

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

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

Commission File No. 0-422

For the Fiscal Year ended December 31, 2000  
-----

MIDDLESEX WATER COMPANY  
-----

(Exact name of registrant as specified in its charter)

New Jersey  
-----

22-1114430  
-----

(State or other jurisdiction of  
incorporation or organization)

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

1500 Ronson Road, Iselin, New Jersey  
-----

08830-3020  
-----

(Address of principal executive offices)

(Zip Code)

(732) 634-1500  
-----

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class -----	Name of each exchange on which registered -----
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, No par Value  
-----  
(Title of Class)

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 [ X ]                      NO [   ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ X ]

The aggregate market value of the voting stock held by nonaffiliates of the registrant at March 16, 2001 was \$154,881,558 based on the closing market price of \$30.625 per share.

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

Class -----	Outstanding at March 16, 2001 -----
Common Stock, No par Value	5,057,357

Documents Incorporated by Reference

Proxy Statement to be filed in connection with the Registrant's Annual Meeting of Shareholders to be held on May 23, 2001 as to Part III.

PART I

Item 1. Business

Overview

Middlesex Water Company was incorporated as a water utility company in 1897 and operates water utility systems in central and southern New Jersey and in Delaware as well as a wastewater utility in southern New Jersey. The water utility system in central New Jersey, which we call the "Middlesex System," produced 76.3% of the Company's 2000 revenues. The Middlesex System treats, stores and distributes water for residential, commercial, industrial and fire prevention purposes.

Our Middlesex System provides water services to approximately 57,000 retail customers, primarily in eastern Middlesex County, New Jersey and provides water on a wholesale basis under contract to the Township of Edison, the Boroughs of Highland Park and Sayreville and both the Old Bridge and the Marlboro Township Municipal Utilities Authorities. Under a special contract, the Middlesex System also provides water treatment and pumping services to the Township of East Brunswick.

The Middlesex System's retail customers are located in an area of approximately 55 square miles in Woodbridge Township, the Boroughs of Metuchen and Carteret, the City of South Amboy, portions of Edison Township and the Borough of South Plainfield in Middlesex County and a portion of the Township of Clark in Union County. The retail customers include a mix of residential customers, large industrial concerns and commercial and light industrial facilities. These retail customers are located in generally well developed areas of central New Jersey. The contract customers of the Middlesex System comprise an area of approximately 141 square miles with a population of approximately 267,000. Contract sales to Edison, Sayreville, Old Bridge and Marlboro are supplemental to the existing water systems of these customers. The State of New Jersey in the mid-1980's approved plans to increase available surface water supply to these and other municipalities in the South River Basin area of the State through contracts with water suppliers outside the South River Basin. The State saw this as a way to reduce the use of ground water and depletion of aquifers. Our long-term contracts to pump treated surface water to East Brunswick, Marlboro, Old Bridge and Sayreville are consistent with the State approved plan.

We have four wholly-owned subsidiaries:

- o Tidewater Utilities, Inc. ("Tidewater"), provides water service to approximately 15,500 retail customers for residential, commercial and fire protection purposes in over 120 separate community water systems in Kent, Sussex and New Castle Counties, Delaware. Public Water Supply Company, Inc., formerly a wholly-owned subsidiary of Tidewater, was merged into Tidewater effective February 1, 2000. The combined entity will continue under the Tidewater name. We refer to our Delaware operations as the "Tidewater Systems". The Tidewater Systems produced approximately 9.1% of our total revenues in 2000. White Marsh Environmental Systems, Inc., a wholly-owned subsidiary of Tidewater, owns the office building that Tidewater uses as its business office and also provides operations and maintenance contract services to area wastewater systems.
- o Pinelands Water Company services 2,300 residential customers in Burlington County, New Jersey. We refer to this water utility as the "Pinelands System." The Pinelands System produced approximately 0.7% of our total revenues in 2000.

o Pinelands Wastewater Company services approximately 2,300 primarily residential retail customers and, under contract, one municipal wastewater system in Burlington County, New Jersey with about 200 residential customers. We refer to this wastewater utility as the "Pinelands Wastewater System." The Pinelands Wastewater System produced approximately 1.3% of our total revenues in 2000.

o Utility Service Affiliates, Inc. (USA) - On December 2, 1999, Middlesex implemented a franchise agreement with the City of South Amboy (South Amboy) to provide water service and install water system facilities in South Amboy. The agreement between Middlesex and South Amboy, originally signed in December 1998, received approval from the Board of Public Utilities (BPU) on November 18, 1999. The implementation of the franchise agreement has significantly impacted two existing agreements entered into by the parties in 1994.

The first agreement was for the sale of water to South Amboy on a wholesale basis. The second agreement, which included Middlesex's wholly-owned subsidiary USA, was a contract to provide management services for a fixed fee. In conjunction with the franchise agreement, the water sales contract was eliminated. In addition, the management services contract was extended through May 2045 and was significantly modified to correspond with the terms and conditions of the franchise agreement. Certain advances made by USA to South Amboy at the commencement of the management services contract have been forgiven in consideration for the franchise agreement. Fixed fee revenues recognized under the original contract have been eliminated in lieu of revenues derived from providing water to South Amboy's 2,600 customers.

o Utility Service Affiliates (Perth Amboy) Inc., which we refer to as ("USA-PA"), along with Middlesex Water Company, operates and maintains the City of Perth Amboy's water system and the wastewater system under a 20 year contract. USA-PA is paid a fixed fee and a variable fee based on increased system billings. Fixed fee payments to USA-PA in the agreement rise from \$6.4 million in the first year to \$9.7 million by year 20. The agreement also requires USA-PA to lease from the City all of the City's employees who currently work on the City's water system or wastewater system. In connection with the agreement, the City of Perth Amboy, through the Middlesex County Improvement Authority, issued \$68.0 million in three series of bonds. One of those series of bonds, in principal amount of \$26.3 million, was guaranteed by the Company. The City guaranteed the two other series of bonds. The Company also guaranteed the performance of our subsidiary, USA-PA. USA-PA entered into a subcontract with a sewer contracting firm for the operation and maintenance of the City's wastewater system. City employees who now work on the City's wastewater system are subleased by the subcontractor from USA-PA. USA-PA began to operate and maintain the City's systems on January 1, 1999. USA-PA produced approximately 12.5% of our total revenues in 2000.

Financial Information

Consolidated operating revenues and operating income relating primarily to operating water utilities are as follows:

	(000's)		
	Years Ended December 31,		
	-----		
	2000	1999	1998
	----	----	----
Operating Revenues	\$54,477	\$53,497	\$43,058
	=====	=====	=====
Operating Income	\$ 9,938	\$10,665	\$ 9,149
	=====	=====	=====

Operating revenues were earned from the following sources:

	Years Ended December 31,		
	-----		
	2000	1999	1998
	----	----	----
Residential	37.9%	36.9%	41.4%
Commercial	10.4	10.2	11.4
Industrial	13.1	12.1	15.8
Fire Protection	10.7	10.2	11.5
Contract Sales	14.3	15.6	17.5
Contract Operations	12.6	14.0	1.1
Other	1.0	1.0	1.3
	----	----	----
TOTAL	100.0%	100.0%	100.0%
	=====	=====	=====

Water Supplies and Contracts

Our water utility plant consists of sources of supply, pumping, water treatment, transmission, distribution and general facilities located in New Jersey and Delaware. Our New Jersey and Delaware water supply systems are physically separate and are not interconnected. In addition, in New Jersey, the Pinelands System is not interconnected with the Middlesex System. In the opinion of management, we have adequate sources of water supply to meet the current and anticipated future service requirements of our present customers in New Jersey and Delaware.

Middlesex System:

Our Middlesex System obtains water from both surface sources and from wells which we call groundwater sources. In 2000, surface sources of water provided approximately 70.2% of the Middlesex System's water supply; groundwater from wells provided approximately 22.4% and the balance of 7.4% was purchased from Elizabethtown Water Company ("Elizabethtown"), a nonaffiliated water utility. Middlesex System's distribution storage facilities are used to supply water to its customers at times of peak demand, outages and emergencies.

The principal source of surface supply for the Middlesex System is the Delaware and Raritan Canal (D&R Canal), owned by the State of New Jersey and operated as a water resource by the New Jersey Water Supply Authority ("NJWSA"). Under a multistate compact, the NJWSA is entitled to divert water from the Delaware River into the D&R Canal.

This supply, together with water in the Round Valley and Spruce Run Reservoir System, provide a safe yield of 225 million gallons per day (mgd), which supplies our Middlesex System and other large water purveyors contractually regulated by the NJWSA. We have contracts with the NJWSA to divert a maximum of 20 mgd of untreated water from the D&R Canal. In addition, we have a one-year agreement for an additional 5 mgd, renewed through April 30, 2001. We also have an agreement with Elizabethtown, effective through December 31, 2005, which provides for the minimum purchase of 3 mgd of treated water with provisions for additional purchases. This Contract also allows us to purchase additional water from Elizabethtown on an emergent basis.

Our Middlesex System also derives water from groundwater sources equipped with electric motor driven deep well turbine type pumps. The Middlesex System has 31 wells, which provide an aggregate pump capacity of approximately 27 mgd.

The Middlesex System's groundwater sources are:

Middlesex System -----	No. of Wells -----	2000 Maximum Daily Pumpage (millions of gallons) -----	Pump Capacity (mgd) -----	Location -----
Park Avenue	15	8.6	15.2	South Plainfield
Tingley Lane North	4	3.0	2.8	Edison
Tingley Lane South	5	2.5	2.6	Edison
Spring Lake	4	1.1	2.8	South Plainfield
Sprague Avenue #1	1	1.2	1.1	South Plainfield
Sprague Avenue #2	1	1.3	1.3	South Plainfield
Maple Avenue	1	0.8	0.9	South Plainfield
	--			
Total	31			
	==			

Tidewater Systems:

Water supply to Delaware customers is derived from the Tidewater Systems' 180 wells, which provided overall system delivery of 803 million gallons during 2000. The Tidewater Systems do not have a central treatment facility. Several of its water systems in Sussex County and New Castle County, Delaware have interconnected transmission systems. Treatment is by chlorination and, in some cases, pH correction and filtration.

Pinelands System:

The Pinelands System obtains its water supply from four wells drilled into the Mt. Laurel aquifer. The wells are equipped with three electric motor driven, deep well turbine pumps and one is equipped with an electric motor driven submersible pump. Disinfection is done at individual well sites, which are located in Southampton Township, New Jersey. The wells have an aggregate pump capacity of 2.2 mgd. In 2000, the maximum daily pumpage was 1.4 million gallons.

## Pinelands Wastewater System:

The Pinelands Wastewater System discharges into the South Branch of the Rancocas Creek through a tertiary treatment plant that provides clarification, sedimentation, filtration and disinfection. The total capacity of the plant is 0.5 mgd. Current average flow is 0.3 mgd. Pinelands has a current valid discharge permit issued by the New Jersey Department of Environmental Protection ("DEP").

