UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)
þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2017

OR

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

For the transition period from _________________ to______________________

Commission File Number 0-422

MIDDLESEX WATER COMPANY

(Exact name of registrant as specified in its charter)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes þ 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 þ No ☐

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ☐ No þ

The number of shares outstanding of each of the registrant's classes of common stock, as of April 30, 2017: Common Stock, No Par Value: 16,303,741 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,	
	2017	**2016**
Operating Revenues	**$ 30,131**	$ 30,579
Operating Expenses:		
Operations and Maintenance	**15,734**	15,828
Depreciation	**3,308**	3,137
Other Taxes	**3,309**	3,312
Total Operating Expenses	**22,351**	22,277
Operating Income	**7,780**	8,302
Other Income (Expense):		
Allowance for Funds Used During Construction	**119**	61
Other Income	**6**	48
Other Expense	**(5)**	(18)
Total Other Income, net	**120**	91
Interest Charges	**1,003**	978
Income before Income Taxes	**6,897**	7,415
Income Taxes	**2,456**	2,625
Net Income	**4,441**	4,790
Preferred Stock Dividend Requirements	**36**	36
Earnings Applicable to Common Stock	**$ 4,405**	$ 4,754
Earnings per share of Common Stock:		
Basic	**$ 0.27**	$ 0.29
Diluted	**$ 0.27**	$ 0.29
Average Number of Common Shares Outstanding:		
Basic	**16,299**	16,233
Diluted	**16,455**	16,389
Cash Dividends Paid per Common Share	**$ 0.2113**	**$ 0.1988**

See Notes to Condensed Consolidated Financial Statements

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

ASSETS		March 31, 2017	December 31, 2016
UTILITY PLANT:	Water Production	**$ 147,099**	$ 146,914
	Transmission and Distribution	**435,007**	430,880
	General	**66,451**	63,514
	Construction Work in Progress	**14,420**	12,196
	TOTAL	**662,977**	653,504
	Less Accumulated Depreciation	**138,445**	135,728
	UTILITY PLANT - NET	**524,532**	517,776
CURRENT ASSETS:	Cash and Cash Equivalents	**5,592**	3,879
	Accounts Receivable, net	**8,846**	10,129
	Unbilled Revenues	**6,378**	6,590
	Materials and Supplies (at average cost)	**4,641**	4,094
	Prepayments	**1,551**	2,024
	TOTAL CURRENT ASSETS	**27,008**	26,716
DEFERRED CHARGES	Preliminary Survey and Investigation Charges	**2,876**	2,365
AND OTHER ASSETS:	Regulatory Assets	**60,704**	60,894
	Operations Contracts, Developer and Other Receivables	**789**	1,139
	Restricted Cash	**439**	439
	Non-utility Assets - Net	**9,253**	9,131
	Federal Income Tax Receivable	**1,408**	1,408
	Other	**252**	293
	TOTAL DEFERRED CHARGES AND OTHER ASSETS	**75,721**	75,669
	TOTAL ASSETS	**$ 627,261**	$ 620,161
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock, No Par Value	**$ 153,506**	$ 153,045
	Retained Earnings	**66,354**	65,392
	TOTAL COMMON EQUITY	**219,860**	218,437
	Preferred Stock	**2,436**	2,436
	Long-term Debt	**136,156**	134,538
	TOTAL CAPITALIZATION	**358,452**	355,411
CURRENT	Current Portion of Long-term Debt	**6,148**	6,159
LIABILITIES:	Notes Payable	**14,500**	12,000
	Accounts Payable	**8,987**	12,343
	Accrued Taxes	**16,110**	12,385
	Accrued Interest	**411**	1,084
	Unearned Revenues and Advanced Service Fees	**922**	923
	Other	**2,425**	2,162
	TOTAL CURRENT LIABILITIES	**49,503**	47,056
COMMITMENTS AND CONTINGENT LIABILITIES (Note 7)			
DEFERRED CREDITS	Customer Advances for Construction	**20,868**	20,846
AND OTHER LIABILITIES:	Accumulated Deferred Investment Tax Credits	**734**	753
	Accumulated Deferred Income Taxes	**72,989**	72,072
	Employee Benefit Plans	**35,738**	36,139
	Regulatory Liability - Cost of Utility Plant Removal	**11,556**	11,337
	Other	**1,410**	1,443
	TOTAL DEFERRED CREDITS AND OTHER LIABILITIES	**143,295**	142,590
CONTRIBUTIONS IN AID OF CONSTRUCTION		**76,011**	75,104
	TOTAL CAPITALIZATION AND LIABILITIES	**$ 627,261**	$ 620,161

