

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: June 30, 2002

Commission File
No. 0-422

MIDDLESEX WATER COMPANY

(Exact name of registrant as specified in its charter)

INCORPORATED IN NEW JERSEY

22-1114430

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1500 RONSON ROAD, ISELIN, NJ

08830

(Address of principal executive offices)

(Zip Code)

(732) 634-1500

(Registrant's telephone number, including area code)

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

YES [] . NO [] .

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

Class -----	Outstanding at June 30, 2002 -----
Common Stock, No Par Value	7,728,590

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MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,	
	2002	2001	2002	2001	2002	2001
	----	----	----	----	----	----
Operating Revenues	\$15,525,335	\$14,753,732	\$29,754,738	\$27,897,630	\$61,495,253	\$55,335,842
Operating Expenses:						
Operations	7,524,713	7,156,442	14,738,281	14,178,673	29,580,398	27,780,155
Maintenance	659,835	657,901	1,317,399	1,280,270	2,755,718	2,519,153
Depreciation	1,312,830	1,259,107	2,608,548	2,508,952	5,150,995	4,903,245
Other Taxes	1,967,478	1,883,940	3,819,138	3,586,937	7,872,607	7,085,703
Federal Income Taxes	1,009,184	988,394	1,708,089	1,463,330	3,958,404	2,809,363
	-----	-----	-----	-----	-----	-----
Total Operating Expenses	12,474,040	11,945,784	24,191,455	23,018,162	49,318,122	45,097,619
	-----	-----	-----	-----	-----	-----
Operating Income	3,051,295	2,807,948	5,563,283	4,879,468	12,177,131	10,238,223
Other Income:						
Allowance for Funds Used During Construction	81,691	22,353	151,974	38,258	253,325	128,655
Other - Net	4,815	345,010	32,728	416,169	(21,090)	569,696
	-----	-----	-----	-----	-----	-----
Total Other Income	86,506	367,363	184,702	454,427	232,235	698,351
Income Before Interest Charges	3,137,801	3,175,311	5,747,985	5,333,895	12,409,366	10,936,574
	-----	-----	-----	-----	-----	-----
Interest Charges	1,248,442	1,257,232	2,581,920	2,532,166	5,092,046	5,104,382
	-----	-----	-----	-----	-----	-----
Net Income	1,889,359	1,918,079	3,166,065	2,801,729	7,317,320	5,832,192
Preferred Stock Dividend Requirements	63,696	63,696	127,393	127,393	254,786	254,786
	-----	-----	-----	-----	-----	-----
Earnings Applicable to Common Stock	\$1,825,663	\$1,854,383	\$3,038,672	\$2,674,336	\$7,062,534	\$5,577,406
	=====	=====	=====	=====	=====	=====
Earnings per share of Common Stock:						
Basic	\$ 0.24	\$ 0.24	\$ 0.40	\$ 0.35	\$ 0.92	\$ 0.74
Diluted	\$ 0.24	\$ 0.24	\$ 0.40	\$ 0.35	\$ 0.92	\$ 0.74
Average Number of Common Shares Outstanding :						
Basic	7,702,843	7,593,257	7,671,517	7,586,117	7,640,530	7,568,435
Diluted	7,960,198	7,850,612	7,928,872	7,843,472	7,897,885	7,825,790
Cash Dividends Paid per Common Share	\$ 0.210	\$0.207	\$0.420	\$0.413	\$0.840	\$0.823