## Competition

Our business in our franchised service areas is substantially free from direct competition with other public utilities, municipalities and other entities. However, our ability to provide some contract water supply and wastewater services and operations and maintenance services is subject to competition from other public utilities, municipalities and other entities. Although the Tidewater System has been granted an exclusive franchise for each of its existing community water systems, its ability to expand service areas has been affected by the Delaware Department of Natural Resources and Environmental Control (DNREC) awarding franchises to other regulated water purveyors, including franchises granted to service community water systems around and in between the Tidewater Systems service areas.

## Regulation

We are subject to regulation as to our rates, services and other matters by the states of New Jersey and Delaware with respect to utility service within those states and with respect to environmental and water quality matters. We are also subject to environmental and water quality regulation by the United States Environmental Protection Agency ("EPA").

## Regulation of Rates and Services

New Jersey operations are subject to regulation by the BPU. Similarly, our Delaware operations are subject to regulation by the Public Service Commission (PSC). These regulatory authorities have jurisdiction with respect to rates, service, accounting procedures, the issuance of securities and other matters. In determining our rates, the BPU and the PSC consider the income, expenses, rate base of property used and useful in providing service to the public and a fair rate of return on that property. Rate determinations by the BPU do not guarantee particular rates of return to the Company for our New Jersey operations nor do rate determinations by the PSC guarantee particular rates of return for our Delaware operations. Thus, we may not achieve the rates of return allowed by the BPU or the PSC.

Three base rate increase petitions were filed with the BPU during the year.

	Middlesex -----	Pinelands Water -----	Pinelands Wastewater -----
Date Filed	June 22, 2000	July 7, 2000	July 7, 2000
Amount	\$ 6.6 million	\$ 0.1 million	\$ 0.2 million
% Increase	15.92%	31.30%	22.30%
Return on Equity	11.80%	12.00%	12.00%
Last Increase	May 13, 1999	January 23, 1999	January 23, 1999

The requested increases are necessary to cover higher operations and maintenance costs, depreciation and taxes. In addition, continued significant plant investment in the Middlesex system also contributed to the rate request. The last rate increase for the Pinelands Companies represented the final stage of a three-phase implementation. The first increase was effective January 23, 1997. The discovery phase and the evidentiary hearings have been completed for all cases. Legal briefs have been filed for all three cases. The Administrative Law Judge assigned to the Middlesex case issued an oral decision on March 19, 2001 recommending an 8.45% or \$3.5 million increase. Initial decisions for the Pinelands cases are not expected until mid-April 2001. Ultimate resolutions by the BPU for the three cases are not expected until the middle of the second quarter of 2001.

On September 20, 1999, Tidewater and Public Water Supply Company (Public) jointly filed a petition with the PSC for a base rate increase of \$1.7 million or 38.3%. The increase is necessary to cover additional capital improvements and increased operating and maintenance costs. As prescribed by PSC regulations, Tidewater was granted an interim rate increase, subject to refund, of 14.8%, effective November 19, 1999. Concurrently with the rate increase request, an application was filed and approved by the PSC for a corporate merger of Tidewater and Public. Public merged into Tidewater effective February 1, 2000. The last increase in base rates for Tidewater and Public were in 1991 and 1992, respectively.

On March 31, 2000, Tidewater amended its base rate increase petition from 38.3% to 21.2%. The lower request was due mostly to lower than projected capital expenditures. Evidentiary hearings were held in mid-April 2000. The hearing examiner issued his report in late June 2000, which recommended an increase of approximately 5.50%. This matter was brought before the PSC on September 12, 2000, at which time the Company was granted a 2.67% rate increase. The PSC disallowed any recognition of acquisition adjustments and applied a 0.75% credit against the allowed return of equity of 10.0% due to quality of service issues. This credit may be removed by the PSC upon receipt of satisfactory evidence that Tidewater has resolved the quality issues that arose during the course of the rate proceedings.

Because Tidewater implemented a 14.8% interim rate increase on November 19, 1999, refunds were given to its customers, along with interest, by way of billing credits, for the difference between interim and approved rates, retroactive to the date interim rates were put into effect.

#### Water Quality and Environmental Regulations

Both the EPA and the DEP regulate our operations in New Jersey with respect to water supply, treatment and distribution systems and the quality of the water, as do the EPA, the DNREC, and the Delaware Department of Health with respect to operations in Delaware.

Federal, Delaware and New Jersey regulations adopted over the past five years relating to water quality require expanded types of testing by the Company to insure that its water meets State and Federal water quality requirements.

In addition, environmental regulatory agencies are reviewing current regulations governing the limits of certain organic compounds found in the water as byproducts of treatment. The Company believes the CJO Plant upgrade and expansion will allow the Company to be in a stronger position to meet any such future regulations with regard to its Middlesex System. Regular testing of our water demonstrates that we are in compliance with existing Federal, New Jersey and Delaware primary water quality standards.

The DEP and the Delaware Department of Health monitor the activities of the Company and review the results of water quality tests performed by the Company for adherence to applicable regulations. Other regulations applicable to the Company include the Lead and Copper Rule, the maximum contaminant levels established for various volatile organic compounds, the Federal Surface Water Treatment Rule, and the Total Coliform Rule.

#### Employees

As of December 31, 2000, we had a total of 143 employees in New Jersey, and a total of 40 employees in Delaware. No employees are represented by a union. Management considers its relations with its employees to be satisfactory. Wages and benefits are reviewed annually and are considered competitive within the industry.

#### Executive Officers of Middlesex Water Company

Walter J. Brady - age 59; Senior Vice President-Administration; term expires May 2001. Mr. Brady, who joined the Company in 1962, was elected Assistant Secretary-Assistant Treasurer in 1979, Assistant Vice President in 1982, Vice President-Human Resources in 1987, Vice President-Administration in 1989 and Senior Vice President of Administration in 1998. He serves as Plan Administrator of the Pension Plan. He is a Director of Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company, Pinelands Wastewater Company and Utility Service Affiliates, Inc., and a Vice President and Director of Utility Service Affiliates (Perth Amboy) Inc.

A. Bruce O'Connor - age 42; Vice President and Controller; term expires May 2001. Mr. O'Connor, a Certified Public Accountant, joined the Company in 1990 as Assistant Controller and was elected Controller in 1992 and Vice President in 1995. He assumed the designated title of Vice President and Controller and Chief Financial Officer in May 1996. He is responsible for financial reporting, customer service, rate cases, cash management and financings. He was formerly employed by Deloitte & Touche LLP, a certified public accounting firm from 1984 to 1990. He is Treasurer of Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., and Utility Service Affiliates, Inc., Vice President and Director of Pinelands Water Company and Pinelands Wastewater Company and Vice President and Treasurer of Utility Service Affiliates (Perth Amboy) Inc.

Marion F. Reynolds - age 61; Vice President, Secretary and Treasurer; term expires May 2001. Ms. Reynolds, who had been Secretary-Treasurer since 1987 was elected Vice President, Secretary and Treasurer in 1993. Prior to her election she had been employed by Public Service Electric and Gas Company, Newark, New Jersey since 1958, and was elected Assistant Corporate Secretary in 1976. She is Secretary of Tidewater Utilities, Inc. White Marsh Environmental Systems, Inc. and Utility Service Affiliates (Perth Amboy) Inc. and Secretary/Treasurer of Pinelands Water Company and Pinelands Wastewater Company and Secretary and a Director of Utility Service Affiliates, Inc.

Richard A. Russo - age 55; Executive Vice President; term expires May 2001. Mr. Russo, who had been Vice President-Operations since 1989 was elected Executive Vice President in 1995 and is responsible for engineering, water production, water treatment and distribution maintenance. He has been a director of Middlesex since 1994. He was formerly employed by Trenton Water Works as General Superintendent and Chief Engineer since 1979. He is President and Director of Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company and Pinelands Wastewater Company. He is Executive Vice President and Director of Utility Service Affiliates, Inc. and Utility Service Affiliates (Perth Amboy) Inc. Mr. Russo also serves as Vice President and a Director of Sussex Shores Water Company.



Dennis G. Sullivan - age 59; Vice President and General Counsel, Assistant Secretary-Assistant Treasurer; term expires May 2001. Mr. Sullivan has been a Director of Middlesex since October 1999. Mr. Sullivan was hired in 1984 as Corporate Attorney, responsible for general corporate internal legal matters. He was elected Assistant Secretary-Assistant Treasurer in 1988 and Vice President and General Counsel in 1990. He is Assistant Secretary and Assistant Treasurer and a Director of Tidewater Utilities, Inc., Vice President, Assistant Secretary and Director of White Marsh Environmental Systems, Inc., a Director of Pinelands Water Company and Pinelands Wastewater Company, a Director and Assistant Secretary of Utility Service Affiliates, Inc., and a Director and Assistant Secretary of Utility Service Affiliates (Perth Amboy) Inc.

J. Richard Tompkins - age 62; Chairman of the Board and President; term expires May 2001. Mr. Tompkins was elected President of the Company in 1981 and was elected Chairman of the Board in 1990. In 1979 he was employed by Associated Utility Services, an independent utility consulting firm in New Jersey, as Vice President. From 1962 to 1979 he was employed by Buck, Seifert & Jost, Incorporated, consulting engineers in New Jersey and was appointed Vice President in 1973. He is Chairman and Director of Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company and Pinelands Wastewater Company; and Director and President of Utility Service Affiliates, Inc. and Utility Service Affiliates (Perth Amboy) Inc. He is also a Director of New Jersey Utilities Association and Raritan Bay Healthcare Foundation.

Ronald F. Williams - age 52; Vice President-Operations; term expires May 2001. Mr. Williams was hired in March 1995 as Assistant Vice President-Operations, responsible for the Company's Engineering and Distribution Departments. He was elected Vice President-Operations in October 1995. He was formerly employed with the Garden State Water Company as President and Chief Executive Officer since 1991. He is Director and Vice President of Utility Service Affiliates, Inc., and Utility Service Affiliates (Perth Amboy) Inc.

## Item 2. Properties

The water utility properties of our systems consist of source of supply, pumping, water treatment, transmission and distribution and general facilities.

### Middlesex System:

The Middlesex System's principal source of surface supply is the D&R Canal owned by the State of New Jersey and operated as a water resource by the NJWSA.

Water is withdrawn from the D&R Canal at New Brunswick, New Jersey through our intake and pumping station located on State owned land bordering the Canal. It is transported through our 54-inch supply main for treatment and distribution at the CJO Plant. Facilities at the CJO Plant consist of source of supply, pumping, water treatment, transmission, storage, laboratory and general facilities. We monitor water quality at the CJO Plant, at each well field and throughout the distribution system to determine that federal and state water quality standards are met.

The design capacity of the intake and pumping station in New Brunswick, New Jersey, is 80 mgd. The four electric motor driven vertical turbine pumps presently installed have an aggregate design capacity of 82 mgd. The design capacity of our raw water supply main is 55 mgd. We also have a 58,600 foot and a 38,800 foot transmission main and a long term, nonexclusive "wheeling agreement" with the East Brunswick system, all used to transport water to several of our contract customers.