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	**$ 4,441**	$ 4,790
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	**3,411**	3,356
Provision for Deferred Income Taxes and Investment Tax Credits	**1,017**	1,315
Equity Portion of Allowance for Funds Used During Construction (AFUDC)	**(81)**	(40)
Cash Surrender Value of Life Insurance	**(52)**	—
Stock Compensation Expense	**160**	141
Changes in Assets and Liabilities:		
Accounts Receivable	**1,283**	530
Unbilled Revenues	**212**	(293)
Materials & Supplies	**(547)**	(295)
Prepayments	**473**	43
Accounts Payable	**(3,356)**	(25)
Accrued Taxes	**3,725**	3,751
Accrued Interest	**(673)**	(686)
Employee Benefit Plans	**62**	19
Unearned Revenue & Advanced Service Fees	**1**	10
Other Assets and Liabilities	**13**	(281)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**10,089**	12,335
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility Plant Expenditures, Including AFUDC of $38 in 2017, $21 in 2016	**(9,577)**	(6,672)
NET CASH USED IN INVESTING ACTIVITIES	**(9,577)**	(6,672)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of Long-term Debt	**(1,126)**	(1,092)
Proceeds from Issuance of Long-term Debt	**2,738**	—
Net Short-term Bank Borrowings	**2,500**	(1,000)
Deferred Debt Issuance Expense	**(3)**	—
Proceeds from Issuance of Common Stock	**301**	433
Payment of Common Dividends	**(3,443)**	(3,226)
Payment of Preferred Dividends	**(36)**	(36)
Construction Advances and Contributions-Net	**270**	(565)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**1,201**	(5,486)
NET CHANGES IN CASH AND CASH EQUIVALENTS	**1,713**	177
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**3,879**	3,469
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 5,592**	$ 3,646
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:		
Utility Plant received as Construction Advances and Contributions	**$ 659**	$ 891
Long-term Debt Deobligation	**$ —**	$ 419
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash Paid During the Year for:		
Interest	**$ 1,789**	$ 1,774
Interest Capitalized	**$ 38**	$ 21
Income Taxes	**$ —**	$ 1

See Notes to Condensed Consolidated Financial Statements.

