	December 31, 2002
	-----	-----
CAPITALIZATION:		
Common Stock, No Par Value (Note 6):		
Shares Authorized, 20,000,000		
Shares Outstanding - 2003 - 7,810,409	\$ 54,779,698	\$ 53,866,250
2002 - 7,767,367		
Restricted Stock Plan	(495,429)	(552,081)
	-----	-----
TOTAL COMMON STOCK	54,284,269	53,314,169
	-----	-----
Cumulative Preference Stock, No Par Value		
Shares Authorized, 100,000; Shares Outstanding, None		
Cumulative Preferred Stock, No Par Value		
Shares Authorized - 140,497		
Convertible:		
Shares Outstanding, \$7.00 Series - 14,881	1,562,505	1,562,505
Shares Outstanding, \$8.00 Series - 12,000	1,398,857	1,398,857
Nonredeemable:		
Shares Outstanding, \$7.00 Series - 1,017	101,700	101,700
Shares Outstanding, \$4.75 Series - 10,000	1,000,000	1,000,000
	-----	-----
TOTAL CUMULATIVE PREFERRED STOCK	4,063,062	4,063,062
	-----	-----
Long-term Debt:		
8.05% Amortizing Secured Note, due December 20, 2021	3,187,242	3,203,401
4.22% State Revolving Trust Note, due December 31, 2022	192,281	67,350
4.00% State Revolving Trust Bond, due September 1, 2021	850,000	850,000
0.00% State Revolving Fund Bond, due September 1, 2021	718,634	730,017
First Mortgage Bonds:		
5.20%, Series S, due October 1, 2022	12,000,000	12,000,000
5.25%, Series T, due October 1, 2023	6,500,000	6,500,000
6.40%, Series U, due February 1, 2009	15,000,000	15,000,000
5.25%, Series V, due February 1, 2029	10,000,000	10,000,000
5.35%, Series W, due February 1, 2038	23,000,000	23,000,000
0.00%, Series X, due September 1, 2018	848,464	862,088
4.25%, Series Y, due September 1, 2018	1,010,000	1,010,000
0.00%, Series Z, due September 1, 2019	1,875,500	1,907,568
5.25%, Series AA, due September 1, 2019	2,265,000	2,265,000
0.00%, Series BB, due September 1, 2021	2,251,718	2,287,385
4.00%, Series CC, due September 1, 2021	2,440,000	2,440,000
5.10%, Series DD, due January 1, 2032	6,000,000	6,000,000
	-----	-----
SUBTOTAL LONG-TERM DEBT	88,138,839	88,122,809
	-----	-----
Less: Current Portion of Long-term Debt	(637,729)	(639,427)
	-----	-----
TOTAL LONG-TERM DEBT	87,501,110	87,483,382
	-----	-----
TOTAL CAPITALIZATION	\$ 145,848,441	\$ 144,860,613
	=====	=====
	Three	Year Ended
	Months Ended	December 31,
	March 31,	2002
	2003	-----
	-----	-----
RETAINED EARNINGS:		
BALANCE AT BEGINNING OF PERIOD	\$ 23,187,076	\$ 22,190,691
Net Income	1,224,881	7,765,353
	-----	-----
TOTAL	24,411,957	29,956,044
	-----	-----
Cash Dividends:		
Cumulative Preferred Stock	63,697	254,786
Common Stock	1,670,677	6,510,494
Common Stock Expenses	--	3,688
	-----	-----
TOTAL DEDUCTIONS	1,734,374	6,768,968
	-----	-----
BALANCE AT END OF PERIOD	\$ 22,677,583	\$ 23,187,076
	=====	=====

