

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: September 30, 2002

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 [X] 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 September 30, 2002 -----
Common Stock, No Par Value	7,745,169

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MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended September 30,	
	2002 ----	2001 ----	2002 ----	2001 ----	2002 ----	2001 ----
Operating Revenues	\$16,983,016	\$16,065,400	\$46,737,754	\$43,963,030	\$62,412,869	\$57,014,243
Operating Expenses:						
Operations	7,995,208	7,297,815	22,733,489	21,476,488	30,277,791	28,020,909
Maintenance	684,530	704,953	2,001,929	1,985,223	2,735,295	2,532,044
Depreciation	1,072,630	1,264,812	3,681,178	3,773,764	4,958,813	4,997,323
Other Taxes	2,096,025	2,031,965	5,915,163	5,618,902	7,936,667	7,245,901
Federal Income Taxes	1,381,791	1,233,979	3,089,880	2,697,309	4,106,216	3,142,499
Total Operating Expenses	13,230,184	12,533,524	37,421,639	35,551,686	50,014,782	45,938,676
Operating Income	3,752,832	3,531,876	9,316,115	8,411,344	12,398,087	11,075,567
Other Income:						
Allowance for Funds Used During Construction	34,465	38,776	186,439	77,034	249,014	91,154
Other - Net	77,893	29,017	110,621	445,186	27,786	562,013
Total Other Income	112,358	67,793	297,060	522,220	276,800	653,167
Income Before Interest Charges	3,865,190	3,599,669	9,613,175	8,933,564	12,674,887	11,728,734
Interest Charges	1,293,379	1,226,153	3,875,299	3,758,319	5,159,272	5,060,469
Net Income	2,571,811	2,373,516	5,737,876	5,175,245	7,515,615	6,668,265
Preferred Stock Dividend Requirements	63,697	63,697	191,090	191,090	254,786	254,786
Earnings Applicable to Common Stock	\$ 2,508,114	\$ 2,309,819	\$ 5,546,786	\$ 4,984,155	\$ 7,260,829	\$ 6,413,479
Earnings per share of Common Stock:						
Basic	\$ 0.32	\$ 0.30	\$ 0.72	\$ 0.66	\$ 0.95	\$ 0.85
Diluted	\$ 0.32	\$ 0.30	\$ 0.71	\$ 0.65	\$ 0.94	\$ 0.84
Average Number of Common Shares Outstanding :						
Basic	7,736,859	7,600,919	7,693,537	7,591,104	7,674,795	7,584,633
Diluted	7,994,214	7,858,274	7,950,892	7,848,459	7,932,150	7,841,988
Cash Dividends Paid per Common Share	\$ 0.210	\$ 0.207	\$ 0.630	\$ 0.620	\$ 0.840	\$ 0.827

* All share and per share amounts reflect the three-for-two common stock split effective January 2, 2002.
See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS AND OTHER DEBITS

	September 30, 2002 ----	December 31, 2001 ----
	(Unaudited)	
UTILITY PLANT:		
Water Production	\$ 71,447,751	\$ 69,636,415
Transmission and Distribution	152,595,966	145,409,761
General	21,441,962	20,797,621
Construction Work in Progress	6,476,277	3,890,406
	-----	-----
TOTAL	251,961,956	239,734,203
Less Accumulated Depreciation	46,744,227	43,670,744
	-----	-----
UTILITY PLANT-NET	205,217,729	196,063,459
	-----	-----
NONUTILITY ASSETS-NET	3,150,897	2,996,119
	-----	-----
CURRENT ASSETS:		
Cash and Cash Equivalents	1,777,077	4,534,384
Temporary Cash Investments-Restricted	7,825,070	9,210,283
Accounts Receivable (net of allowance for doubtful accounts)	6,862,869	6,665,720
Unbilled Revenues	3,425,791	2,801,015
Materials and Supplies (at average cost)	1,133,802	1,027,920
Prepayments and Other Current Assets	1,088,375	869,693
	-----	-----
TOTAL CURRENT ASSETS	22,112,984	25,109,015
	-----	-----
DEFERRED CHARGES:		
Unamortized Debt Expense	3,277,437	2,873,976
Preliminary Survey and Investigation Charges	880,953	943,622
Regulatory Assets		
Income Taxes	6,038,474	6,038,474
Post Retirement Costs	890,812	955,468
Other	1,478,368	1,393,540
	-----	-----
TOTAL DEFERRED CHARGES	12,566,044	12,205,080
	-----	-----
TOTAL	\$243,047,654 =====	\$236,373,673 =====

See Notes to Consolidated Financial Statements.