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

		March 31, 2017		December 31, 2016
Common Stock, No Par Value				
Shares Authorized - 40,000				
Shares Outstanding - 2017 - 16,303; 2016 - 16,296	$	**153,506**	$	153,045
Retained Earnings		**66,354**		65,392
TOTAL COMMON EQUITY	$	**219,860**	$	218,437
Cumulative Preferred Stock, No Par Value:				
Shares Authorized - 126				
Shares Outstanding - 24				
Convertible:				
Shares Outstanding, $7.00 Series - 10		**1,007**		1,007
Shares Outstanding, $8.00 Series - 3		**349**		349
Nonredeemable:				
Shares Outstanding, $7.00 Series - 1		**80**		80
Shares Outstanding, $4.75 Series - 10		**1,000**		1,000
TOTAL PREFERRED STOCK	$	**2,436**	$	2,436
Long-term Debt:				
8.05%, Amortizing Secured Note, due December 20, 2021	$	**1,358**	$	1,415
6.25%, Amortizing Secured Note, due May 19, 2028		**4,690**		4,795
6.44%, Amortizing Secured Note, due August 25, 2030		**3,757**		3,827
6.46%, Amortizing Secured Note, due September 19, 2031		**4,037**		4,107
4.22%, State Revolving Trust Note, due December 31, 2022		**329**		329
3.60%, State Revolving Trust Note, due May 1, 2025		**2,063**		2,062
3.30% State Revolving Trust Note, due March 1, 2026		**411**		431
3.49%, State Revolving Trust Note, due January 25, 2027		**446**		465
4.03%, State Revolving Trust Note, due December 1, 2026		**603**		603
4.00% to 5.00%, State Revolving Trust Bond, due August 1, 2021		**213**		213
0.00%, State Revolving Fund Bond, due August 1, 2021		**162**		166
3.64%, State Revolving Trust Note, due July 1, 2028		**275**		276
3.64%, State Revolving Trust Note, due January 1, 2028		**91**		91
3.45%, State Revolving Trust Note, due August 1, 2031		**989**		1,015
6.59%, Amortizing Secured Note, due April 20, 2029		**4,215**		4,302
7.05%, Amortizing Secured Note, due January 20, 2030		**3,208**		3,271
5.69%, Amortizing Secured Note, due January 20, 2030		**6,581**		6,709
4.45%, Amortizing Secured Note, due April 20, 2040		**10,156**		10,266
4.47%, Amortizing Secured Note, due April 20, 2040		**3,769**		3,810
3.75%, State Revolving Trust Note, due July 1, 2031		**2,191**		2,191
2%, State Revolving Trust Note, due February 1, 2036		**1,115**		1,115
3.75%, State Revolving Trust Note, due November 30, 2030		**1,154**		1,154
0.00% Construction Loans		**10,209**		7,470
First Mortgage Bonds:				
0.00%, Series X, due August 1, 2018		**105**		107
4.25% to 4.63%, Series Y, due August 1, 2018		**122**		122
0.00%, Series Z, due August 1, 2019		**329**		336
5.25% to 5.75%, Series AA, due August 1, 2019		**440**		440
0.00%, Series BB, due August 1, 2021		**590**		603
4.00% to 5.00%, Series CC, due August 1, 2021		**779**		779
0.00%, Series EE, due August 1, 2023		**2,641**		2,713
3.00% to 5.50%, Series FF, due August 1, 2024		**3,690**		3,690
0.00%, Series GG, due August 1, 2026		**887**		903
4.00% to 5.00%, Series HH, due August 1, 2026		**960**		960
0.00%, Series II, due August 1, 2024		**683**		700
3.40% to 5.00%, Series JJ, due August 1, 2027		**824**		824
0.00%, Series KK, due August 1, 2028		**1,058**		1,078
5.00% to 5.50%, Series LL, due August 1, 2028		**1,175**		1,175
0.00%, Series MM, due August 1, 2030		**1,304**		1,337
3.00% to 4.375%, Series NN, due August 1, 2030		**1,590**		1,590
0.00%, Series OO, due August 1, 2031		**2,207**		2,258
2.00% to 5.00%, Series PP, due August 1, 2031		**780**		780
5.00%, Series QQ, due October 1, 2023		**9,915**		9,915
3.80%, Series RR, due October 1, 2038		**22,500**		22,500
4.25%, Series SS, due October 1, 2047		**23,000**		23,000
0.00%, Series TT, due August 1, 2032		**2,358**		2,408

3.00% to 3.25%, Series UU, due August 1, 2032		**890**		890
0.00%, Series VV, due August 1, 2033		**2,386**		2,433
3.00% to 5.00%, Series WW, due August 1, 2033		**865**		865
SUBTOTAL LONG-TERM DEBT		**144,100**		142,489
Add: Premium on Issuance of Long-term Debt		**1,442**		1,495
Less: Unamortized Debt Expense		**(3,238)**		(3,287)
Less: Current Portion of Long-term Debt		**(6,148)**		(6,159)
TOTAL LONG-TERM DEBT	**$**	**136,156**	$	134,538

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Recent Developments

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

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

Recent Accounting Guidance

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

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

Revenue Recognition - In May 2014, the FASB issued an update to authoritative guidance related to revenue from contracts with customers. The update replaces most of the existing guidance with a single set of principles for recognizing revenue from contracts with customers. The FASB has deferred the effective date of these new revenue recognition standards by one year to January 1, 2018. The Company is currently analyzing the impact this standard will have on our financial statements and has begun creating an inventory of its contracts with customers, which consist primarily of regulated municipal water sale contracts and non-regulated operation and maintenance contracts for water and wastewater systems. Based on the Company's initial interpretation of the guidance, this update is not expected to have an impact on the Company's regulated municipal water sale contracts. The impact on the Company's non-regulated operation and maintenance contracts, if any, is not expected to be material. The Company's non-regulated segment contributed approximately 12% and 7% of total revenues and net income, respectively, for the three months ended March 31, 2017 and approximately 11% and 2% of total revenues and net income, respectively, for the year ended December 31, 2016. These assessments are preliminary and subject to change pending the Company's completion of its review of the guidance and its impact on the Company's contracts with customers.