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS AND OTHER DEBITS

	June 30, 2002	December 31, 2001
	----- (Unaudited)	-----
UTILITY PLANT:		
Water Production	\$ 71,413,329	\$ 69,636,415
Transmission and Distribution	151,460,601	145,409,761
General	21,209,244	20,797,621
Construction Work in Progress	4,305,102	3,890,406
	-----	-----
TOTAL	248,388,276	239,734,203
Less Accumulated Depreciation	45,801,257	43,670,744
	-----	-----
UTILITY PLANT-NET	202,587,019	196,063,459
	-----	-----
NONUTILITY ASSETS-NET	3,034,428	2,996,119
	-----	-----
CURRENT ASSETS:		
Cash and Cash Equivalents	1,280,907	4,534,384
Temporary Cash Investments-Restricted	7,866,839	9,210,283
Accounts Receivable (net of allowance for doubtful accounts)	6,105,570	6,665,720
Unbilled Revenues	3,665,056	2,801,015
Materials and Supplies (at average cost)	1,178,635	1,027,920
Prepayments and Other Current Assets	1,286,829	869,693
	-----	-----
TOTAL CURRENT ASSETS	21,383,836	25,109,015
	-----	-----
DEFERRED CHARGES:		
Unamortized Debt Expense	3,408,983	2,873,976
Preliminary Survey and Investigation Charges	953,579	943,622
Regulatory Assets		
Income Taxes	6,038,474	6,038,474
Post Retirement Costs	912,364	955,468
Other	1,473,749	1,393,540
	-----	-----
TOTAL DEFERRED CHARGES	12,787,149	12,205,080
	-----	-----
TOTAL	\$239,792,432	\$236,373,673
	=====	=====

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND OTHER CREDITS

	June 30, 2002	December 31, 2001
	----- (Unaudited)	-----
CAPITALIZATION (see accompanying statements)	\$166,499,715	\$164,493,833
	-----	-----
CURRENT LIABILITIES:		
Current Portion of Long-term Debt	486,853	358,836
Notes Payable	12,625,000	13,225,000
Accounts Payable	3,765,443	2,396,335
Taxes Accrued	6,774,389	6,330,877
Interest Accrued	1,790,924	1,813,896
Other	1,819,741	1,845,642
	-----	-----
TOTAL CURRENT LIABILITIES	27,262,350	25,970,586
	-----	-----
DEFERRED CREDITS:		
Customer Advances for Construction	10,476,043	10,789,513
Accumulated Deferred Investment Tax Credits	1,893,108	1,932,416
Accumulated Deferred Federal Income Taxes	12,806,460	12,716,171
Employee Benefit Plans	5,009,625	5,262,676
Other	1,071,285	1,084,590
	-----	-----
TOTAL DEFERRED CREDITS	31,256,521	31,785,366
	-----	-----
CONTRIBUTIONS IN AID OF CONSTRUCTION	14,773,846	14,123,888
	-----	-----
TOTAL	\$239,792,432	\$236,373,673
	=====	=====

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CAPITALIZATION AND RETAINED EARNINGS

	June 30, 2002 ----- (Unaudited)	December 31, 2001 -----
CAPITALIZATION:		
Common Stock, No Par Value		
Shares Authorized, 20,000,000		
Shares Outstanding - 2002 - 7,728,590; 2001 - 7,626,002	\$ 52,495,103	\$ 50,099,621
Retained Earnings	22,006,517	22,190,691
	-----	-----
TOTAL COMMON EQUITY	74,501,620	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	3,234,654	3,264,536
4.00% State Revolving Trust Bond, due September 1, 2021	850,000	850,000
0.00% State Revolving Fund Bond, due September 1, 2021	750,000	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	903,168	917,363
4.53%, Series Y, due August 1, 2018	1,055,000	1,055,000
0.00%, Series Z, due September 1, 2019	1,989,064	2,022,396
5.25%, Series AA, due September 1, 2019	2,350,000	2,350,000
0.00%, Series BB, due September 1, 2021	2,350,000	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	88,421,886	88,499,295
	-----	-----
Less: Current Portion of Long-term Debt	(486,853)	(358,836)
	-----	-----
TOTAL LONG-TERM DEBT	87,935,033	88,140,459
	-----	-----
TOTAL CAPITALIZATION	\$ 166,499,715	\$ 164,493,833
	=====	=====

	Six Months Ended June 30, 2002 ----- (Unaudited)	Year Ended December 31, 2001 -----
RETAINED EARNINGS:		
BALANCE AT BEGINNING OF PERIOD	\$22,190,691	\$21,796,707
Net Income	3,166,065	6,952,984
	-----	-----
TOTAL	25,356,756	28,749,691
	-----	-----
Cash Dividends:		
Cumulative Preferred Stock	127,393	254,786
Common Stock	3,219,158	6,304,214
Common Stock Expenses	3,688	--
	-----	-----
TOTAL DEDUCTIONS	3,350,239	6,559,000
	-----	-----
BALANCE AT END OF PERIOD	\$22,006,517	\$22,190,691
	=====	=====