The CJO Plant includes chemical storage and chemical feed equipment, two dual rapid mixing basins, four upflow clarifiers, which are also called Superpulsators, four underground reinforced concrete chlorine contact tanks, twelve rapid filters containing gravel, sand and anthracite for water treatment and a steel washwater tank. The Plant also includes a computerized Supervisory Control and Data Acquisition (SCADA) system to monitor and control the CJO Plant and the water supply and distribution system in the Middlesex System. The firm design capacity of the CJO Plant is now 45 mgd (60 mgd maximum capacity). The main pumping station at the CJO Plant has a design capacity of 90 mgd. The four electric motor driven vertical turbine pumps presently installed have an aggregate capacity of 72 mgd.

In addition to the main pumping station at the CJO Plant, there is a 15 mgd auxiliary pumping station located in a separate building. It has a dedicated substation and emergency power supply provided by a diesel-driven generator. It pumps from the 10 million gallon distribution storage reservoir directly into the distribution system.

We have a RENEW Program in the Middlesex System to rehabilitate sections of the distribution system which contain unlined mains. These sections are generally in the older areas of the system. The rehabilitation includes the cleaning and lining of unlined cast iron mains; the replacement and/or upgrading of some selected mains; and the replacement of valves and hydrants. In the Middlesex System, there are approximately 150 miles of unlined mains of the total 695 miles. A similar program has been started in the South Amboy section of our Middlesex System, which has a total of 24 miles of water mains. Since the RENEW program was initiated in 1995, 40.1 miles of mains have been rehabilitated including 1.1 miles in South Amboy. .

Middlesex System's storage facilities consist of a 10 mg reservoir at the CJO Plant, 5 mg and 2 mg reservoirs in Edison, a 5 mg reservoir in Carteret and a 2 mg reservoir at the Park Avenue Well Field.

We own the properties in New Jersey on which Middlesex System's 31 wells and the CJO Plant are located. We also own our headquarters complex at 1500 Ronson Road, Iselin, New Jersey, consisting of a 27,000 square foot, two story office building and an adjacent 16,500 square foot maintenance facility.

Tidewater Systems:

The Tidewater Systems' storage facilities include 31 ground level storage tanks with the following capacities: twenty-one 30,000 gallon tanks, two 25,000 gallon tanks, three 125,000 gallon tanks, one 132,000 gallon tank, one 80,000 gallon tank, one 35,000 gallon tank, one 85,000 gallon tank and one elevated storage tank with a capacity of 300,000 gallons.

Our Delaware operations are managed from Tidewater's leased offices in Odessa, Delaware and Millsboro, Delaware. Tidewater's office property, which is owned by its wholly-owned subsidiary, White Marsh Environmental Systems, Inc., (White Marsh) consists of a 2,400 square foot building situated on a one (1) acre lot. In January 2000, White Marsh purchased two future office sites. A ten acre site located in Dover will be the future location of Tidewater's primary business office. A three acre site located in Millsboro will be used to operate the southern portion of our territory and will replace the existing leased office. Tidewater will maintain an office in Odessa, but on a smaller scale. We are exploring several options for the existing Odessa property.

Pinelands System:

Pinelands Water Company owns well site properties, which are located in Southampton Township, New Jersey. Pinelands Water storage facility is a 1.2 mg standpipe.

Pinelands Wastewater System:

Pinelands Wastewater Company owns a 12-acre site on which its 0.5 mgd capacity tertiary treatment plant is located.

Item 3. Legal Proceedings

A motel in our Middlesex service area in 1994, and again in 1997, suffered outbreaks of Legionella. Claims resulting from the death of a motel guest from Legionella in 1997 and claims by two other patrons alleging illness as a result of their stay at the motel in 1997 have been brought against the motel and against us. We have substantial insurance coverage, which we believe will be sufficient for all claims in this matter other than for punitive damages. While the outcome of this case remains uncertain, we believe that the final resolution will not have a significant effect on financial condition or results of operations.

The 1995 fire at a warehouse in our service territory resulted in multiple party claims brought forth in the Superior Court for Middlesex County, New Jersey, as well as, with the financial collapse of the principal tenant, in the Federal Bankruptcy Court. The claims in the State Court action are for unspecified amounts but include claims against us for insufficient water pressure and supply. Under New Jersey case law, we will not have financial responsibility to parties to the extent they receive payments under their own insurance policies. We do not know either the total amount of claims against us or how much of that amount will be covered by the parties' own insurance policies. We believe we have substantial defenses to the claims against us although we do not have insurance coverage for them.

The Company has been notified of a potential claim in excess of \$10.0 million involving the break of both a Company water line and an underground electric power cable in close proximity to it. The power cable contained both electric lines and petroleum based insulating fluid. The Company is insured for damages except for damages resulting from pollution discharge, which the Company is advised is approximately \$0.2 million. Causation and liability have not been established.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters  
Price Range of Common Stock

The following table shows the range of closing prices for the Common Stock on the NASDAQ Stock Market for the calendar quarter indicated.

2000 ----	High ----	Low ---	Dividend -----
First Quarter	\$32.0000	\$25.0000	\$0.3050
Second Quarter	29.7500	27.2500	0.3050
Third Quarter	30.0000	26.9375	0.3050
Fourth Quarter	33.9375	27.0000	0.3100

1999 ----	High ----	Low ---	Dividend -----
First Quarter	\$25.4375	\$21.0000	\$0.2950
Second Quarter	25.7500	21.6250	0.2950
Third Quarter	39.5000	25.0000	0.2950
Fourth Quarter	35.8750	29.5000	0.3050

Approximate Number of Equity Security Holders as of December 31, 2000

Title of Class -----	Number of Record Holders -----
Common Stock, No Par Value	2,141
Cumulative Preferred Stock, No Par Value:	
\$7 Series	15
\$4.75 Series	1
Cumulative Convertible Preferred Stock, No Par Value:	
\$7 Series	4
\$8 Series	3

Dividends

The Company has paid dividends on its Common Stock each year since 1912. Although it is the present intention of the Board of Directors of the Company to continue to pay regular quarterly cash dividends on its Common Stock, the payment of future dividends is contingent upon the future earnings of the Company, its financial condition and other factors deemed relevant by the Board of Directors at its discretion.

The Common Stock of the Company is traded on the NASDAQ Stock Market under the symbol MSEX.

Item 6. Selected Financial Data

Consolidated Selected Financial Data, page 20.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The companies referred to herein are defined in Note 1(a), Notes to the Consolidated Financial Statements.

Liquidity and Capital Resources

The Company's actual capital expenditures for 1999 and 2000 and projected requirements through 2003 are detailed as follows:

	(Millions of Dollars)				
	1999	2000	2001	2002	2003
CJO Plant	\$ 12.0	\$ 1.2	\$ 1.8	\$ 2.2	\$ 5.0
Delaware Systems	3.1	4.9	11.6	7.8	7.8
RENEW Program	2.1	3.1	--	2.5	2.5
Scheduled upgrades to existing systems	7.3	4.3	6.9	6.8	6.2
Total	\$ 24.5	\$ 13.5	\$ 20.3	\$ 19.3	\$ 21.5

In 1999, Middlesex issued \$4.5 million of First Mortgage Bonds through the New Jersey State Revolving Fund (SRF), which included funds for the 2002 RENEW Program. RENEW is our program to clean and cement line unlined mains in the Middlesex System. There is a total of approximately 150 miles of unlined mains in the 695 mile Middlesex System. We have applied for SRF financing for the 2003 RENEW program. If approved, First Mortgage Bonds would be issued in November 2001.

The remaining financing of our capital program may be a combination of internal funds from Middlesex, long-term debt financing and common equity. We will utilize our lines of credit until a balance is reached that can be cost effectively mortgaged on a long-term basis. There are \$18.0 million in total lines of credit available with two commercial banks. At December 31, 2000, we had \$6.1 million of loans outstanding against those lines of credit. To the extent possible, we will pursue long-term debt on a tax-exempt basis.

In the past, Middlesex has offered temporary discounts to plan participants for optional cash payments and reinvested dividends under its dividend reinvestment plan. This has proven to be an efficient mechanism to raise necessary equity without the need for a full and more expensive common stock offering. We will certainly consider the discount in our financing plans.

The Company currently has ten series of First Mortgage Bonds outstanding in the aggregate principal amount of \$79.0 million. The First Mortgage Bonds have been issued under and secured by a mortgage indenture and supplements thereto, which constitute a direct first mortgage lien upon substantially all of the property of Middlesex. Tidewater, a wholly-owned subsidiary, borrowed funds under a \$3.5 million, 8.05% Amortizing Secured Note due December 20, 2021. Approximately \$3.3 million was outstanding under that note as of December 31, 2000.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Results of Operations 2000 Compared to 1999

Operating revenues were up \$1.0 million, which amounts to 1.8% over 1999. Unusually mild and wet summer weather in New Jersey and Delaware caused system-wide demand to be below average consumption. New Jersey revenue growth of \$1.9 million, due to rate increases, was offset by lower consumption revenue of \$1.4 million.

Our Delaware customer base grew by 23.4% to 15,500, which was the primary reason for the \$0.7 million increase in revenues in that system. A significant portion of the customer growth represents the acquisition of twelve mobile home park water systems. The small net 2.67% rate increase granted by the Delaware Public Service Commission was negated by the below average customer consumption. In an amended base rate filing, Tidewater had requested a 21.2% rate increase.

Revenues from operating the City of Perth Amboy's water and wastewater systems fell \$0.2 million, also due mostly to unusual weather patterns.

Total operating expenses rose almost 4.0% or \$1.7 million over 1999. Under operations expenses, the cost of water treatment grew by \$0.6 million, employee labor and benefits rose \$0.6 million, uncollectible accounts written off rose \$0.1 million and legal and other outside services increased by \$0.2 million. In total, purchased water and power fell \$0.2 million due to lower production. The decline of less than \$0.1 million in maintenance expenses would have been greater except for a large number of unanticipated repairs to the recently acquired mobile home park water systems in Delaware.

Depreciation expense jumped 21.0% or \$0.8 million. In addition to the increase to Utility Plant of \$12.2 million during the year, also included is a full year of depreciation on the \$35.0 million upgrade to the Carl J. Olsen Water Treatment Plant (CJO Plant).

Other income's decrease of \$1.5 million represents the net financing activities associated with the CJO Plant construction program reported in 1999. Allowance for Funds Used During Construction (AFUDC) dropped \$1.2 million, while interest income on excess cash fell by \$0.3 million.

The increase in total interest charges of \$0.3 million represents a full year impact of the First Mortgage Bonds issued during 1999, plus an increase in short-term bank borrowings of \$4.0 million.