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

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

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

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

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

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

Note 2 – Rate and Regulatory Matters

Tidewater - Effective January 1, 2017, Tidewater increased its Delaware Public Service Commission-approved Distribution System Improvement Charge (DSIC) rate, which is expected to generate $0.3 million of annual revenues. A DSIC is a rate-mechanism that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements to their water distribution system made between base rate proceedings.

Note 3 – Capitalization

Common Stock
During the three months ended March 31, 2017 and 2016, there were 7,845 common shares (approximately $0.3 million) and 15,488 common shares (approximately $0.4 million), respectively, issued under the Middlesex Water Company Investment Plan.

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

In January 2017, the NJBPU approved Middlesex's request to borrow up to $10.0 million under the New Jersey SRF program to fund the 2017 RENEW Program, which is an ongoing initiative to eliminate all unlined water distribution mains in the Middlesex system. Middlesex expects to close on the SRF construction loan in 2017 with proceeds requisitions occurring throughout 2017 through early 2018.

In July 2016, the NJBPU approved Middlesex's request to borrow up to $4.0 million under the New Jersey SRF program to fund the upgrade of a booster station at one of its well fields. Middlesex expects to close on the SRF construction loan in May 2017 with proceeds requisitions occurring through December 2017.

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

	March 31, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Bonds	$ 82,453	$ 84,535	$ 82,786	$ 84,821

For other long-term debt for which there was no quoted market price and there is not an active trading market, it was not practicable to estimate their fair value (for details, including carrying value, interest rate and due date on these series of long-term debt, please refer to those series noted as "Amortizing Secured Note", "State Revolving Trust Note" and "Construction Loans" on the Condensed Consolidated Statements of Capital Stock and Long-Term Debt). The carrying amount of these instruments was $61.6 million and $59.7 million at March 31, 2017 and December 31, 2016, respectively. Customer advances for construction have carrying amounts of $20.9 million and $20.8 million at March 31, 2017 and December 31, 2016, respectively. Their relative fair values cannot be accurately estimated since future refund payments depend on several variables, including new customer connections, customer consumption levels and future rate increases.

Note 4 – Earnings Per Share

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

	(In Thousands Except per Share Amounts) Three Months Ended March 31,			
	2017		2016	
Basic:	Income	Shares	Income	Shares
Net Income	$ 4,441	16,299	$ 4,790	16,233
Preferred Dividend	(36)		(36)	
Earnings Applicable to Common Stock	$ 4,405	16,299	$ 4,754	16,233
Basic EPS	$ 0.27		$ 0.29	
Diluted:				
Earnings Applicable to Common Stock	$ 4,405	16,299	$ 4,754	16,233
$7.00 Series Preferred Dividend	17	115	17	115
$8.00 Series Preferred Dividend	6	41	6	41
Adjusted Earnings Applicable to Common Stock	$ 4,428	16,455	$ 4,777	16,389
Diluted EPS	$ 0.27		$ 0.29	

Note 5 – Business Segment Data

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

Operations by Segments:	(In Thousands) Three Months Ended March 31, 2017	2016
Revenues:		
Regulated	$ 26,493	$ 26,949
Non – Regulated	3,750	3,734
Inter-segment Elimination	(112)	(104)
Consolidated Revenues	$ 30,131	$ 30,579
Operating Income:		
Regulated	$ 7,220	$ 7,733
Non – Regulated	560	569
Consolidated Operating Income	$ 7,780	$ 8,302
Net Income:		
Regulated	$ 4,139	$ 4,492
Non – Regulated	302	298
Consolidated Net Income	$ 4,441	$ 4,790
Capital Expenditures:		
Regulated	$ 9,572	$ 6,660
Non – Regulated	5	12
Total Capital Expenditures	$ 9,577	$ 6,672

	As of March 31, 2017	As of December 31, 2016
Assets:		
Regulated	$ 629,668	$ 619,915
Non – Regulated	6,850	6,245
Inter-segment Elimination	(9,257)	(5,999)
Consolidated Assets	$ 627,261	$ 620,161

Note 6 – Short-term Borrowings

As of March 31, 2017, the Company has established lines of credit aggregating $60.0 million. At March 31, 2017, the outstanding borrowings under these credit lines were $14.5 million at a weighted average interest rate of 1.94%.