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended 2002 ----	June 30 2001 ----	Twelve Months Ended 2002 ----	June 30 2001 ----
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income	\$ 3,166,065	\$ 2,801,729	\$ 7,317,320	\$ 5,832,192
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	2,804,251	2,693,378	5,414,409	5,222,933
Provision for Deferred Income Taxes	90,289	99,130	310,131	211,875
Allowance for Funds Used During Construction	(137,551)	(38,258)	(238,902)	(128,655)
Changes in Current Assets and Liabilities:				
Accounts Receivable	560,162	(958,650)	135,888	(172,729)
Accounts Payable	1,367,259	(232,483)	1,557,415	(708,406)
Accrued Taxes	443,512	741,216	(17,149)	689,324
Accrued Interest	(21,123)	(12,304)	7,557	(23,114)
Unbilled Revenues	(864,041)	(505,458)	(190,555)	(297,939)
Employee Benefit Plans	(276,646)	371,442	(43,776)	(183,999)
Other-Net	(748,014)	(525,954)	31,519	(826,132)
	-----	-----	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,384,163	4,433,788	14,283,857	9,615,350
	-----	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:				
Utility Plant Expenditures*	(9,044,088)	(3,730,912)	(18,060,208)	(11,483,149)
Note Receivable	--	97,500	--	70,500
Preliminary Survey and Investigation Charges	(9,957)	(460,720)	80,269	(338,985)
Other-Net	(31,143)	(572,013)	1,043,873	(1,343,964)
	-----	-----	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(9,085,188)	(4,666,145)	(16,936,066)	(13,095,598)
	-----	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:				
Redemption of Long-term Debt	(6,077,409)	(75,355)	(6,217,913)	(241,524)
Proceeds from Issuance of Long-term Debt	6,000,000	--	12,390,000	--
Short-term Bank Borrowings	(600,000)	3,050,000	3,525,000	6,100,000
Deferred Debt Issuance Expenses	(600,208)	(1,885)	(609,763)	(43,502)
Temporary Cash Investments-Restricted	1,343,444	(558)	(5,046,620)	3,032,935
Proceeds from Issuance of Common Stock-Net	2,391,794	648,264	3,004,665	1,274,765
Payment of Common Dividends	(3,219,158)	(3,134,478)	(6,388,894)	(6,229,177)
Payment of Preferred Dividends	(127,393)	(127,393)	(254,786)	(254,786)
Construction Advances and Contributions-Net	336,477	336,166	571,868	684,672
	-----	-----	-----	-----
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(552,453)	694,761	973,557	4,323,383
	-----	-----	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,253,478)	462,404	(1,678,652)	843,135
	-----	-----	-----	-----
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,534,384	2,497,154	2,959,558	2,116,423
	-----	-----	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1,280,906	\$ 2,959,558	\$ 1,280,906	\$ 2,959,558
	=====	=====	=====	=====
* Excludes Allowance for Funds Used During Construction				
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:				
Cash Paid During the Period for:				
Interest (net of amounts capitalized)	\$ 2,870,149	\$ 2,450,576	\$ 5,199,782	\$ 4,787,960
Income Taxes	\$ 1,622,500	\$ 1,157,792	\$ 4,139,500	\$ 2,102,100

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 No.142, "Goodwill and Other Intangible Assets". There was no impact on the financial statements.

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 June 30, 2002 and the results of operations and its cash flows for the periods ended June 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 of 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 can not predict the outcome of this rate case, but hopes to receive a decision early in the fourth quarter of 2002.

While the parties to the Bayview rate case have considered a stipulated rate increase of 120.3%, they have been unable formally to reach an agreement. Several options, including an extended phase in period, have been considered. The BPU is required by statute to render a decision on Bayview's base rate increase request by September 20, 2002. Hearings are scheduled for August 20, 2002.