Net Income fell 32.7% to \$5.3 million. Although we expected that replicating 1999 results would be a challenge, clearly, three factors made that earnings level untenable in 2000. Unusually mild summer weather in New Jersey and Delaware caused system-wide production to drop by 2.7% or 0.5 billion gallons. Inadequate rate relief in Delaware reduced expected revenues by \$0.6 million. Also in Delaware, unanticipated higher operating costs for labor, purchased water, water treatment, customer service and maintenance reduced profitability.

Results of Operations  
1999 Compared to 1998

Operating revenues were up \$10.4 million or 24.2% over 1998. This significant increase was attributable to several factors. USA-PA began providing services under its 20-year management contract with the City of Perth Amboy, which accounted for \$7.0 million of the increased revenues. Rate increases for all our regulated companies amounted to \$3.8 million in additional revenues. Customer growth in our Delaware service territory contributed \$0.4 million. Drought related consumption decreases in New Jersey and a one-time refund to a large industrial user offset some of the current year increases in the amount of \$0.8 million. Record water usage in New Jersey during July and early August was completely offset by the statewide drought restrictions imposed by the Governor of New Jersey on August 6, 1999. Generally, these restrictions were subsequently lifted on September 27, 1999. At all times, Middlesex had adequate sources of water to supply its customers. This fact, along with the Company's objection to such a broad water restriction was communicated to State authorities. The Company is continuing its effort to change the State procedures for drought emergency declarations.

Total operating expenses also rose significantly over last year. The increase over 1998 was \$8.9 million or 26.3%. Operations and maintenance costs associated with the services provided to the City of Perth Amboy accounted for \$5.7 million. Purchased water costs were up \$0.3 million, while purchased power increased \$0.1 million. Water treatment costs rose \$0.3 million. Increased staffing levels pushed labor and benefits up by \$0.4 million. An unusual number of emergency repairs, both in terms of quantity and severity, increased maintenance by \$0.5 million.

Depreciation expense jumped 18.3% or \$0.6 million. The mid-year activation of the improvements to the CJO Plant increased depreciable property by over \$35.0 million.

Other taxes rose \$0.8 million due mostly to revenue related taxes. The increase in federal income taxes was \$0.2 million or 6.3%. Deferred taxes on construction related activities tempered the effect of the current tax expense.

Other income's slight increase of \$0.1 million represents the net financing activities associated with the CJO Plant construction program. AFUDC increased by \$0.3 million while interest income on excess cash fell by \$0.2 million.

The increase in total interest charges of \$0.3 million represents a full year impact of the three series of First Mortgage Bonds issued during 1998.

Net income reached another record high by increasing \$1.4 million or 20.8%. Even with an increase of more than ten percent shares outstanding, due to the 0.5 million shares issued in December 1998, earnings per share also reached record territory again. Basic earnings per share rose 8.5% to \$1.54.

Regulatory Matters

Three base rate increase petitions were filed with the New Jersey Board of Public Utilities (BPU).

	Middlesex -----	Pinelands Water -----	Pinelands Wastewater -----
Date Filed	June 22, 2000	July 7, 2000	July 7, 2000
Amount	\$ 6.6 million	\$ 0.1 million	\$ 0.2 million
% Increase	15.92%	31.30%	22.30%
Return on Equity	11.80%	12.00%	12.00%
Last Increase	May 13, 1999	January 23, 1999	January 23, 1999

The requested increases are necessary to cover higher operations and maintenance costs, depreciation and taxes. In addition, continued significant plant investment in the Middlesex system also contributed to the rate request. The last rate increase for the Pinelands Companies represented the final stage of a three-phase implementation. The first increase was effective January 23, 1997. The discovery phase and the evidentiary hearings have been completed for all cases. Legal briefs have been filed for all three cases. The Administrative Law Judge assigned to the Middlesex case issued an oral decision on March 19, 2001 recommending an 8.45% or \$3.5 million increase. Initial decisions for the Pinelands cases are not expected until mid-April 2001. Ultimate resolution by the BPU for the three cases are not expected until the middle of the second quarter of 2001.

On September 20, 1999, Tidewater and Public jointly filed a petition with the Delaware Public Service Commission (PSC) for a base rate increase of \$1.7 million or 38.3%. The increase is necessary to cover additional capital improvements and increased operating and maintenance costs. As prescribed by PSC regulations, Tidewater was granted an interim rate increase, subject to refund, of 14.8%, effective November 19, 1999. Concurrently with the rate increase request, an application was filed and approved by the PSC for a corporate merger of Tidewater and Public. Public merged into Tidewater effective February 1, 2000. The last increase in base rates for Tidewater and Public were in 1991 and 1992, respectively.

On March 31, 2000, Tidewater amended its base rate increase petition from 38.3% to 21.2%. The lower request was due mostly to lower than projected capital expenditures. Evidentiary hearings were held in mid-April 2000. The hearing examiner issued his report in late June 2000, which recommended an increase of approximately 5.50%. This matter was brought before the PSC on September 12, 2000, at which time the Company was granted a 2.67% rate increase. The PSC disallowed any recognition of acquisition adjustments and applied a 0.75% credit against the allowed return of equity of 10.0% due to quality of service issues. This credit may be removed by the PSC upon receipt of satisfactory evidence that Tidewater has resolved the quality issues that arose during the course of the rate proceedings.

Because Tidewater implemented a 14.8% interim rate increase on November 19, 1999, refunds were given to its customers, along with interest, by way of billing credits, for the difference between interim and approved rates, retroactive to the date interim rates were put into effect.

In May 1999, the BPU approved an 11.5% or \$4.3 million base rate increase for Middlesex. Under the approval, the allowed return on equity is 10.8% with an overall rate of return of 8.21%. The purpose of the increase is to allow Middlesex the opportunity to earn a return on and recover the capital investment



in the upgrade and expansion of the CJO Plant. This project was necessary to meet the new and anticipated regulatory standards concerning water quality and to increase the plant's production capacity. The Company's original rate request, which was filed in September 1998, was for \$8.0 million.

On January 1, 1999, USA-PA began operating the City of Perth Amboy's water and wastewater systems under a 20-year agreement.

Perth Amboy has a population of 40,000 and has approximately 8,600 water and wastewater customers. The agreement is being effected under New Jersey's Water Supply Public-Private Contracting Act and the New Jersey Wastewater Public/Private Contracting Act. Under the agreement, USA-PA receives a fixed fee and a variable fee based on increased system billing. Fixed fee payments began at \$6.4 million in the first year and will increase to \$9.7 million in year 20. The agreement also requires USA-PA to lease from Perth Amboy all of its employees who currently work on the Perth Amboy water and wastewater systems. In connection with the agreement, Perth Amboy, through the Middlesex County Improvement Authority, issued approximately \$68.0 million in three series of bonds on January 28, 1999. The Company guaranteed one of those series of bonds, in the principal amount of approximately \$26.3 million. Perth Amboy guaranteed the two other series of bonds.

In addition to the agreement with Perth Amboy, USA-PA simultaneously entered into a 20-year subcontract with a sewer contracting firm for the operation and maintenance of the Perth Amboy wastewater system. The subcontract requires the sharing of certain fixed and variable fees and operating expenses.

In December 1999, Middlesex closed on a franchise agreement with the City of South Amboy (South Amboy) to provide water service and install water system facilities in South Amboy. The agreement between Middlesex and South Amboy, originally signed in December 1998, received approval from the BPU on November 18, 1999. See Note 4 to the Consolidated Financial Statements.

#### Accounting Standards

The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. This Statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts.

The adoption of this statement on January 1, 2001, had no impact on the financial statements.

#### Qualitative and Quantitative Disclosures About 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 \$0.2 million of the current portion of three existing long-term debt instruments will mature. Combining this amount with the \$6.1 million in short-term debt outstanding at December 31, 2000, and applying a hypothetical change in the rate of interest charged by 10% on those borrowings, would not have a material effect on earnings.

## Outlook

Revenues are expected to continue to grow in 2001. Anticipated customer growth in Delaware and Tidewater's ability to have the 0.75% equity credit removed by the PSC should enhance earnings. The Company continues to explore viable plans to streamline operations and reduce costs, particularly in Delaware where customer growth continues to exceed industry averages. Part of the challenge is that our Delaware operations are a combination of over 64 stand-alone production and distribution systems serving 150 communities.

The level of earnings will be impacted by the ultimate outcome of the New Jersey base rate cases currently under review by the BPU. Earnings from non-regulated operations are expected to remain constant. As evident in 2000, revenues and, therefore, earnings in 2001 may also be affected by weather conditions.

Our strategy is for continued growth through acquisitions, internal expansion, public/private partnerships and rate relief. Opportunities in both the regulated and non-regulated sectors that are financially sound, complement existing operations and increase shareholder value will be pursued. We are currently pursuing opportunities in New Jersey and Delaware, which could significantly increase our customer base.

Certain matters discussed in this annual report are "forward-looking statements" intended to qualify for safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. Such statements 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 7a. Qualitative and Quantitative Disclosure About Market Risk

This information is incorporated herein by reference to Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Page 16.

### Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements and Supplementary Financial Data: Consolidated Balance Sheet at December 31, 2000 and 1999, Pages 21-22. Consolidated Statements of Income for the years ended December 31, 2000, 1999 and 1998, Page 23. Consolidated Statements of Capital Stock and Long-term Debt at December 31, 2000 and 1999, Page 24

Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998, Page 25

Consolidated Statements of Retained Earnings for the years ended December 31, 2000, 1999 and 1998, Page 26.

Notes to Consolidated Financial Statements, Pages 27 - 40.  
Independent Auditors' Report, Page 40.

Item 9. Changes in and Disagreements with Accountants on Accounting  
and Financial Disclosures

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information with respect to Directors of Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2001 Annual Meeting of Stockholders and is incorporated herein by reference.

Information regarding the Executive Officers of Middlesex Water Company is included under Item 1 in Part 1 of this Form 10-K.

Item 11. Executive Compensation

This Information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2001 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners  
and Management

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2001 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2001 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 1. The following Financial Statements and supplementary data are included in Part II, Item 8:

Management's Discussion and Analysis, Pages 12-17.

Consolidated Balance Sheets at December 31, 2000 and 1999, Pages 21-22.

Consolidated Statements of Income for each of the three years in the period ended December 31, 2000, 1999 and 1998, Page 23.

Consolidated Statements of Capital Stock and Long-term Debt at December 31, 2000, and 1999, Page 24.

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2000, 1999 and 1998, Page 25.

Consolidated Statements of Retained Earnings for each of the three years in the period ended December 31, 2000, 1999 and 1998, Page 26.

Notes to Consolidated Financial Statements, Pages 27 - 40.

Independent Auditors' Report, Page 40.

(a) 2. Financial Statement Schedules

All Schedules are omitted because of the absence of the conditions under which they are required or because the required information is shown in the financial statements or notes thereto.

(a) 3. Exhibits

See Exhibit listing on Pages 42 - 46.