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MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND OTHER CREDITS

	September 30, 2002 ----	December 31, 2001 ----
	(Unaudited)	
CAPITALIZATION (see accompanying statements)	\$167,397,308 -----	\$164,493,833 -----
CURRENT LIABILITIES:		
Current Portion of Long-term Debt	637,945	358,836
Notes Payable	17,250,000	13,225,000
Accounts Payable	2,094,312	2,396,335
Taxes Accrued	6,905,462	6,330,877
Interest Accrued	693,222	1,813,896
Other	1,816,449	1,845,642
	-----	-----
TOTAL CURRENT LIABILITIES	29,397,390 -----	25,970,586 -----
DEFERRED CREDITS:		
Customer Advances for Construction	10,498,491	10,789,513

Accumulated Deferred Investment Tax Credits	1,873,453	1,932,416
Accumulated Deferred Federal Income Taxes	12,754,936	12,716,171
Employee Benefit Plans	5,146,289	5,262,676
Other	1,128,432	1,084,590
	-----	-----
TOTAL DEFERRED CREDITS	31,401,601	31,785,366
	-----	-----
CONTRIBUTIONS IN AID OF CONSTRUCTION	14,851,355	14,123,888
	-----	-----
TOTAL	\$243,047,654	\$236,373,673
	=====	=====

See Notes to Consolidated Financial Statements.

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MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CAPITALIZATION AND RETAINED EARNINGS

	September 30, 2002 ----	December 31, 2001 ----
	(Unaudited)	
CAPITALIZATION:		
Common Stock, No Par Value		
Shares Authorized, 20,000,000		
Shares Outstanding - 2002 - 7,745,169	\$ 52,943,939	\$ 50,099,621
2001 - 7,626,002		
Retained Earnings	22,890,926	22,190,691
	-----	-----
TOTAL COMMON EQUITY	75,834,865	72,290,312
	-----	-----
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	3,219,203	3,264,536
4.22% State Revolving Trust Note, due December 31, 2022	66,065	--
4.00% State Revolving Trust Bond, due September 1, 2021	850,000	850,000
0.00% State Revolving Fund Bond, due September 1, 2021	730,017	750,000
First Mortgage Bonds:		
7.25%, Series R, due July 1, 2021	--	6,000,000
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 August 1, 2018	862,088	917,363
4.53%, Series Y, due August 1, 2018	1,010,000	1,055,000
0.00%, Series Z, due September 1, 2019	1,907,568	2,022,396
5.25%, Series AA, due September 1, 2019	2,265,000	2,350,000
0.00%, Series BB, due September 1, 2021	2,287,385	2,350,000
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	--
	-----	-----
SUBTOTAL LONG-TERM DEBT	88,137,326	88,499,295
	-----	-----
Less: Current Portion of Long-term Debt	(637,945)	(358,836)
	-----	-----
TOTAL LONG-TERM DEBT	87,499,381	88,140,459
	-----	-----
TOTAL CAPITALIZATION	\$ 167,397,308	\$ 164,493,833
	=====	=====
	Nine Months Ended September 30, 2002 ----	Year Ended December 31, 2001 ----
	(Unaudited)	
RETAINED EARNINGS:		
BALANCE AT BEGINNING OF PERIOD	\$22,190,691	\$21,796,707
Net Income	5,737,876	6,952,984
	-----	-----
TOTAL	27,928,567	28,749,691
	-----	-----
Cash Dividends:		
Cumulative Preferred Stock	191,090	254,786
Common Stock	4,842,863	6,304,214

Common Stock Expenses	3,688	--
	-----	-----
TOTAL DEDUCTIONS	5,037,641	6,559,000
	-----	-----
BALANCE AT END OF PERIOD	\$22,890,926	\$22,190,691
	=====	=====