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2003 ----	2002 ----	Twelve Months Ended March 31, 2003 ----	2002 ----
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income	\$ 1,224,881	\$ 1,276,706	\$ 7,713,528	\$ 7,346,040
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	1,391,893	1,392,152	4,963,008	5,369,609
Provision for Deferred Income Taxes	39,393	766	186,651	363,933
Allowance for Funds Used During Construction	(92,606)	(70,283)	(291,991)	(193,987)
Changes in Current Assets and Liabilities:				
Accounts Receivable	492,310	1,240,077	(110,349)	187,717
Accounts Payable	393,845	(262,284)	319,671	245,740
Accrued Taxes	1,965,957	2,044,084	(510,253)	626,337
Accrued Interest	(423,475)	(963,699)	340,606	136,107
Unbilled Revenues	40,543	(175,652)	(163,881)	(336,657)
Employee Benefit Plans	233,827	151,873	99,016	527,023
Other-Net	(250,724)	(371,978)	(694,480)	9,882
	-----	-----	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,015,844	4,261,762	11,851,526	14,281,744
	-----	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:				
Utility Plant Expenditures*	(3,797,087)	(3,803,987)	(16,482,195)	(15,267,847)
Note Receivable	--	--	--	105,500
Preliminary Survey and Investigation Charges	(299,203)	32,899	(486,948)	(110,646)
Other-Net	(32,891)	(5,366)	1,417	573,295
	-----	-----	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(4,129,181)	(3,776,454)	(16,967,726)	(14,699,698)
	-----	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:				
Redemption of Long-term Debt	(108,901)	(6,062,301)	(490,436)	(6,216,618)
Proceeds from Issuance of Long-term Debt	124,931	6,000,000	192,281	12,390,000
Short-term Bank Borrowings	825,000	(1,600,000)	6,850,000	4,600,000
Deferred Debt Issuance Expenses	(35,442)	(600,301)	54,041	(611,741)
Temporary Cash Investments-Restricted	750,493	1,179,098	2,634,979	(5,428,735)
Proceeds from Issuance of Common Stock-Net	970,100	769,693	3,411,267	1,706,150
Payment of Common Dividends	(1,670,677)	(1,602,400)	(6,578,771)	(6,340,902)
Payment of Preferred Dividends	(63,697)	(63,697)	(254,786)	(254,786)
Construction Advances and Contributions-Net	307,604	50,310	1,131,499	481,098
	-----	-----	-----	-----
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	1,099,411	(1,929,598)	6,950,074	324,466
	-----	-----	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,986,074	(1,444,290)	1,833,874	(93,488)
	-----	-----	-----	-----
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,937,894	4,534,384	3,090,094	3,183,582
	-----	-----	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 4,923,968	\$ 3,090,094	\$ 4,923,968	\$ 3,090,094
	=====	=====	=====	=====

* Excludes Allowance for Funds Used During Construction

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:

Cash Paid During the Period for:

Interest (net of amounts capitalized)	\$ 1,578,168	\$ 2,217,732	\$ 4,194,555	\$ 4,686,925
Income Taxes	\$ --	\$ 60,000	\$ 4,177,000	\$ 3,609,792

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

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

The consolidated notes accompanying the 2002 Form 10-K are applicable to this report and, in the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 2003 and the results of operations and cash flows for the periods ended March 31, 2003 and 2002. Information included in the Balance Sheet as of December 31, 2002, has been derived from the Company's audited financial statements included in its annual report on Form 10-K for the year ended December 31, 2002.

Note 2 - Capitalization

Common Stock - During the three months ended March 31, 2003, there were 43,042 common shares (\$0.9 million) issued under the Company's Dividend Reinvestment and Common Stock Purchase Plan. The increase in participation in this Plan can be attributed to the 5% discount on optional cash payments and reinvested dividends that began on February 28, 2003. The discount is scheduled to continue until the earlier of September 2, 2003 or when 150,000 shares are issued during the discount period.

Long-term Debt - Tidewater received approval from the Delaware Public Service Commission (PSC) to borrow \$13.8 million to fund a portion of its multi-year capital program and refinance some of its short-term debt. Subsequent to the PSC approval, Tidewater closed on a Delaware State Revolving Fund (SRF) loan of \$3.3 million. The Delaware SRF program will allow, but does not obligate, Tidewater to draw down against a General Obligation Note for six specific projects. Tidewater will be charged an annual fee, which is a combination of interest charges and administrative fees, of 3.60% on the outstanding principal amount. All unpaid principal and fees must be paid on or before May 1, 2025. Tidewater is in the process of completing a loan transaction of \$10.5 million with CoBank, a financial institution specializing in loans to rural utilities. Terms of the loan include a maximum loan life of twenty-five years with monthly principal payments. The proceeds will be used to retire short-term debt. The CoBank loan is expected to close in May 2003.