Note 3 - Capitalization

Common Stock - During the three months ended June 30, 2002, there were 69,246 common shares (\$1.6 million) issued under the Company's Dividend Reinvestment and Common Stock Purchase Plan. The increase in participation in this Plan can be attributed to the 5% discount on optional cash payments and reinvested dividends that began on March 1, 2002. The discount period ended July 1, 2002 when the maximum level of 100,000 shares were issued.

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 anticipate that all the necessary steps will be completed to comply with the 2003 NJSRF financing timetable.

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.

(In Thousands Except for per Share Amounts)

	Three Months Ended June 30,			Six Months Ended June 30,			Twelve Months Ended June 30,					
	2002 Income	Shares	2001 Income	Shares	2002 Income	Shares	2001 Income	Shares	2002 Income		Shares	2001 Income

Basic:												
Net Income	\$ 1,890	7,703	\$ 1,918	7,593	\$ 3,166	7,672	\$ 2,801	7,586	\$ 7,318	7,641	\$ 5,832	7,568
Preferred Dividend	(64)		(64)		(127)		(127)		(255)		(255)	
Earnings Applicable to Common Stock	\$ 1,826	7,703	\$ 1,854	7,593	\$ 3,039	7,672	\$ 2,674	7,586	\$ 7,063	7,641	\$ 5,577	7,568
Basic EPS	\$ 0.24		\$ 0.24		\$ 0.40		\$ 0.35		\$ 0.92		\$ 0.74	

Diluted:												

Earnings Applicable to Common Stock	\$ 1,826	7,703	\$ 1,854	7,593	\$ 3,039	7,672	\$ 2,674	7,586	\$ 7,063	7,641	\$ 5,577	7,568
\$7.00 Series Dividend	26	134	26	134	52	134	52	134	104	134	104	134
\$8.00 Series Dividend	24	123	24	123	48	123	48	123	96	123	96	123
Adjusted Earnings Applicable to Common Stock	\$ 1,876	7,960	\$ 1,904	7,850	\$ 3,139	7,929	\$ 2,774	7,843	\$ 7,263	7,898	\$ 5,777	7,825
Diluted EPS	\$ 0.24		\$ 0.24		\$ 0.40		\$ 0.35		\$ 0.92		\$ 0.74	

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 through expenses. Finance charges on inter-segment loan activities are based on interest rates that are below what would normally be charged by a third party lender.

Operations by Segments:	(Thousands of Dollars)					
	Three Months Ended June 30, 2002		Six Months Ended June 30, 2001		Twelve Months Ended June 30, 2001	
Revenues:						
Regulated	\$ 13,661	\$ 13,059	\$ 26,188	\$ 24,469	\$ 54,014	\$ 48,524
Non - Regulated	1,873	1,704	3,585	3,447	7,517	6,848
Inter-segment Elimination	(9)	(9)	(18)	(18)	(36)	(36)
Consolidated Revenues	\$ 15,525	\$ 14,754	\$ 29,755	\$ 27,898	\$ 61,495	\$ 55,336
Operating Income:						
Regulated	\$ 2,970	\$ 2,702	\$ 5,427	\$ 4,722	\$ 11,795	\$ 9,893
Non - Regulated	81	106	136	157	382	345
Inter-segment Elimination	--	--	--	--	--	--
Consolidated Operating Income	\$ 3,051	\$ 2,808	\$ 5,563	\$ 4,879	\$ 12,177	\$ 10,238
Depreciation/Amortization:						
Regulated	\$ 1,303	\$ 1,245	\$ 2,590	\$ 2,481	\$ 5,104	\$ 4,846
Non - Regulated	10	14	19	28	47	57
Inter-segment Elimination	--	--	--	--	--	--
Consolidated Depreciation/Amortization	\$ 1,313	\$ 1,259	\$ 2,609	\$ 2,509	\$ 5,151	\$ 4,903
Other Income:						
Regulated	\$ 682	\$ 617	\$ 1,104	\$ 853	\$ 2,023	\$ 1,534
Non - Regulated	1	5	35	55	42	62
Inter-segment Elimination	(596)	(255)	(954)	(454)	(1,833)	(898)
Consolidated Other Income	\$ 87	\$ 367	\$ 185	\$ 454	\$ 232	\$ 698
Interest Expense:						
Regulated	\$ 1,526	\$ 1,476	\$ 3,107	\$ 2,958	\$ 6,055	\$ 5,897
Non - Regulated	13	14	26	28	54	39
Inter-segment Elimination	(291)	(233)	(551)	(454)	(1,017)	(832)
Consolidated Interest Expense	\$ 1,248	\$ 1,257	\$ 2,582	\$ 2,532	\$ 5,092	\$ 5,104
Net Income:						
Regulated	\$ 2,126	\$ 1,843	\$ 3,424	\$ 2,617	\$ 7,763	\$ 5,529
Non - Regulated	69	97	145	184	370	368
Inter-segment Elimination	(305)	(22)	(403)	--	(816)	(65)
Consolidated Net Income	\$ 1,890	\$ 1,918	\$ 3,166	\$ 2,801	\$ 7,317	\$ 5,832
Capital Expenditures:						
Regulated	\$ 5,215	\$ 2,419	\$ 8,975	\$ 3,667	\$ 17,957	\$ 11,365
Non - Regulated	25	29	69	64	103	118
Inter-segment Elimination	--	--	--	--	--	--
Total Capital Expenditures	\$ 5,240	\$ 2,448	\$ 9,044	\$ 3,731	\$ 18,060	\$ 11,483