(b) Reports on Form 8-K

None

CONSOLIDATED SELECTED FINANCIAL DATA  
(Thousands of Dollars Except per Share Data)

	2000	1999	1998	1997	1996	1995
Operating Revenues	\$ 54,477	\$ 53,497	\$ 43,058	\$ 40,294	\$ 38,025	\$ 37,847
Operating Expenses:						
Operations and Maintenance	30,269	28,887	21,523	19,513	18,817	18,057
Depreciation	4,701	3,885	3,285	3,071	2,929	2,814
Other Taxes	6,932	6,871	6,102	5,782	5,569	5,479
Income Taxes	2,637	3,189	2,999	3,135	2,526	2,975
Total Operating Expenses	44,539	42,832	33,909	31,501	29,841	29,325
Operating Income	9,938	10,665	9,149	8,793	8,184	8,522
Other Income	364	1,911	1,795	405	288	303
Income Before Interest Charges	10,302	12,576	10,944	9,198	8,472	8,825
Interest Charges	4,997	4,695	4,423	3,337	3,304	3,121
Net Income	5,305	7,881	6,521	5,861	5,168	5,704
Preferred Stock Dividend	255	301	319	226	159	159
Earnings Applicable to Common Stock	\$ 5,050	\$ 7,580	\$ 6,202	\$ 5,635	\$ 5,009	\$ 5,545
Earnings per Share:						
Basic	\$ 1.01	\$ 1.54	\$ 1.42	\$ 1.33	\$ 1.20	\$ 1.36
Diluted	\$ 1.01	\$ 1.52	\$ 1.41	\$ 1.33	\$ 1.20	\$ 1.36
Average Shares Outstanding:						
Basic	5,022,148	4,926,893	4,353,879	4,235,082	4,169,334	4,078,890
Diluted	5,193,718	5,148,513	4,580,305	4,382,345	4,258,740	4,168,296
Dividends Declared and Paid	\$ 1.22 1/2	\$ 1.19	\$ 1.15	\$ 1.12 1/2	\$ 1.10 1/2	\$ 1.08 1/2
Total Assets	\$ 219,400	\$ 215,036	\$ 203,501	\$ 159,761	\$ 148,660	\$ 144,822
Convertible Preferred Stock	\$ 2,961	\$ 2,961	\$ 3,894	\$ 3,894	\$ 1,566	\$ 1,566
Long-term Debt	\$ 82,109	\$ 82,330	\$ 78,032	\$ 52,918	\$ 52,961	\$ 52,960

MIDDLESEX WATER COMPANY  
CONSOLIDATED BALANCE SHEETS  
ASSETS

	December 31,	
	2000	1999
-----		
UTILITY PLANT:		
Water Production	\$ 69,363,626	\$ 70,316,961
Transmission and Distribution	136,545,596	122,002,931
General	20,189,182	19,717,575
Construction Work in Progress	1,036,498	2,858,703
-----		
TOTAL	227,134,902	214,896,170
Less Accumulated Depreciation	38,856,591	35,174,531
-----		
UTILITY PLANT - NET	188,278,311	179,721,639
-----		
NONUTILITY ASSETS - NET	2,918,133	2,087,498
-----		
CURRENT ASSETS:		
Cash and Cash Equivalents	2,497,154	5,169,772
Temporary Cash Investments - Restricted	2,819,661	5,731,827
Accounts Receivable	5,282,796	5,969,546
Unbilled Revenues	2,969,043	2,627,863
Materials and Supplies (at average cost)	1,009,956	956,950
Prepayments	694,111	616,224
-----		
TOTAL CURRENT ASSETS	15,272,721	21,072,182
-----		
DEFERRED CHARGES:		
Unamortized Debt Expense	2,950,276	3,029,362
Preliminary Survey and Investigation Charges	573,128	472,287
Regulatory Assets:		
Income Taxes (Note 3)	6,012,748	5,955,879
Postretirement Costs (Note 8)	1,041,676	1,127,884
Other (Note 2)	2,352,966	1,568,934
-----		
TOTAL DEFERRED CHARGES	12,930,794	12,154,346
-----		
TOTAL	\$ 219,399,959	\$ 215,035,665
-----		

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY  
CAPITALIZATION AND LIABILITIES

		December 31,	
		2000	1999
<hr/>			
CAPITALIZATION (See Accompanying	Common Stock	\$ 48,838,486	\$ 47,593,514
	Retained Earnings	21,796,707	22,895,844
<hr/>			
Statements and Note 7):	TOTAL COMMON EQUITY	70,635,193	70,489,358
<hr/>			
	Cumulative Preferred Stock	4,063,062	4,063,062
	Long-term Debt	82,109,297	82,329,592
<hr/>			
	TOTAL CAPITALIZATION	156,807,552	156,882,012
<hr/>			
CURRENT	Current Portion of Long-term Debt	215,859	201,921
LIABILITIES:	Notes Payable	6,050,000	2,000,000
	Accounts Payable	2,438,664	3,392,432
	Taxes Accrued	6,050,322	5,358,737
	Interest Accrued	1,797,520	1,760,470
	Other	1,454,276	1,591,706
<hr/>			
	TOTAL CURRENT LIABILITIES	18,006,641	14,305,266
<hr/>			
COMMITMENTS AND CONTINGENT LIABILITIES (Note 4)			
<hr/>			
DEFERRED CREDITS:	Customer Advances for Construction	11,364,818	11,775,581
	Deferred Investment Tax Credits (Note 3)	2,011,033	2,089,650
	Deferred Federal Income Taxes (Note 3)	12,371,473	12,113,286
	Employee Benefit Plans (Note 8)	4,658,364	4,656,575
	Other	1,203,051	1,059,206
<hr/>			
	TOTAL DEFERRED CREDITS	31,608,739	31,694,298
<hr/>			
	CONTRIBUTIONS IN AID OF CONSTRUCTION	12,977,027	12,154,089
<hr/>			
	TOTAL	\$ 219,399,959	\$ 215,035,665
<hr/>			

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY  
CONSOLIDATED STATEMENTS OF INCOME

	2000	Years Ended December 31, 1999	1998
OPERATING REVENUES (Note 2)	\$ 54,476,543	\$53,497,153	\$43,057,966
OPERATING EXPENSES:			
Operations (Note 4)	27,713,224	26,268,347	19,807,472
Maintenance	2,555,237	2,618,679	1,715,357
Depreciation	4,700,934	3,884,650	3,284,669
Other Taxes	6,931,961	6,871,105	6,101,719
Federal Income Taxes (Note 3)	2,637,058	3,188,893	2,999,288
TOTAL OPERATING EXPENSES	44,538,414	42,831,674	33,908,505
OPERATING INCOME	9,938,129	10,665,479	9,149,461
OTHER INCOME:			
Allowance for Funds Used During Construction	135,161	1,350,016	1,050,044
Other - Net	228,792	560,991	745,322
TOTAL OTHER INCOME	363,953	1,911,007	1,795,366
INCOME BEFORE INTEREST CHARGES	10,302,082	12,576,486	10,944,827
INTEREST CHARGES:			
Interest on Long-term Debt	4,555,379	4,469,709	4,088,631
Amortization of Debt Expense	139,320	136,290	132,049
Other Interest Expense	302,323	89,446	202,921
TOTAL INTEREST CHARGES	4,997,022	4,695,445	4,423,601
NET INCOME	5,305,060	7,881,041	6,521,226
PREFERRED STOCK DIVIDEND REQUIREMENTS	254,786	300,786	318,786
EARNINGS APPLICABLE TO COMMON STOCK	\$ 5,050,274	\$7,580,255	\$6,202,440
EARNINGS AND DIVIDENDS PER SHARE OF COMMON STOCK:			
Earnings per Share (Note 7):			
Basic	\$ 1.01	\$ 1.54	\$ 1.42
Diluted	\$ 1.01	\$ 1.52	\$ 1.41
Average Number of Shares Outstanding (Note 7):			
Basic	5,022,148	4,926,893	4,353,879
Diluted	5,193,718	5,148,153	4,580,305
Dividends Paid per Share	\$ 1.22 1/2	\$ 1.19	\$ 1.15

See Notes to Consolidated Financial Statements.



MIDDLESEX WATER COMPANY  
CONSOLIDATED STATEMENTS OF CAPITAL STOCK  
AND LONG-TERM DEBT

	Years Ended December 31,	
	2000	1999
<hr/>		
Common Stock, No Par Value (Note 7):		
Shares Authorized - 10,000,000		
Shares Outstanding - 2000 - 5,048,534	\$ 49,484,640	
1999 - 5,000,589		\$ 48,116,537
Restricted Stock Plan (Note 8)	(646,154)	(523,023)
<hr/>		
TOTAL COMMON STOCK	48,838,486	47,593,514
<hr/>		
Cumulative Preference Stock, No Par Value:		
Shares Authorized - 100,000		
Shares Outstanding - None		
Cumulative Preferred Stock, No Par Value (Note 7):		
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
<hr/>		
TOTAL CUMULATIVE PREFERRED STOCK	4,063,062	4,063,062
<hr/>		
Long-term Debt (Note 7):		
8.05%, Amortizing Secured Note, due December 20, 2021	3,320,428	3,371,527
First Mortgage Bonds:		
7.25%, Series R, due July 1, 2021	6,000,000	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 September 1, 2018	970,667	1,024,986
4.53%, Series Y, due September 1, 2018	1,095,000	1,135,000
0.00%, Series Z, due September 1, 2019	2,089,061	2,150,000
5.25%, Series AA, due September 1, 2019	2,350,000	2,350,000
<hr/>		
SUBTOTAL LONG-TERM DEBT	82,325,156	82,531,513
<hr/>		
Less: Current Portion of Long-term Debt	(215,859)	(201,921)
<hr/>		
TOTAL LONG-TERM DEBT	\$ 82,109,297	\$ 82,329,592
<hr/>		

See Notes to Consolidated Financial Statements.