The weighted average daily amounts of borrowings outstanding under the Company’s credit lines and the weighted average interest rates on those amounts were $12.8 million and $3.0 million at 1.78% and 1.41% for the three months ended March 31, 2017 and 2016, respectively.

The maturity dates for the $14.5 million outstanding as of March 31, 2017 are all in April 2017 and are extendable at the discretion of the Company.

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

Note 7 – Commitments and Contingent Liabilities

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

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

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

Purchased water costs are shown below:

	(In Thousands) Three Months Ended March 31, 2017	2016
Treated	$ 779	$ 801
Untreated	659	666
Total Costs	$ 1,438	$ 1,467

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

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

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

Construction
The Company has budgeted approximately $60 million for its construction program in 2017. The actual timing and amount of capital expenditures is dependent on project scheduling and refinement of engineering estimates for certain projects.

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

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

Note 8 – Employee Benefit Plans

Pension Benefits
The Company's Pension Plan covers all active employees hired prior to April 1, 2007. Employees hired after March 31, 2007 are not eligible to participate in this plan, but do participate in a defined contribution plan that provides an annual contribution at the discretion of the Company, based upon a percentage of the participants' compensation. In order to be eligible for a contribution, the participant must be employed by the Company on December 31st of the year to which the contribution relates. For each of the three months ended March 31, 2017 and 2016, the Company made Pension Plan cash contributions of $0.5 million. The Company expects to make Pension Plan cash contributions of approximately $2.8 million over the remainder of the current year. The Company also maintains an unfunded supplemental retirement benefit plan for certain active and retired Company officers and currently pays $0.3 million in annual benefits to the retired participants.

Other Postretirement Benefits
The Company's retirement plan other than pensions (Other Benefits Plan) covers substantially all of its current retired employees. Employees hired after March 31, 2007 are not eligible to participate in this plan. Coverage includes healthcare and life insurance. For each of the three months ended March 31, 2017 and 2016, the Company made Other Benefits Plan cash contributions of $0.2 million. The Company expects to make Other Benefits Plan cash contributions of approximately $1.4 million over the remainder of the current year.

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

	(In Thousands)			
	Pension Benefits		Other Benefits	
	Three Months Ended March 31,			
	2017	2016	2017	2016
Service Cost	$ 600	$ 577	$ 272	$ 275
Interest Cost	786	761	491	488
Expected Return on Assets	(1,122)	(1,004)	(601)	(558)
Amortization of Unrecognized Losses	391	357	445	443
Amortization of Unrecognized Prior Service Credit	—	—	(432)	(432)
Net Periodic Benefit Cost	$ 655	$ 691	$ 175	$ 216

Note 9 – Income Taxes

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

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

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

Forward-Looking Statements

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

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

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

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

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

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

Overview

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

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

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

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

Our Delaware subsidiaries, Tidewater and Southern Shores Water Company, LLC, provide water services to approximately 43,000 retail customers in New Castle, Kent and Sussex Counties, Delaware. Tidewater's subsidiary, White Marsh, services approximately 4,000 customers in Kent and Sussex Counties through various operations and maintenance contracts.

Our Tidewater Environmental Services, Inc. subsidiary provides wastewater services to approximately 3,400 residential retail customers in Sussex County, Delaware.

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

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

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

Recent Developments

Capital Construction Program - The Company's multi-year capital construction program, entitled Water for Tomorrow, involves numerous projects designed to upgrade and replace infrastructure as well as enhance the integrity of system assets to better serve the current and future generations of water users. The Company plans to invest approximately $149 million through 2018 in connection with this plan for projects including:

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

Tidewater Distribution System Improvement Charge (DSIC) - Effective January 1, 2017, Tidewater increased its Delaware Public Service Commission-approved DSIC rate, which is expected to generate $0.3 million of annual revenues. A DSIC is a rate-mechanism that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements to their water distribution system made between base rate proceedings.

Outlook

Weather patterns experienced in 2015 and 2016, which contributed to overall increases in operating revenues, may not reoccur in 2017. Changes in customer water usage habits, as well as increases in capital expenditures and operating costs, are significant factors in determining the timing and extent of rate increase requests. As operating costs are anticipated to increase in 2017 in a variety of categories, we continue to implement plans to further streamline operations and further reduce, and mitigate increases in, operating costs.

Organic residential customer growth for 2017 is expected to be consistent with that experienced in recent years.