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended Sept 30 2002 ----	2001 ----	Twelve Months Ended Sept 30 2002 ----	2001 ----
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income	\$ 5,737,876	\$ 5,175,245	\$ 7,515,615	\$ 6,668,265
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	3,969,132	4,041,507	5,231,161	5,329,980
Provision for Deferred Income Taxes	38,765	245,139	112,598	211,708
Allowance for Funds Used During Construction	(186,439)	(77,034)	(249,014)	(91,154)
Changes in Current Assets and Liabilities:				
Accounts Receivable	(197,149)	(1,682,305)	102,232	(740,433)
Accounts Payable	(302,023)	(533,231)	188,881	(360,834)
Accrued Taxes	574,585	955,034	(99,894)	406,305
Accrued Interest	(1,120,674)	(1,053,436)	(50,862)	(182,888)
Unbilled Revenues	(624,776)	27,644	(484,392)	60,363
Employee Benefit Plans	(116,387)	518,383	(30,458)	(242,582)
Other-Net	(574,807)	(495,110)	173,882	(846,549)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,198,103	7,121,836	12,409,749	10,212,181
CASH FLOWS FROM INVESTING ACTIVITIES:				
Utility Plant Expenditures*	(12,820,622)	(8,854,026)	(16,713,628)	(12,561,298)
Note Receivable	--	97,500	--	85,500
Preliminary Survey and Investigation Charges	62,669	(312,012)	4,187	(371,667)
Other-Net	12,737	84,326	431,414	(811,036)
NET CASH USED IN INVESTING ACTIVITIES	(12,745,216)	(8,984,212)	(16,278,027)	(13,658,501)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Redemption of Long-term Debt	(6,428,035)	(201,414)	(6,442,480)	(214,622)
Proceeds from Issuance of Long-term Debt	6,066,065	(895)	12,456,960	(895)
Short-term Bank Borrowings	4,025,000	5,650,000	5,550,000	5,675,000
Deferred Debt Issuance Expenses	(501,558)	(4,739)	(508,259)	(46,356)
Temporary Cash Investments-Restricted	1,385,213	216,941	(5,222,350)	1,760,034
Proceeds from Issuance of Common Stock-Net	2,840,631	945,871	3,155,895	1,252,666
Payment of Common Dividends	(4,842,862)	(4,704,789)	(6,442,287)	(6,267,651)
Payment of Preferred Dividends	(191,089)	(191,090)	(254,785)	(254,786)
Construction Advances and Contributions-Net	436,441	265,417	742,581	676,168
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	2,789,806	1,975,302	3,035,275	2,579,558
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,757,307)	112,926	(833,003)	(866,762)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,534,384	2,497,154	2,610,080	3,476,842
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1,777,077	\$ 2,610,080	\$ 1,777,077	\$ 2,610,080
	=====	=====	=====	=====

* Excludes Allowance for Funds Used During Construction

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:

Cash Paid During the Period for:

Interest (net of amounts capitalized)	\$ 4,752,593	\$ 4,477,610	\$ 5,055,192	\$ 4,846,371
Income Taxes	\$ 2,729,500	\$ 1,972,792	\$ 4,431,500	\$ 2,852,792

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 (Bayview). 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. On January 1, 2002 the Company adopted Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets." There was no impact on the results of operations upon adoption of this accounting method.

The consolidated notes accompanying the 2001 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 September 30, 2002 and the results of operations and its cash flows for the periods ended September 30, 2002 and 2001. Information included in the Balance Sheet as of December 31, 2001, 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, 2001.

Note 2 - Regulatory Matters

Base Rate Cases - On January 25, 2002, Tidewater filed for a 24.0% or \$1.5 million phased-in rate increase. Although the financial information submitted in its petition supports a 30.8% increase, Tidewater has requested the lower amount and a three-phase increase in an attempt to reduce potential rate shock to its customers. The first phase increase of 8.0% was implemented under the interim rate rules on April 1, 2002. An update of the original filing supports a 28.8% increase. Three separate Public Comment Sessions were held in April 2002. These meetings afford our customers the opportunity to express their opinions, which become part of the legal record, on the rate increase as well as water quality and the operations of the water systems. Tidewater, the Ratepayer Advocate and the Delaware Public Service Commission (PSC) Staff have agreed to a stipulated rate base. For the remaining unresolved issues, evidentiary hearings were held on July 17 and 18, 2002. The most significant issue is the PSC Staff's position imputing a hypothetical capital structure and debt cost by using Middlesex consolidated capital structure and cost of debt. Tidewater utilized its actual capital structure and debt cost in its rate filing, which we believe is consistent with the Delaware regulatory rules and court rulings. Tidewater cannot predict the outcome of this rate case, but hopes to receive a decision by the end of 2002.

Note 3 - Capitalization

Common Stock - During the three months ended September 30, 2002, 16,579 common shares (\$0.4 million) were issued under the Company's Dividend Reinvestment and Common Stock Purchase Plan.