## SEE CASH FLOWS

MIDDLESEX WATER COMPANY  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	2000	Years Ended December 31, 1999	1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income	\$ 5,305,060	\$ 7,881,041	\$ 6,521,226
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	4,944,701	4,303,192	3,796,607
Provision for Deferred Income Taxes	201,319	(124,315)	134,976
Allowance for Funds Used During Construction	(135,161)	(1,350,016)	(1,050,044)
Changes in Assets and Liabilities:			
Accounts Receivable	686,749	(1,083,479)	(1,091,207)
Accounts Payable	(953,770)	(459,227)	302,246
Accrued Taxes	691,584	138,068	78,580
Accrued Interest	37,050	59,140	517,769
Unbilled Revenues	(341,180)	(329,715)	(122,214)
Employee Benefit Plans	1,788	894,059	1,015,280
Other-Net	(442,577)	111,068	313,982
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>9,995,563</b>	<b>10,039,816</b>	<b>10,417,201</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Utility Plant Expenditures*	(13,639,291)	(23,281,735)	(26,275,281)
Notes Receivable	(40,500)	2,806,102	(1,619,065)
Preliminary Survey & Investigation Charges	(100,841)	(196,085)	(62,552)
Other-Net	(854,691)	(158,596)	(654,605)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(14,635,323)</b>	<b>(20,830,314)</b>	<b>(28,611,503)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Redemption of Long-term Debt	(206,357)	(71,730)	(42,710)
Proceeds from Issuance of Long-term Debt	-	4,500,000	25,185,000
Short-term Bank Borrowings	4,050,000	1,000,000	435,299
Deferred Debt Issuance Expenses	(41,617)	(22,268)	(502,200)
Temporary Cash Investments-Restricted	2,912,166	4,044,245	(9,557,285)
Proceeds from Issuance of Common Stock-Net	1,244,972	1,104,469	14,288,456
Payment of Common Dividends	(6,149,411)	(5,857,405)	(4,987,013)
Payment of Preferred Dividends	(254,786)	(300,786)	(318,751)
Construction Advances and Contributions-Net	412,175	2,174,923	569,034
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>1,967,142</b>	<b>6,571,448</b>	<b>25,069,830</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(2,672,618)</b>	<b>(4,219,050)</b>	<b>6,875,528</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>5,169,772</b>	<b>9,388,822</b>	<b>2,513,294</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 2,497,154</b>	<b>\$ 5,169,772</b>	<b>\$ 9,388,822</b>
*Excludes Allowance for Funds Used During Construction			
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:</b>			
Cash Paid During the Year for:			
Interest (net of amounts capitalized)	\$ 4,643,135	\$ 3,137,411	\$ 2,810,578
Income Taxes	\$ 1,981,450	\$ 3,728,700	\$ 3,162,975

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY  
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	2000	Years Ended December 31, 1999	1998
BALANCE AT BEGINNING OF YEAR	\$ 22,895,844	\$ 21,222,294	\$ 20,087,065
NET INCOME	5,305,060	7,881,041	6,521,226
TOTAL	28,200,904	29,103,335	26,608,291
CASH DIVIDENDS:			
Cumulative Preferred Stock	254,786	300,786	318,751
Common Stock	6,149,411	5,857,405	4,987,013
COMMON STOCK EXPENSES	-	49,300	80,233
TOTAL DEDUCTIONS	6,404,197	6,207,491	5,385,997
BALANCE AT END OF YEAR	\$ 21,796,707	\$ 22,895,844	\$ 21,222,294

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

(a) 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) and Utility Service Affiliates (Perth Amboy) Inc. (USA-PA). White Marsh Environmental Systems, Inc., is a wholly-owned subsidiary of Tidewater. Public Water Supply Company, Inc. (Public), which was also a wholly-owned subsidiary of Tidewater, was merged into Tidewater effective February 1, 2000. The combined entity has continued to operate under the Tidewater name. 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.

(b) System of Accounts - Middlesex, Pinelands Water and Pinelands Wastewater maintain their accounts in accordance with the Uniform System of Accounts prescribed by the Board of Public Utilities of the State of New Jersey (BPU). Tidewater maintains its accounts in accordance with the Public Service Commission of Delaware (PSC) requirements.

(c) Utility Plant is stated at original cost as defined for regulatory purposes. Property accounts are charged with the cost of betterments and major replacements of property. Cost includes direct material, labor and indirect charges for pension benefits and payroll taxes. The cost of labor, materials, supervision and other expenses incurred in making repairs and minor replacements and in maintaining the properties is charged to the appropriate expense accounts. At December 31, 2000, there was no event or change in circumstance that would indicate that the carrying amount of any long-lived asset was not recoverable.

(d) Depreciation is computed by each regulated member of the Company utilizing a rate approved by the applicable regulatory authority. The Accumulated Provision for Depreciation is charged with the cost of property retired, together with removal costs, less salvage.

(e) Allowance for Funds Used During Construction (AFUDC) - Middlesex, Tidewater, Pinelands Water and Pinelands Wastewater capitalize AFUDC, which represents the cost of financing projects during construction. AFUDC is added to the construction costs of individual projects exceeding specific cost thresholds established for each company and then depreciated along with the rest of the utility plant's costs over its estimated useful life. AFUDC is calculated using each company's weighted cost of debt and equity.

(f) Accounts Receivable - Provision for allowance for doubtful accounts at December 31, 2000, 1999 and 1998 was less than \$0.1 million. The corresponding expense and deduction for December 31, 2000, was \$0.1 million and less than \$0.1 million for 1999 and 1998.

(g) Revenues from regulated activities are recorded as service is rendered and include estimates for amounts unbilled at the end of the period for services provided subsequent to the last billing cycle. Fixed service charges are billed in advance by Tidewater and are recognized in revenue as the service is provided. Management contract fees are recorded as earned.

(h) Deferred Charges - Unamortized Debt Expense is amortized over the lives of the related issues. As authorized by the BPU, main cleaning and lining costs, tank painting and regulatory expenses are amortized over 3 to 14-year periods. Delaware rate case expenses are allowed to be amortized over six years pursuant to the PSC order.

(i) Income Taxes - Middlesex files a consolidated federal income tax return for the Company and income taxes are allocated based on the separate return method. Investment tax credits have been deferred and are amortized over the estimated useful life of the related property.

(j) Statements of Cash Flows - For purposes of reporting cash flows, the Company considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents. Cash and cash equivalents represent bank balances and money market funds with investments maturing in less than 90 days.

(k) Use of Estimates - Conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

(l) In June 1998, The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. The adoption of this statement on January 1, 2001, had no effect on the financial statements.

(m) Certain prior year amounts have been reclassified to conform to the current year reporting.

Note 2 - Rates and Revenues

Three base rate increase petitions were filed with the BPU during the year.

	Middlesex -----	Pinelands Water -----	Pinelands Wastewater -----
Date Filed	June 22, 2000	July 7, 2000	July 7, 2000
Amount	\$ 6.6 million	\$ 0.1 million	\$ 0.2 million
% Increase	15.92%	31.30%	22.30%
Return on Equity	11.80%	12.00%	12.00%
Last Increase	May 13, 1999	January 23, 1999	January 23, 1999

The requested increases are necessary to cover higher operations and maintenance costs, depreciation and taxes. In addition, continued significant plant investment in the Middlesex system also contributed to the rate request. The last rate increase for the Pinelands Companies represented the final stage of a three-phase implementation. The first increase was effective January 23, 1997. The discovery phase and the evidentiary hearings have been completed for all cases. Legal briefs have been filed for all three cases. The Administrative Law Judge assigned to the Middlesex case issued an oral decision on March 19, 2001 recommending an 8.45% or \$3.5 million increase. Initial decisions for the Pinelands cases are not expected until mid-April 2001. Ultimate resolutions by the BPU for the three cases are not expected until the middle of the second quarter of 2001.

On September 20, 1999, Tidewater and Public jointly filed a petition with the PSC for a base rate increase of \$1.7 million or 38.3%. The increase is necessary to cover additional capital improvements and increased operating and maintenance costs. As prescribed by PSC regulations, Tidewater was granted an interim rate increase, subject to refund, of 14.8%, effective November 19, 1999. Concurrently with the rate increase request, an application was filed and approved by the PSC for a corporate merger of Tidewater and Public. Public merged into Tidewater effective February 1, 2000. The last increase in base rates for Tidewater and Public were in 1991 and 1992, respectively.

On March 31, 2000, Tidewater amended its base rate increase petition from 38.3% to 21.2%. The lower request was due mostly to lower than projected capital expenditures. Evidentiary hearings were held in mid-April 2000. The hearing examiner issued his report in late June 2000, which recommended an increase of approximately 5.50%. This matter was brought before the PSC on September 12, 2000, at which time the Company was granted a 2.67% rate increase. The PSC disallowed any recognition of acquisition adjustments and applied a 0.75% credit against the allowed return of equity of 10.0% due to quality of service issues. This credit may be removed by the PSC upon receipt of satisfactory evidence that Tidewater has resolved the quality issues that arose during the course of the rate proceedings.

Because Tidewater implemented a 14.8% interim rate increase on November 19, 1999, refunds were given to its customers, along with interest, by way of billing credits, for the difference between interim and approved rates, retroactive to the date interim rates were put into effect.

In May 1999, the BPU approved an 11.5% or \$4.3 million base rate increase for Middlesex. Under the approval, the allowed return on equity is 10.8% with an overall rate of return of 8.21%. The purpose of the increase is to allow Middlesex the opportunity to earn a return on and recover the capital investment in the upgrade and expansion of the Carl J. Olsen Water Treatment Plant (CJO Plant). This project was necessary to meet the new and anticipated regulatory standards concerning water quality and to increase the plant's production capacity. The Company's original rate request, which was filed in September 1998, was for \$8.0 million.

In January 1998, the BPU approved an increase in the rates of Middlesex by 4.4%, or \$1.5 million. Under the approval, the allowed return on equity is 11.0% with an overall rate of return of 8.56%. The increase includes the recovery of postretirement costs other than pension expenses, which are mandated by the Company's compliance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions."

Included in Other Deferred Charges are \$1.5 million of deferred costs at December 31, 2000, which Middlesex, Tidewater, Pinelands Water and Pinelands Wastewater are recovering through rates over periods of 3 to 14 years. The BPU has excluded these costs from their rate bases and, therefore, they are not earning a return on the unamortized costs during the recovery periods.

Tidewater will submit a petition with the PSC for approval of the acquisition and assignment of all of the membership interest in Sea Colony Water Company, LLC, a 2,200 customer water system located in Sussex County, Delaware, for \$2.4 million. Included in that petition is a request to maintain the existing rate tariff under which Sea Colony customers are billed for water service. A decision is not expected until the second quarter of 2001.

Since 1997, Middlesex has operated a 300-customer water system in Fortescue, New Jersey, as an interim custodial receiver appointed by the Superior Court of New Jersey, Cumberland County. On February 14, 2001, the BPU approved Middlesex' petition for approval of the purchase by Middlesex of the assets of that system and other related regulatory approvals. This approval is the first step of the final process for Middlesex to purchase the water utility assets of the troubled system. The anticipated completion date of this acquisition is unknown at this time, but it is not expected to have a material impact on the Company's results of operations.

In December 1999, Middlesex closed on a franchise agreement with the City of South Amboy (South Amboy) to provide water service and install water system facilities in South Amboy. The agreement between Middlesex and South Amboy, originally signed in December 1998, received approval from the BPU on November 18, 1999. See Note 4.

Note 3 - Income Taxes

Federal income tax expense differs from the amount computed by applying the statutory rate on book income subject to tax for the following reasons:

	Years Ended December 31, (Thousands of Dollars)		
	2000	1999	1998
Income Tax at Statutory Rate of 34%	\$ 2,700	\$ 3,764	\$ 3,237
Tax Effect of:			
AFUDC	( 46)	(459)	(357)
Other	( 17)	(116)	119
Total Federal Income Tax Expense	\$ 2,637	\$ 3,189	\$ 2,999

Federal income tax expense is comprised of the following:

Current	\$ 2,554	\$ 3,432	\$ 2,975
Deferred:			
Customer Advances	40	45	51
Accelerated Depreciation	519	234	595
Employee Benefit Plans	(355)	(304)	(358)
Investment Tax Credit	( 79)	( 76)	( 72)
Other	( 42)	(142)	(192)
Total Federal Income Tax Expense	\$ 2,637	\$ 3,189	\$ 2,999

The statutory review period for income tax returns for the years prior to 1997 has been closed.