Note 3 - Earnings Per Share

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

Basic:	(In Thousands Except for per Share Amounts)							
	Three Months Ended				Twelve Months Ended			
	2003		2002		2003		2002	
	Income	Shares	Income	Shares	Income	Shares	Income	Shares
Net Income	\$ 1,225	7,784	\$ 1,277	7,640	\$ 7,714	7,746	\$ 7,346	7,613
Preferred Dividend	(64)		(64)		(255)		(255)	
Earnings Applicable to Common Stock	\$ 1,161	7,784	\$ 1,213	7,640	\$ 7,459	7,746	\$ 7,091	7,613
Basic EPS	\$ 0.15		\$ 0.16		\$ 0.96		\$ 0.93	
Diluted:								
Earnings Applicable to Common Stock	\$ 1,161	7,784	\$ 1,213	7,640	\$ 7,459	7,746	\$ 7,091	7,613
\$7.00 Series Dividend	26	134	26	134	104	134	104	134
\$8.00 Series Dividend	24	123	24	123	96	123	96	123
Adjusted Earnings Applicable to Common Stock	\$ 1,211	8,041	\$ 1,263	7,897	\$ 7,659	8,003	\$ 7,291	7,870
Diluted EPS	\$ 0.15		\$ 0.16		\$ 0.96		\$ 0.93	

Note 4 - 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. It also operates a regulated wastewater system in New Jersey. The Company is subject to regulations as to its rates, services and other matters by the States of New Jersey and Delaware with respect to utility service within these States. The other segment is the non-regulated contract services for the operation and maintenance of municipal and private water and wastewater systems in New Jersey and Delaware. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 1 to the Consolidated Financial Statements. Inter-segment transactions relating to operational costs are treated as pass through expenses. Finance charges on inter-segment loan activities are based on interest rates that are below what would normally be charged by a third party lender.

Operations by Segments:	(Thousands of Dollars)			
	Three Months Ended		Twelve Months Ended	
	2003	2002	2003	2002
Revenues:				
Regulated	\$ 12,949	\$ 12,527	\$ 54,820	\$ 53,412
Non - Regulated	2,044	1,711	7,909	7,347
Inter-segment Elimination	(12)	(9)	(44)	(36)
Consolidated Revenues	\$ 14,981	\$ 14,229	\$ 62,685	\$ 60,723
Operating Income:				
Regulated	\$ 2,273	\$ 2,456	\$ 11,849	\$ 11,527
Non - Regulated	103	56	482	407
Inter-segment Elimination	--	--	--	--
Consolidated Operating Income	\$ 2,376	\$ 2,512	\$ 12,331	\$ 11,934
Depreciation/Amortization:				
Regulated	\$ 1,270	\$ 1,287	\$ 4,908	\$ 5,046
Non - Regulated	10	9	40	51
Inter-segment Elimination Consolidation	--	--	--	--
Depreciation/Amortization	\$ 1,280	\$ 1,296	\$ 4,948	\$ 5,097
Other Income:				
Regulated	\$ 610	\$ 422	\$ 2,964	\$ 1,959
Non - Regulated	--	34	(12)	46
Inter-segment Elimination	(517)	(358)	(2,515)	(1,492)
Consolidated Other Income	\$ 93	\$ 98	\$ 437	\$ 513
Interest Expense:				
Regulated	\$ 1,550	\$ 1,581	\$ 6,252	\$ 6,006
Non - Regulated	15	13	56	55
Inter-segment Elimination	(321)	(261)	(1,254)	(960)
Consolidated Interest Expense	\$ 1,244	\$ 1,333	\$ 5,054	\$ 5,101
Net Income:				
Regulated	\$ 1,333	\$ 1,298	\$ 8,558	\$ 7,481
Non - Regulated	88	76	416	397
Inter-segment Elimination	(196)	(97)	(1,260)	(532)
Consolidated Net Income	\$ 1,225	\$ 1,277	\$ 7,714	\$ 7,346
Capital Expenditures:				
Regulated	\$ 3,471	\$ 3,760	\$ 15,771	\$ 15,161
Non - Regulated	326	44	711	107
Inter-segment Elimination	--	--	--	--
Total Capital Expenditures	\$ 3,797	\$ 3,804	\$ 16,482	\$ 15,268
	As of	As of		
	March 31,	December 31,		
	2003	2002		
Assets:				
Regulated	\$ 284,482	\$ 280,655		
Non - Regulated	4,163	4,093		
Inter-segment Elimination	(40,641)	(40,144)		
Consolidated Assets	\$ 248,004	\$ 244,604		