Long-term Debt - On February 6, 2002, Middlesex issued its \$6.0 million, 5.10%, Series DD First Mortgage Bonds. The proceeds were used to redeem and retire the \$6.0 million, 7.25%, Series R First Mortgage Bonds on March 5, 2002.

Bayview had submitted its financial application with the New Jersey State Revolving Fund (NJSRF) to borrow up to \$750,000 for the design and construction of an elevated water storage tank. Due to tank location and permitting issues, Bayview is unable to meet the NJSRF 2002 financing timetable and has requested that its application be bypassed for this year. We are currently evaluating which fiscal year financing timetable is most appropriate for this project.

Note 4 - 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 September 30,				Nine Months Ended September 30,				Twelve Months Ended September 30,			
	2002 Income	Shares	2001 Income	Shares	2002 Income	Shares	2001 Income	Shares	2002 Income	Shares	2001 Income	Shares
Net Income	\$ 2,572	7,737	\$ 2,374	7,601	\$ 5,738	7,694	\$ 5,175	7,591	\$ 7,516	7,675	\$ 6,668	7,585
Preferred Dividend	(64)		(64)		(191)		(191)		(255)		(255)	
Earnings Applicable to Common Stock	\$ 2,508	7,737	\$ 2,310	7,601	\$ 5,547	7,694	\$ 4,984	7,591	\$ 7,261	7,675	\$ 6,413	7,585
Basic EPS	\$ 0.32		\$ 0.30		\$ 0.72		\$ 0.66		\$ 0.95		\$ 0.85	

Diluted:												
Earnings Applicable to Common Stock	\$ 2,508	7,737	\$ 2,310	7,601	\$ 5,547	7,694	\$ 4,984	7,591	\$ 7,261	7,675	\$ 6,413	7,585
\$7.00 Series Dividend	26	134	26	134	78	134	78	134	104	134	104	134
\$8.00 Series Dividend	24	123	24	123	72	123	72	123	96	123	96	123
Adjusted Earnings Applicable to Common Stock	\$ 2,558	7,994	\$ 2,360	7,858	\$ 5,697	7,951	\$ 5,134	7,848	\$ 7,461	7,932	\$ 6,613	7,842
Diluted EPS	\$ 0.32		\$ 0.30		\$ 0.71		\$ 0.65		\$ 0.94		\$ 0.84	

Note 5 - Business Segment Data

The Company has identified two reportable segments. One is the regulated business of collecting, treating and distributing water on a retail and wholesale basis to residential, commercial, industrial and fire protection customers in parts of New Jersey and Delaware. 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. 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 interest rates that are below what would normally be charged by a third party lender.

Operations by Segments:	Three Months Ended		(Thousands of Dollars)		Twelve Months Ended	
	September 30,		September 30,		September 30,	
	2002	2001	2002	2001	2002	2001
Revenues:						
Regulated	\$ 14,968	\$ 14,389	\$ 41,156	\$ 38,858	\$ 54,593	\$ 50,256
Non - Regulated	2,026	1,685	5,611	5,132	7,858	6,794
Inter-segment Elimination	(11)	(9)	(29)	(27)	(38)	(36)
Consolidated Revenues	\$ 16,983	\$ 16,065	\$ 46,738	\$ 43,963	\$ 62,413	\$ 57,014
Operating Income:						
Regulated	\$ 3,661	\$ 3,415	\$ 9,088	\$ 8,137	\$ 12,041	\$ 10,705
Non - Regulated	92	117	228	274	357	371
Inter-segment Elimination	--	--	--	--	--	--
Consolidated Operating Income	\$ 3,753	\$ 3,532	\$ 9,316	\$ 8,411	\$ 12,398	\$ 11,076
Depreciation/Amortization:						
Regulated	\$ 1,063	\$ 1,251	\$ 3,653	\$ 3,732	\$ 4,916	\$ 4,940
Non - Regulated	10	14	28	42	43	57
Inter-segment Elimination Consolidation	--	--	--	--	--	--
Depreciation/Amortization	\$ 1,073	\$ 1,265	\$ 3,681	\$ 3,774	\$ 4,959	\$ 4,997
Other Income:						
Regulated	\$ 858	\$ 542	\$ 1,962	\$ 1,396	\$ 2,339	\$ 1,789
Non - Regulated	(13)	4	23	59	26	65
Inter-segment Elimination	(733)	(478)	(1,688)	(933)	(2,088)	(1,201)
Consolidated Other Income	\$ 112	\$ 68	\$ 297	\$ 522	\$ 277	\$ 653
Interest Expense:						
Regulated	\$ 1,575	\$ 1,439	\$ 4,681	\$ 4,397	\$ 6,190	\$ 5,899
Non - Regulated	13	14	40	42	54	28
Inter-segment Elimination	(295)	(227)	(846)	(681)	(1,085)	(867)
Consolidated Interest Expense	\$ 1,293	\$ 1,226	\$ 3,875	\$ 3,758	\$ 5,159	\$ 5,060
Net Income:						
Regulated	\$ 2,945	\$ 2,518	\$ 6,369	\$ 5,135	\$ 8,190	\$ 6,595
Non - Regulated	66	107	211	292	329	407
Inter-segment Elimination	(439)	(251)	(842)	(252)	(1,003)	(334)
Consolidated Net Income	\$ 2,572	\$ 2,374	\$ 5,738	\$ 5,175	\$ 7,516	\$ 6,668
Capital Expenditures:						
Regulated	\$ 3,645	\$ 5,102	\$ 12,620	\$ 8,769	\$ 16,500	\$ 12,430
Non - Regulated	132	21	201	85	214	131
Inter-segment Elimination	--	--	--	--	--	--
Total Capital Expenditures	\$ 3,777	\$ 5,123	\$ 12,821	\$ 8,854	\$ 16,714	\$ 12,561