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

- Prudent acquisitions of investor- and municipally-owned water and wastewater utilities;
- Timely and adequate recovery of prudent investments in utility plant required to maintain appropriate utility services;
- Operate municipal, commercial and industrial water and wastewater systems under contract;

- Invest in renewable energy projects that are complementary to the provision of water and wastewater services, and to our core water and wastewater competencies; and

- Invest in other products, services and opportunities that complement our core water and wastewater competencies.

Operating Results by Segment

The discussion of the Company's operating results is on a consolidated basis and includes significant factors by subsidiary. The Company has two operating segments, Regulated and Non-Regulated. The operations of the Regulated segment are subject to regulations promulgated by state public utility commissions as to rates and level of service. Rates and level 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, TESI and Twin Lakes; Non-Regulated-USA, USA-PA, and White Marsh.

Results of Operations – Three Months Ended March 31, 2017

	(In Thousands) Three Months Ended March 31,					
	2017			2016		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	$ 26,482	$ 3,649	$ 30,131	$ 26,935	$ 3,644	$ 30,579
Operations and maintenance expenses	12,787	2,947	15,734	12,883	2,945	15,828
Depreciation expense	3,259	49	3,308	3,092	45	3,137
Other taxes	3,216	93	3,309	3,227	85	3,312
Operating income	7,220	560	7,780	7,733	569	8,302
Other income, net	120	—	120	92	(1)	91
Interest expense	1,003	—	1,003	978	—	978
Income taxes	2,198	258	2,456	2,355	270	2,625
Net income	$ 4,139	$ 302	$ 4,441	$ 4,492	$ 298	$ 4,790

Operating Revenues

Operating revenues for the three months ended March 31, 2017 decreased $0.4 million from the same period in 2016. This decrease was related to the following factors:

- Middlesex System revenues decreased $0.8 million due to the following:
  - Lower water usage, primarily from from commercial and industrial customers, of $0.4 million in the General Metered Service customer class;
  - Lower water usage from Regulated Contract customers of $0.4 million; and
- Tidewater System revenues increased $0.4 million due to additional customers.

Operation and Maintenance Expense

Operation and maintenance expenses for the three months ended March 31, 2017 decreased $0.1 million from the same period in 2016, primarily related to the following factors:

- Decreased health and liability insurance costs $0.3 million due to prior policy year refunds; and
- Higher labor costs of $0.2 million, primarily due to higher average labor rates.

Depreciation

Depreciation expense for the three months ended March 31, 2017 increased $0.2 million from the same period in 2016 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the three months ended March 31, 2017 were consistent with the same period in 2016. Higher payroll taxes were offset by lower revenue related taxes on decreased revenues in our Middlesex system.

Other Income, net

Other Income, net for the three months ended March 31, 2017 remained consistent with the same period in 2016.

Interest Charges

Interest charges for the three months ended March 31, 2017 remained consistent with the same period in 2016.

Income Taxes

Income taxes for the three months ended March 31, 2017 decreased $0.2 million from the same period in 2016, primarily due to lower pre-tax income in 2017 as compared to 2016.

Net Income and Earnings Per Share

Net income for the three months ended March 31, 2017 decreased $0.3 million as compared with the same period in 2016. Basic and diluted earnings per share were $0.27 and $0.29 for the three months ended March 31, 2017 and 2016, respectively.

Liquidity and Capital Resources

Operating Cash Flows

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

For the three months ended March 31, 2017, cash flows from operating activities decreased $2.2 million to $10.1 million. The decrease in cash flows from operating activities primarily resulted from the timing of payments to vendors partially offset by increased customer payments. The $10.1 million of net cash flow from operations enabled us to fund approximately 62% of utility plant expenditures internally for the period.

Investing Cash Flows

For the three months ended March 31, 2017, cash flows used in investing activities increased $2.9 million to $9.6 million. The increase in cash flows used in investing activities resulted from increased 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, 2017, cash flows from financing activities increased $6.7 million to $1.2 million. The increase in cash flows from financing activities resulted from an increase in short-term and long-term debt funding.

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

The capital investment program for 2017 is currently estimated to be approximately $60 million. Through March 31, 2017, we have expended $9.6 million and expect to incur approximately $50.4 million for capital projects for the remainder of 2017.