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations - Three Months Ended March 31, 2003

Operating revenues for the three months ended March 31, 2003 were up \$0.8 million or 5.3% from the same period in 2002. Higher base rates in Delaware service territories provided \$0.1 million of the increase along with a \$0.2 million increase in consumption and connection fees. Consumption increased by \$0.2 million in our New Jersey systems. Service fees from our operations and maintenance contracts rose \$0.3 million due to an increase in fees under the City of Perth Amboy contract.

Operating expenses increased \$0.9 million or 7.6%. Operations and maintenance expenses increased \$0.9 million or 11.6% over the prior period. There were higher sewer costs of \$0.3 million for USA-PA. Costs relating to main breaks resulting from severe winter weather conditions in the first quarter of 2003 contributed to additional O & M expenses of \$0.3 million. Increases in audit fees, legal fees and employee benefits pushed up O & M costs by \$0.2 million. All other costs of operations increased by \$0.1 million.

Federal income taxes decreased \$0.1 million or 9.9%, reflecting a lower amount of current taxable income.

Even though there is a higher level of long-term and short-term debt outstanding compared to last year, lower interest rates on short-term debt and the refinancing of \$6.0 million of long-term debt at a lower rate helped to reduce the interest expense by \$0.1 million or 6.7%.

Net income decreased by 4.1% to \$1.2 million and basic and diluted earnings per share decreased to \$0.15 from \$0.16 per share.

Results of Operations - Twelve Months Ended March 31, 2003

Operating revenues for the twelve months ended March 31, 2003 were up \$2.0 million to \$62.7 million amounting to a 3.2% increase. Higher consumption in Delaware of \$1.4 million contributed to additional revenue. Fueling the consumption growth in Delaware was the 10.0% increase in the customer base since March 2002. Rate increases accounted for \$0.5 million and increased consumption accounted for \$0.9 million. Service fees from our operations and maintenance contracts rose \$0.5 million due to an increase in fees earned under the City of Perth Amboy contract. Lower consumption in our New Jersey service territories led to a \$0.2 million decrease in operating revenues. The \$0.3 million balance of the increase is the result of the acquisition of the Southern Shores Water Company in August 2001.

Operating expenses increased \$1.6 million or 3.2%. Operations and maintenance expenses increased \$1.7 million or 5.4%. There were higher sewer costs of \$0.5 million for USA-PA. Costs relating to main breaks resulting from severe winter weather conditions in the first quarter of 2003 contributed to additional O & M expenses of \$0.3 million. Increased labor and operating costs associated with the increased consumption in the Delaware operations amounted to \$0.5 million. Increases in audit fees and employee benefits pushed up O & M costs by \$0.4 million.

Other taxes increased by \$0.1 million due to higher payroll related taxes. Federal income taxes decreased \$0.1 million or 3.3%.

Net income increased 5.0% to \$7.7 million. Basic and diluted earnings per share increased by 3.2% to \$0.96 per share.