As of	As of
September 30,	December 31,
2002	2001
----	----

Assets:	
Regulated	\$277,332
Non - Regulated	3,707
Inter-segment Elimination	(37,991)
Consolidated Assets	\$243,048
	=====
	\$264,601
	3,858
	(32,085)
	\$236,374
	=====

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

Results of Operations - Three Months Ended September 30, 2002

Operating revenues for the three months ended September 30, 2002 were up \$0.9 million or 5.71% from the same period in 2001. Higher base rates in Delaware provided \$0.2 million of the increase. Although sales were flat in New Jersey, revenues grew by \$0.3 million from customer growth in Delaware. Service fees from our operations and maintenance contracts rose \$0.3 million due to an increase in fixed fees for sewer disposal costs under the City of Perth Amboy contract. The acquisition of Southern Shores generated the remaining revenue increase of \$0.1 million.

Operating expenses increased \$0.7 million or 5.57%. Operations and Maintenance

(O&M) expenses increased \$0.7 million or 8.46% over the prior period. Approximately \$0.1 million of this increase is due to the inclusion of Southern Shores expenses. O&M expenses rose \$0.2 million in New Jersey due to increased employee benefits and business insurance costs. Tidewater O&M expenses increased by \$0.1 million as customer growth increased production related costs and the need for additional employees. There were higher sewer disposal costs of \$0.3 million for USA-PA.

Depreciation expense decreased \$0.2 million, or 15.19% due to a one-time reconciliation of depreciation on transportation equipment. Those fixed assets had been fully depreciated prior to 2002.

Higher Federal income taxes of \$0.1 million over last year are attributable to favorable operating results during the last three months.

Net income for the quarter was up \$0.2 million from the same period in 2001 and earnings per share increased \$0.02 per share.

Results of Operations - Nine Months Ended September 30, 2002

Operating revenues for the nine months rose \$2.8 million or 6.31% over the prior year. Higher base rates in our New Jersey and Delaware service territories provided \$1.9 million of the increase. Consumption growth of \$0.8 million in Delaware was offset completely by lower consumption in our Middlesex system. Service fees from our operations and maintenance contracts rose \$0.5 million due to an increase in fixed fees for sewer disposal costs under the City of Perth Amboy contract. The acquisition of Bayview and Southern Shores generated additional revenues of \$0.4 million.

Operating expenses increased by \$1.9 million for the year. O&M expenses accounted for \$1.3 million of the increase. There were higher sewer disposal costs of \$0.6 million for USA-PA. An increase in our Delaware employee base, general wage increases and higher costs associated with employee medical and retirement benefits pushed up O&M costs by \$0.4 million. Approximately \$0.2 million is due to the inclusion of O&M expenses of Southern Shores for the entire period. In New Jersey, lower production costs offset most of the effect of higher employee related expenses and business insurance costs.

Other taxes increased by \$0.3 million generally due to revenue related taxes on higher New Jersey based revenues and increased real estate taxes in both New Jersey and Delaware. Higher Federal income taxes of \$0.4 million over last year are attributable to the favorable operating results during the first nine months of 2002.

AFUDC rose \$0.1 million for the year as Tidewater's capital program now includes larger projects with longer construction schedules. Other income was lower by \$0.3 million due mostly to the recognition in 2001 of a one-time gain reported by an entity that Middlesex owns a 23% equity interest.