The Company is required to set up deferred income taxes for all temporary differences regardless of the regulatory ratemaking treatment. However, if it is probable that these additional taxes will be passed on to ratepayers, an offsetting regulatory asset or liability can be recorded. Management believes that it is probable that the consolidated deferred income tax liability of approximately \$6.0 million will be recovered in future rates. Therefore, a regulatory asset has been set up to offset the increased liability.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial purposes and the amounts used for income tax purposes. The components of the net deferred tax liability are as follows:

	Years Ended December 31, (Thousands of Dollars)	
	2000	1999
Utility Plant Related	\$18,417	\$17,953
Customer Advances	(4,578)	(4,628)
Employee Benefits	(1,427)	(1,110)
Other	(41)	(102)
Total Deferred Tax Liability	\$12,371	\$12,113

#### Note 4 - Commitments and Contingent Liabilities

Service Agreement - In December 1998, the Company's subsidiary, USA-PA, entered into a 20-year agreement with the City of Perth Amboy, New Jersey (Perth Amboy), and the Middlesex County Improvement Authority (MCIA) to operate and maintain the water and wastewater systems of Perth Amboy. USA-PA began operating Perth Amboy's systems on January 1, 1999.

Perth Amboy has a population of 40,000 and has approximately 8,600 customers, most of whom are served by both systems. The agreement was effected under New Jersey's Water Supply Public-Private Contracting Act and the New Jersey Wastewater Public/Private Contracting Act. Under the agreement, USA-PA receives a fixed fee and a variable fee based on increased system billing. Fixed fee payments began at \$6.4 million in the first year and will increase to \$9.7 in year 20. The agreement also requires USA-PA to lease from Perth Amboy all of its employees who currently work on the Perth Amboy water and wastewater systems. In connection with the agreement, Perth Amboy through the MCIA, issued approximately \$68.0 million in three series of bonds on January 28, 1999. The Company guaranteed one of those series of bonds, in the principal amount of approximately \$26.3 million. Perth Amboy guaranteed the two other series of bonds.

In addition to the agreement with Perth Amboy, effective January 1, 1999, USA-PA entered into a 20-year subcontract with a sewer contracting firm for the operation and maintenance of the Perth Amboy wastewater system. The subcontract requires the sharing of certain fixed and variable fees and operating expenses.

Franchise Agreement/Service Agreement - On December 2, 1999, Middlesex implemented a franchise agreement with the City of South Amboy (South Amboy) to provide water service and install water system facilities in South Amboy. The agreement between Middlesex and South Amboy, originally signed in December 1998, received approval from the BPU on November 18, 1999. The implementation of the franchise agreement has significantly impacted two existing agreements entered into by the parties in 1994.

The first agreement was for the sale of water to South Amboy on a wholesale basis. The second agreement, which included Middlesex's wholly-owned subsidiary USA, was a contract to provide management services for a fixed fee. In conjunction with the franchise agreement, the water sales contract was eliminated. In addition, the management services contract was extended through May 2045 and significantly modified to correspond with the terms and conditions of the franchise agreement.



Certain advances made by USA to South Amboy at the commencement of the management services contract have been forgiven in consideration for the franchise agreement. Fixed fee revenues recognized under the original contract have been eliminated in lieu of revenues earned from providing water to South Amboy's 2,600 customers

Water Supply - Middlesex has an agreement with the Elizabethtown Water Company for the purchase of treated water. This agreement, which expires December 31, 2005, provides for the minimum purchase of 3 million gallons daily (mgd) of treated water with provisions for additional purchases. The 2000, 1999 and 1998 costs under this agreement were \$1.6 million, \$1.7 million and \$1.6 million, respectively.

Middlesex also has an agreement with the New Jersey Water Supply Authority (NJWSA), which expires November 1, 2013, and provides for the minimum purchase of 20 mgd of untreated water from the Delaware and Raritan Canal and the Raritan River. In addition, the Company has a supplemental one-year agreement for an additional 5 mgd through April 30, 2001. This agreement is renewable on an annual basis. The total costs under this agreement in 2000, 1999 and 1998 were \$1.9 million, \$2.0 million and \$1.8 million, respectively.

Construction - The Company plans to spend approximately \$20.3 million in 2001, \$19.3 million in 2002 and \$21.5 million in 2003 on its construction program. Substantially all of the utility plant of the Company is subject to the lien of its mortgage, which also includes certain restrictions as to cash dividend payments and other distributions on common stock.

Litigation - A motel in our Middlesex service area in 1994, and again in 1997, suffered outbreaks of Legionella. Claims resulting from the death of a motel guest from Legionella in 1997 and claims by two other patrons alleging illness as a result of their stay at the motel in 1997 have been brought against the motel and against us. We have substantial insurance coverage, which we believe will be sufficient for all claims in this matter other than for punitive damages. While the outcome of this case remains uncertain, we believe that the final resolution will not have a significant effect on financial condition or results of operations.

The 1995 fire at a warehouse in our service territory resulted in multiple party claims brought forth in the Superior Court for Middlesex County, New Jersey, as well as, with the financial collapse of the principal tenant, in the Federal Bankruptcy Court. The claims in the State Court action are for unspecified amounts but include claims against us for insufficient water pressure and supply. Under New Jersey case law, we will not have financial responsibility to parties to the extent they receive payments under their own insurance policies. We do not know either the total amount of claims against us or how much of that amount will be covered by the parties' own insurance policies. We believe we have substantial defenses to the claims against us although we do not have insurance coverage for them.

The Company has been notified of a potential claim in excess of \$10.0 million involving the break of both a Company water line and an underground electric power cable in close proximity to it. The power cable contained both electric lines and petroleum based insulating fluid. The Company is insured for damages except for damages resulting from pollution discharge, which the Company is advised is approximately \$0.2 million. Causation and liability have not been established.

Note 5 - Lines of Credit, Notes Payable and Restricted Cash

	(Thousands of Dollars)		
	2000	1999	1998
Established Lines at Year End	\$18,000	\$18,000	\$28,000
Maximum Amount Outstanding	6,050	3,000	4,575
Average Outstanding	3,900	1,100	2,700
Notes Payable at Year End	6,050	2,000	1,000
Weighted Average Interest Rate	6.82%	5.37%	5.37%

The Board of Directors has authorized lines of credit for up to \$30 million. Short-term borrowings are below the prime rate with some requirements for compensating balances not exceeding 1% of the line.

Restricted temporary cash investments at December 31, 2000, include \$2.6 million balance of proceeds from the Series Z and AA First Mortgage Bonds issuances. These funds are held in trusts and restricted to specific capital expenditures and debt service requirements. Series Z and AA proceeds can only be used for the 2000 and 2002 main cleaning and cement lining programs.

Note 6 - Quarterly Operating Results - Unaudited

Quarterly operating results for 2000 and 1999 are as follows:

(Thousands of Dollars Except per Share Data)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
2000					
Operating Revenues	\$12,981	\$14,058	\$14,387	\$13,051	\$54,477
Operating Income	2,051	2,528	2,695	2,664	9,938
Net Income	906	1,369	1,537	1,493	5,305
Basic Earnings per Share	\$ .17	\$ .26	\$ .29	\$ .29	\$ 1.01
Diluted Earnings per Share	.17	.26	.29	.29	1.01
1999					
Operating Revenues	\$11,680	\$13,813	\$15,392	\$12,612	\$53,497
Operating Income	1,946	2,981	3,615	2,123	10,665
Net Income	1,493	2,572	2,781	1,035	7,881
Basic Earnings per Share	\$ .29	\$ .51	\$ .55	\$ .19	\$ 1.54
Diluted Earnings per Share	.29	.50	.54	.19	1.52

The information above, in the opinion of the Company, includes all adjustments consisting only of normal recurring accruals necessary for a fair presentation of such amounts. The business of the Company is subject to seasonal fluctuation with the peak period usually occurring during the summer months.

## Note 7 - Capitalization

All the transactions discussed below related to the issuance or redemption of securities were approved by the BPU, except where noted.

### Common Stock

In December 1998, the Company completed the sale of 517,000 shares of its no par common stock at a price of \$24.625 per share. Most of the offering proceeds were used to fund a portion of the cost of the CJO Plant upgrade. In addition, other capital improvement expenditures for the Company's utility systems were funded by the proceeds.

The number of shares authorized under the Dividend Reinvestment and Common Stock Purchase Plan (DRP) is 1,700,000 shares. The cumulative number of shares issued under the DRP at December 31, 2000, is 924,248. During 2000, 1999 and 1998, 47,945 shares (\$1.3 million), 48,664 shares (\$1.3 million) and 110,852 shares (\$2.3 million) of common stock were issued under DRP and the restricted stock plan, respectively.

In the event dividends on the preferred stock are in arrears, no dividends may be declared or paid on the common stock of the Company. At December 31, 2000, no restrictions were placed on common dividends.

### Preferred Stock

If four or more quarterly dividends are in arrears, the preferred shareholders, as a class, are entitled to elect two members to the Board of Directors in addition to Directors elected by holders of the common stock. In 1999, the number of authorized preferred stock, without par value, was reduced from 149,980 shares to 140,497 shares to account for the conversion of 8,000 shares of the \$8.00 Series into 54,856 shares of the Company's common shares in 1999 and the cancellation of 1,483 shares of the nonredeemable \$7.00 Series previously redeemed. At December 31, 2000, and 1999, 37,898 shares of preferred stock presently authorized were outstanding. There were no dividends in arrears.

The conversion feature of the no par \$7.00 Cumulative and Convertible Preferred Stock allows the security holders to exchange one convertible preferred share for six shares of the Company's common stock. In addition, the Company may redeem up to 10% of the outstanding convertible stock in any calendar year at a price equal to the fair market value of six shares of the Company's common stock for each share of convertible stock redeemed.

The conversion feature of the no par \$8.00 Cumulative and Convertible Preferred Stock allows the security holders to exchange one convertible preferred share for 6.857 shares of the Company's common stock. The preferred shares are convertible at the election of the security holder until 2004. After that date Middlesex also has the right to elect the conversion feature.