Capital Resources

The Company's capital program for 2003 is estimated to be \$30.5 million and includes \$17.9 million for water system additions and improvements for our Delaware systems, \$3.0 million for the RENEW Program, which is our program to clean and cement line approximately nine miles of unlined mains in the Middlesex System. There is a total of approximately 143 miles of unlined mains in the 730 mile Middlesex System. Additional expenditures on the upgrade to the CJO Plant are estimated at \$2.3 million. The capital program also includes \$7.3 million for scheduled upgrades to our existing systems in New Jersey. The scheduled upgrades consist of \$0.8 million for mains, \$0.9 million for service lines, \$0.3 million for meters, \$0.3 million for hydrants, \$1.2 million for distribution system improvements, \$0.1 million for computer systems and \$3.7 million for various other items.

Liquidity

The capital program in Delaware will be financed through a combination of a capital contribution and short-term debt financing from Middlesex, as well as long-term financing through the State Revolving Fund (SRF) in Delaware. Middlesex, Tidewater and Bayview each have secured long-term financing with their respective state agencies for certain capital projects. SRF provides low cost financing for projects that meet certain water quality improvement benchmarks. The proceeds from those loans will be used in 2003 through 2005. (See Note 2 to the Consolidated Financial Statements). Other capital expenditures will be financed through internally generated funds and sale of common stock through the Dividend Reinvestment and Common Stock Purchase Plan (DRP). Capital expenditures of \$3.8 million have been incurred in the three months ended March 31, 2003. The Company will also utilize short-term borrowings through \$30.0 million of available lines of credit it has with three commercial banks for working capital purposes. At March 31, 2003, there was \$18.5 million outstanding against the lines of credit.

Outlook

While revenues continue to grow in Delaware because of customer growth and rate increases, the lingering winter-like weather in March and April appears to have affected consumption demands in our New Jersey systems. Tidewater is assessing the need to file for a Distribution System Improvement Charge (DSIC) with the Delaware Public Service Commission (PSC). The DSIC is a separate rate mechanism that allows for cost recovery of certain capital improvement costs incurred in between base rate filings. Delaware regulated water utilities are allowed to apply for a DSIC every six months with the maximum increase limited to 5.0% in any six month period and a 7.5% overall limitation. If applied for, the DSIC would be effective for services rendered on or after July 1, 2003.

The Company continues to pursue non-regulated opportunities in New Jersey and Delaware. There are several projects that we feel confident will come to fruition. Although the expected income is not material compared to the consolidated group, we believe it puts us in a better position for additional, larger projects.

Forward Looking Information

Certain matters discussed in this report on Form 10-Q are "forward-looking statements" intended to qualify for safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. Such statements may address future plans, objectives, expectations and events concerning various matters such as capital expenditures, earnings, litigation, growth potential, rate and other regulatory matters, liquidity, capital resources and accounting matters. Actual results in each case could differ materially from those currently anticipated in such statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures of Market Risk

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 maturity dates ranging from 2009 to 2038. Over the next twelve months, approximately \$0.6 million of the current portion of nine 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 earnings.

Item 4. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, within the 90 days prior to the filing date of this report, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer along with the Company's Chief Financial Officer. Based upon that evaluation, the Company's Chief Executive Officer along with the Company's Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. There have been no significant changes in the Company's internal controls or in other factors, which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

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 2. Changes in Securities
None.

Item 3. Defaults upon Senior Securities
None.

Item 4. Submission of Matters to a Vote of Security Holders
None

Item 5. Other Information
None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: None.

(b) Reports on Form 8-K: Filed April 30, 2003

SIGNATURES

I, Dennis G. Sullivan, 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 (16 U.S.C. 78m 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 G. Sullivan

Dennis G. Sullivan
Chief Executive Officer

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 (16 U.S.C. 78m 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 12, 2003

CERTIFICATIONS I, Dennis G. Sullivan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Middlesex Water Company;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have;
 - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluations as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, 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 in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 12, 2003

/s/ Dennis G. Sullivan

Dennis G. Sullivan
Chief Executive Officer

CERTIFICATIONS

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 quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a. designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluations as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, 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 in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 12, 2003

/s/ A. Bruce O'Connor

A. Bruce O'Connor
Chief Financial Officer