	As of June 30, 2002	As of December 31, 2001
Assets:		
Regulated	\$271,744	\$264,601
Non - Regulated	3,340	3,858
Inter-segment Elimination	(35,292)	(32,085)
Consolidated Assets	\$239,792	\$236,374

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

Results of Operations - Three Months Ended June 30, 2002

Operating revenues for the three months ended June 30, 2002 were up \$0.8 million or 5.23% from the same period in 2001. Higher base rates in our New Jersey and Delaware service territories provided \$0.9 million of the increase. Lower consumption of \$0.7 million in our New Jersey systems offset \$0.2 million of revenues from customer growth within existing systems in Delaware. Service fees from our operations and maintenance contracts rose \$0.2 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 the remaining revenue increase of \$0.2 million.

Operating expenses increased \$0.5 million or 4.42%. Operations and Maintenance O&M expenses increased \$0.4 million or 4.74% over the prior period. Approximately \$0.1 million of this increase is due to the inclusion of Bayview and Southern Shores expenses. O&M expenses were down slightly in New Jersey due to lower costs associated with production. 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 \$0.2 million for USA-PA. Depreciation expense increased 4.27% over the same period from last year. Plant improvements amounted to \$10.3 million over the last twelve months.

Other taxes rose \$0.1 million due to higher revenue related taxes on additional revenues from our regulated New Jersey operations and increased real estate taxes in both New Jersey and Delaware.

Allowance for Funds Used During Construction (AFUDC) rose during the quarter as Tidewater's capital program now includes larger projects with longer construction schedules. Other income was lower by \$0.3 million due 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 during the quarter, lower interest rates on short-term debt and the \$6.0 million refinancing of long-term debt at a lower rate caused interest expense to decline over last year.

Net Income for the quarter were slightly below 2001 results and earnings per share were flat at \$0.24.

Results of Operations - Six Months Ended June 30, 2002

Operating revenues for the six months rose \$1.9 million or 6.66% over the prior year. Higher base rates in our New Jersey and Delaware service territories provided \$1.7 million of the increase. Consumption growth of \$0.5 million in Delaware was offset by lower consumption revenues of \$0.6 million in our Middlesex system. The acquisition of Bayview and Southern Shores generated additional revenues of \$0.3 million.

Operating expenses increased by \$1.2 million for the year. O&M expenses accounted for \$0.6 million of the increase. An increase in our Delaware employee base, general wage increases and higher costs associated with employee medical and retirement benefits contributed to the higher O&M costs. Approximately \$0.1 million is due to the inclusion of Bayview and Southern Shores O&M expenses.

Other taxes increased by \$0.2 million 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 \$0.2 million over last year are attributable to the favorable operating results during the first half of 2002.