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 \$6.0 million refinancing of long-term debt at a lower rate helped to keep the interest expense increase to 3.1%.

Net income rose to \$5.7 million from \$5.2 million and basic and diluted earnings per share rose \$0.06.

Results of Operations - Twelve Months Ended September 30, 2002

Operating revenues for the twelve months ended September 30, 2002 were up \$5.4 million to \$62.4 million. Higher consumption in our Delaware service territories provided \$1.2 million of additional revenue. Fueling the consumption growth is the 12.8% increase in our Delaware customer base since September 2001. Consumption revenue fell \$0.3 million in New Jersey due to the impact of mandatory drought restrictions put in place in early 2002. Rate increases in New Jersey and Delaware accounted for \$2.8 million. Service fees from our operations and maintenance contracts rose \$1.0 million, due to increased fixed fees for sewer disposal costs under the City of Perth Amboy contract. The \$0.7 million balance of the increase is the result of the acquisition of the Bayview and Southern Shores water utilities.

Operating expenses increased \$4.1 million or 8.87%. The \$2.5 million increase in O&M costs is attributable to a \$1.0 million increase for sewer disposal costs under the City of Perth Amboy contract and the inclusion of costs of \$0.3 million associated with the Bayview and Southern Shores systems. In addition, purchased water was up \$0.2 million and employee-related and business insurance costs rose to \$1.0 million.

Other taxes increased by \$0.7 million due to higher revenue related taxes from our regulated New Jersey operations and increased real estate taxes in both New Jersey and Delaware. Federal income taxes rose \$1.0 million, or 30.67% as a result of the higher amount of taxable income.

Other income fell \$0.4 million due in part to the recognition in 2001 of a one-time gain of \$0.3 million on the sale of excess land by a small investor owned utility in Southern Delaware. Middlesex is a 23% equity owner of that utility. Lower earnings on short-term investments also reduced other income.

Net income increased 12.71% to \$7.5 million. Basic and diluted earnings per share jumped by \$0.10 to \$0.95 and \$0.94 per share respectively.

Capital Resources

The Company's capital program for 2002 is estimated to be \$17.5 million and includes \$7.4 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 150 miles of unlined mains in the 730-mile Middlesex system. Additional expenditures on the upgrade to the CJO Plant are estimated at \$0.6 million. The capital program also includes \$6.5 million for scheduled upgrades to our existing systems in New Jersey. The scheduled upgrades consist of \$2.4 million for mains, \$0.9 million for service lines, \$0.3 million for meters, \$0.3 million for hydrants, \$0.1 million for computer systems and \$2.5 million for various other items.

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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 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 from 2002 through 2004 (see Note 3 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 \$12.2 million have been incurred in the nine months ended September 30, 2002.

The Company will also utilize short-term borrowings through \$30.0 million of available lines of credit with three commercial banks for working capital purposes. At September 30, 2002, there was \$17.3 million outstanding against the lines of credit.

Outlook

After implementing more restrictive water use rules in late August 2002, the State of New Jersey once again eased its water restrictions that had been declared as part of the statewide drought emergency. Personal car washing is permitted on weekends and residents are permitted to water lawns on an odd-even day system. The loosening of restrictions will have a minimal impact for the remainder of 2002. We are encouraged by recent weather patterns, which have helped refill the State's reservoir system. The State relies on the reservoir levels to help determine the level of water restriction rules necessary to impose on the residents of New Jersey.

Earlier in the year, a drought warning had been declared by the Governor of Delaware. Water users have been asked and are encouraged to conserve water.

Tidewater, which operates south of the Delaware and Chesapeake Canal (D&C Canal), relies on well water for 100% of its water supply. The State of Delaware is primarily concerned about the larger surface water systems north of the D&C Canal, which draw their water from rivers and reservoirs. It is expected that drought-related conservation in Delaware will somewhat temper revenue increases from the projected 9% customer growth for 2002 as well as the 8% interim rate increase.

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 August 21, 2002

SIGNATURES

I, J. Richard Tompkins, 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/ J. Richard Tompkins

J. Richard Tompkins
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: November 14, 2002

CERTIFICATIONS*

I, J. Richard Tompkins, 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: November 14, 2002

/s/ J. Richard Tompkins

J. Richard Tompkins
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: November 14, 2002

/s/ A. Bruce O'Connor

A. Bruce O'Connor
Chief Financial Officer