We currently project that we may expend approximately $163 million for capital projects in 2018 and 2019. 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 2017, we plan on utilizing:

- Internally generated funds;
- Proceeds from the Investment Plan;
- Proceeds from the 2016 and 2017 New Jersey State Revolving Fund (SRF) program (approximately $19.0 million for the remainder of 2017 depending on construction timing). SRF programs provide low cost financing for projects that meet certain water quality and system improvement benchmarks; and
- Short-term borrowings, if necessary, through $60.0 million of available lines of credit with several financial institutions. As of March 31, 2017, there remains $45.5 million of available credit under these lines.

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

Item 3. Quantitative and Qualitative Disclosures of Market Risk

We are exposed to market risk associated with changes in interest rates and commodity prices. The Company is subject to the risk of fluctuating interest rates in the normal course of business. Our policy is to manage interest rates through the use of fixed rate long-term debt and, to a lesser extent, short-term debt. The Company's interest rate risk related to existing fixed rate, long-term debt is not material due to the term of the majority of our First Mortgage Bonds, which have final maturity dates ranging from 2018 to 2047. Over the next twelve months, approximately $6.1 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 exposed to fluctuating market prices of debt and equity securities. Changes to the Company's retirement benefit plan assets' value can impact the Company's retirement benefit plan expense, funded status and future minimum funding requirements. Our risk is reduced through our ability to recover retirement benefit plan costs through rates.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

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

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

10.34	Amended Promissory Note and Supplement for a committed line of credit between the registrant's wholly-owned subsidiary Tidewater Utilities, Inc. and CoBank, ACB.
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

SIGNATURES

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

MIDDLESEX WATER COMPANY

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

Date: May 4, 2017

Exhibit 10.34

Loan No. RX0024T6C

THIRD AMENDMENT TO
PROMISSORY NOTE AND SUPPLEMENT
(Revolving Term Loan)

THIS THIRD AMENDMENT TO PROMISSORY NOTE AND SUPPLEMENT (this "Amendment"), is entered into as of March 7, 2017, between **TIDEWATER UTILITIES, INC**., a Delaware corporation (the "Company"), and **CoBANK, ACB**, a federally chartered instrumentality of the United States ("CoBank").

BACKGROUND

The Company and CoBank are parties to a 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, and a Second Amendment to Promissory Note and Supplement dated as of October 15, 2014 (collectively, the "Supplement"). The parties now desire to amend the Supplement.

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

SECTION 1. Defined Terms. All capitalized terms used herein and not defined herein shall have the meanings given to those terms in the Supplement or in the "MLA" (as defined in the Supplement).

SECTION 2. Amendments. Section 3 of the Supplement is hereby amended and restated to read as follows:

> **Term.** The term of the Commitment shall be from the date hereof, up to and including November 30, 2020, or such later date as CoBank may, in its sole discretion, authorize in writing.

SECTION 3. Representations and Warranties. To induce CoBank to enter into this Amendment, the Company represents and warrants that: (A) except for such as have been obtained, are in full force and effect, and are not subject to appeal, no consent, permission, authorization, order or license of any governmental authority or of any party to any agreement to which the Company is a party or by which it or any of its property may be bound or affected, is necessary in connection with the execution, delivery, performance or enforcement of this Amendment; (B) the Company is in compliance with all of the terms of the Loan Documents, and no Default or Event of Default exists; and (C) this Amendment has been duly authorized, executed and delivered by the Company, and creates legal, valid, and binding obligations of the Company which are enforceable in accordance with their terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the rights of creditors generally. Without limiting (B) above, the Company represents and warrants that it is in compliance with all notice provisions of the Loan Documents, including, without limitation, the requirement to notify CoBank of the commencement of material litigation and of certain environmental matters.

SECTION 4. Confirmation. Except as amended hereby, the Supplement shall remain in full force and effect as written.

SECTION 5. **Counterparts and Electronic Delivery**. This Amendment 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 Amendment may be delivered by electronic means.

(Signature page(s) follow)

IN WITNESS WHEREOF, the parties have caused this Amendment 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: Treasurer

(Signature page to the Third Amendment to
Promissory Note and Supplement (Revolving Term Loan Supplement)

Exhibit 31.1

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

I, Dennis W. Doll, certify that:

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

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

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

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

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

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

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

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

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

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

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

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

Date: May 4, 2017

Exhibit 31.2

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Date: May 4, 2017

Exhibit 32.1

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

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

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

Date: May 4, 2017

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

Exhibit 32.2

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

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

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

Date: May 4, 2017

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