AFUDC rose for the year as Tidewater's capital program now includes larger projects with longer construction schedules. Other income was lower by \$0.4 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 less than 2.0%.

Net income rose to \$3.2 million from \$2.8 million and basic and diluted earnings per share rose 14.3% or \$0.05 to \$0.40 per share.

Results of Operations - Twelve Months Ended June 30, 2002

Operating revenues for the twelve months ended June 30, 2002 were up \$6.2 million to \$61.5 million. Higher consumption in all our service territories provided \$1.1 million of additional revenue. Fueling the consumption growth is the 11.0% increase in our Delaware customer base since June 2001. Rate increases in New Jersey and Delaware accounted for \$3.9 million. Service fees from our operations and maintenance contracts rose \$0.6 million. This was due to a \$0.8 million increase in fixed fees for sewer disposal costs under the City of Perth Amboy contract and was partially offset by lower contract fees of \$0.2 million related to capital construction projects managed by us under the contract with the City. The \$0.6 million balance of the increase is the result of the acquisition of the Bayview and Southern Shores water utilities.

Operating expenses increased \$4.2 million or 9.36%. The \$2.0 million increase in O&M costs is attributable to a \$0.8 million increase for sewer disposal costs under the City of Perth Amboy contract and the inclusion of costs of \$0.4 million associated with the Bayview and Southern Shores systems. Purchased water was up \$0.2 million and employee labor and benefits expenses rose \$0.7 million. Depreciation expense increased \$0.2 million or 5.05% as a result of utility plant additions of \$21.1 million since June 2000.

Other taxes increased by \$0.8 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 \$1.1 million or 40.9% as a result of the higher amount of taxable income.

Other income fell \$0.5 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 25.46% to \$7.3 million. Basic and diluted earnings per share jumped by 24.32% to \$0.92 per share.

Capital Resources

The Company's capital program for 2002 is estimated to be \$23.2 million and includes \$12.6 million for water system additions and improvements for our Delaware systems, \$2.5 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 \$1.6 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.

Liquidity

The capital program in Delaware will be financed through a combination of a capital contribution and short-term debt financing from Middlesex, as well as long-term financing through the State Revolving Fund (SRF) in Delaware. Middlesex, Tidewater and Bayview each have secured long-term financing with their respective state agencies for certain capital projects. SRF provides low cost financing for projects that meet certain water quality improvement benchmarks. The proceeds from those loans will be used in 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 \$9.0 million have been incurred in the six months ended June 30, 2002.

The Company will also utilize short-term borrowings through \$30.0 million of available lines of credit it has with three commercial banks for working capital purposes. At June 30, 2002, there was \$12.6 million outstanding against the lines of credit.

Outlook

The State of New Jersey has modified 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. Earlier, more severe restrictions and higher than expected rainfall during the second quarter impacted revenues and earnings. The loosening of restrictions and the return to more typical summer weather patterns in late June and all of July is increasing consumption as shown by the plant production information for those periods.

In Delaware, a drought warning has been declared by the Governor. 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 \$0.5 million of the current portion of four 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.

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
Annual Meeting of Shareholders held on May 22, 2002.

Matters voted upon at the meeting:
Nominees for Class III, term expiring 2005

	FOR ---	WITHHOLD -----
John R. Middleton, M.D.	6,275,555	80,572
Jeffries Shein	6,274,938	81,189
J. Richard Tompkins	6,281,077	75,050

Resolution approving appointment of Deloitte & Touche LLP, Certified Public Accountants, as independent auditors for 2002:

FOR ---	AGAINST -----	ABSTAIN -----
6,288,592	35,817	31,718

Resolution approving the amendment to the Restated Certificate of Incorporation to increase the Authorized Common Stock from 10,000,000 shares to 20,000,000 shares.

FOR ---	AGAINST -----	ABSTAIN -----
6,102,598	202,877	50,652

Item 5. Other Information
None.

Item 6. Exhibits and Reports on Form 8-K
(a) Exhibits: None.

(b) Reports on Form 8-K: None.

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: August 13. 2002