#### Long-term Debt

On November 5, 1999, the Company issued \$2.150 million, designated as Series Z, and \$2.350 million, designated as Series AA, First Mortgage Bonds through the New Jersey State Revolving Fund (SRF). Series Z has a zero interest cost, while Series AA has a coupon rate that varies from 5.25% to 5.75%. The SRF program, which is administered by the New Jersey Environmental Infrastructure Trust, evolved from the Federal Environmental Protection Agency's (EPA) regulations issued under the Safe Drinking Water Act. Under this program, investor-owned public water utilities can apply for construction loans, which are funded by the participating state and the EPA through the state environmental agency. In New Jersey, initial project approval must be granted by the New Jersey Department of Environmental Protection. Funds from the EPA, which can equal up to 50% of construction costs, are loaned at a zero interest cost; the interest rate on the state portion of the loan is based upon the prevailing market conditions at time of issuance. Interest paid to the bondholders is exempt from federal and New Jersey income taxes. However, the interest is subject to the Alternative Minimum Tax. The proceeds of the bonds are being used to fund the 2000 and 2001 capital project to clean and cement line previously unlined pipes and mains.

The aggregate annual maturities for the amortizing secured note and First Mortgage Bonds issued under SRF for each of the next five years are as follows: 2001 - \$0.2 million; and 2002 through 2005; \$0.4 million. All other First Mortgage Bonds are term bonds with a single maturity date, which are listed in the Consolidated Statements of Capital Stock and Long-Term Debt.

The weighted average interest rate on all long-term debt at December 31, 2000, and 1999 was 5.83% and 5.95%, respectively.

#### Earnings Per Share

The following table presents the calculation of basic and diluted earnings per share (EPS) for the three years ended December 31. Basic 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 \$8.00 Series.

(In Thousands Except per Share Amounts)

Basic:	2000		1999		1998	
	Income	Shares	Income	Shares	Income	Shares
Net Income	\$ 5,305	5,022	\$7,881	4,927	\$6,521	4,354
Preferred Dividend	(255)		(301)		(319)	
Earnings Applicable to Common Stock	\$5,050	5,022	\$7,580	4,927	\$6,202	4,354
Basic EPS	\$ 1.01		\$ 1.54		\$ 1.42	
Diluted:						
Earnings Applicable to Common Stock	\$5,050	5,022	\$7,580	4,927	\$6,202	4,354
\$7.00 Series Dividend	104	89	104	89	104	89
\$8.00 Series Dividend	96	82	142	132	160	137
Adjusted Earnings Applicable to Common Stock	\$5,250	5,193	\$7,826	5,148	\$6,466	4,580
Diluted EPS	\$ 1.01		\$ 1.52		\$ 1.41	

#### 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 consolidated balance sheets for cash and cash equivalents, marketable securities, and trade receivables and payables approximate their respective fair values due to the short-term maturities of these instruments. The fair value of the Company's long-term debt relating to first mortgage bonds is based on quoted market prices for similar issues. At December 31, 2000, and 1999, the carrying amount and fair market value of the Company's bonds were as follows:

(Thousands of Dollars)

	2000 Carrying Amount	1999 Fair Value	Carrying Amount	Fair Value
-----				
First Mortgage Bonds	\$79,005	\$77,300	\$79,160	\$71,346

For other long-term debt for which there was no quoted market price, it was not practicable to estimate their fair value. The carrying amount of these instruments at December 31, 2000, and 1999 was \$3.3 million and \$3.4 million, respectively. Customer advances for construction have a carrying amount of \$11.4 million and \$11.8 million at December 31, 2000, and 1999, 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 8 - Employee Benefit Plans

##### Pension

The Company has a noncontributory defined benefit pension plan, which covers substantially all employees with more than 1,000 hours of service. The Company makes contributions to the Plan consistent with the funding requirements of federal laws and regulations. Plan assets consist primarily of corporate equities, cash equivalents and stock and bond funds. In addition, the Company maintains an unfunded supplemental pension plan for its executives.

##### Postretirement Benefits Other Than Pensions

The Company has a postretirement benefit plan other than pension for substantially all of its retired employees. Coverage includes health care and life insurance. Retiree contributions are dependent on credited years of service. Accrued retirement benefit costs are recorded each year.

The Company has recognized a deferred regulatory asset relating to the difference between the accrued retirement benefit costs and actual cash paid for plan premiums in years prior to 1998. Included in the regulatory asset is a transition obligation from adopting SFAS No.106 on January 1, 1993. In addition to the recognition of annual accrued retirement benefit costs in rates, Middlesex is also recovering the transition obligation over 15 years. The regulatory assets at December 31, 2000, and 1999 were \$1.0 million and \$1.1 million, respectively.

The following table sets forth information relating to the Company's Pension Plans and Other Postretirement Benefits.

	(Thousands of Dollars)			
	Pension Benefits		Other Benefits	
	2000	1999	2000	1999
-----				
Reconciliation of Benefit Obligation				
Beginning Balance	\$ 16,304	\$ 16,573	\$ 4,346	\$ 4,434
Service Cost	678	669	153	140
Interest Cost	1,249	1,136	417	310
Actuarial (Gain)/Loss	194	(1,394)	1,172	(319)
Benefits Paid	(718)	(680)	(229)	(219)
-----				
Ending Balance	\$ 17,707	\$ 16,304	\$ 5,859	\$ 4,346
-----				
Reconciliation of Plan Assets at Fair Value				
Beginning Balance	\$ 17,928	\$ 17,058	\$ --	\$ --
Actual Return on Plan Assets	1,242	1,504	--	--
Employer Contributions	46	46	229	219
Benefits Paid	(718)	(680)	(229)	(219)
-----				
Ending Balance	\$ 18,498	\$ 17,928	\$ --	\$ --
-----				
Funded Status	\$ 791	\$ 1,624	\$ (5,859)	\$ (4,346)
Unrecognized Net Transition Obligation	16	30	1,623	1,759
Unrecognized Net Actuarial (Gain)/Loss	(4,098)	(4,596)	1,561	459
Unrecognized Prior Service Cost	535	647	(4)	(6)
-----				
Accrued Benefit Cost	\$ (2,756)	\$ (2,295)	\$ (2,679)	\$ (2,134)
-----				

	(Thousands of Dollars)					
	2000	Pension Benefits		Other Benefits		1998
		1999	1998	2000	1999	
-----						
Components of Net Periodic Benefit Cost						
Service Cost	\$ 678	\$ 669	\$ 619	\$ 153	\$ 140	\$ 132
Interest Cost	1,249	1,136	1,065	417	310	287
Expected Return on Plan Assets	(1,406)	(1,336)	(1,156)	--	--	--
Amortization of Net Transition Obligation	14	14	14	135	135	135
Amortization of Net Actuarial (Gain)/Loss	(139)	(93)	10	69	29	64
Amortization of Prior Service Cost	111	111	102	(1)	(2)	(11)
-----						
Net Periodic Benefit Cost	\$ 507	\$ 501	\$ 654	\$ 773	\$ 612	\$ 607
-----						

	Pension Benefits			Other Benefits		
	2000	1999	1998	2000	1999	1998
Weighted-Average Assumptions						
Discount Rate	7.75%	7.75%	7.00%	7.75%	7.75%	7.00%
Expected Return on Plan Assets	8.00%	8.00%	8.00%	--	--	--
Actual Return on Plan Assets	7.07%	9.00%	20.25%	--	--	--
Rate of Compensation Increase	5.00%	5.00%	4.75%	5.00%	5.00%	4.75%

For measurement purposes, a 5.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2000 and all future years. Assumed health care trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage point change in assumed health care cost trend rates would have the following effects:

	(Thousands of Dollars)	
	1 Percentage Point Increase	Decrease
Effect on Current Year's Benefit Expense	\$ 111	\$ (90)
Effect on Benefit Obligation	968	(809)

#### 401(k) Plan

The Company has a 401(k) defined contribution plan, which covers substantially all employees with more than 1,000 hours of service. Under the terms of the Plan, the Company matches 100% of a participant's contributions, which do not exceed 1% of a participant's compensation, plus 50% of a participant's contributions exceeding 1% but not more than 6%. The Company's matching contributions in 2000, 1999 and 1998 amounted to \$0.2 million for each year.

#### Stock Based Compensation

The Company maintains a restricted stock plan, under which 42,250 shares of the Company's common stock are held in escrow by the Company for key employees. Such stock is subject to an agreement requiring forfeiture by the employee in the event of termination of employment within five years of the grant other than as a result of retirement, death or disability.

The maximum number of shares authorized for grant under this plan is 160,000 shares. Compensation expense is determined by the market value of the stock on the date of the award and is being amortized over a five-year period. Compensation expense for the years ended December 31, 2000, 1999 and 1998 was \$0.2 million, \$0.1 million and \$0.1 million, respectively.

As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation," (SFAS No. 123) the Company elected to account for its stock based compensation under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Had compensation costs for the Company's restricted stock plan been determined based on methodology prescribed in SFAS No. 123, there would have been no effect on its results of operations or cash flows.

Note 9 - 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 non-regulated contract services for the operation and maintenance of municipal and private water and wastewater systems in New Jersey and Delaware. On January 1, 1999 the Company began operating the water and wastewater systems of the City of Perth Amboy, New Jersey under a service contract. 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)		
	2000	1999	1998
Revenues:			
Regulated	\$ 47,634	\$ 46,008	\$ 42,593
Non - Regulated	6,879	7,527	489
Inter-segment Elimination	(36)	(38)	(24)
Consolidated Revenues	\$ 54,477	\$ 53,497	\$ 43,058
Operating Income:			
Regulated	\$ 9,525	\$ 9,718	\$ 8,925
Non - Regulated	413	947	224
Inter-segment Elimination	--	--	--
Consolidated Operating Income	\$ 9,938	\$ 10,665	\$ 9,149
Depreciation/Amortization:			
Regulated	\$ 4,646	\$ 3,854	\$ 3,280
Non - Regulated	55	31	5
Inter-segment Elimination	--	--	--
Consolidated Depreciation/Amortization	\$ 4,701	\$ 3,885	\$ 3,285
Other Income:			
Regulated	\$ 1,284	\$ 3,438	\$ 2,631
Non - Regulated	4	(21)	--
Inter-segment Elimination	(924)	(1,506)	(836)
Consolidated Other Income	\$ 364	\$ 1,911	\$ 1,795
Interest Expense:			
Regulated	\$ 5,646	\$ 5,071	\$ 4,596
Non - Regulated	56	226	154
Inter-segment Elimination	(705)	(602)	(326)
Consolidated Interest Expense	\$ 4,997	\$ 4,695	\$ 4,424
Net Income:			
Regulated	\$ 5,162	\$ 8,064	\$ 6,960
Non - Regulated	362	721	70
Inter-segment Elimination	(219)	(904)	(509)
Consolidated Net Income	\$ 5,305	\$ 7,881	\$ 6,521
Capital Expenditures:			
Regulated	\$ 13,065	\$ 23,117	\$ 26,222
Non - Regulated	574	165	53
Inter-segment Elimination	--	--	--
Total Capital Expenditures	\$ 13,639	\$ 23,282	\$ 26,275

	As of December 31, 2000	As of December 31, 1999
Assets:		
Regulated	\$ 237,904	\$ 231,650
Non - Regulated	3,034	2,405
Inter-segment Elimination	(21,538)	(19,019)
Consolidated Assets	\$ 219,400	\$ 215,036





Report of Management

The consolidated financial statements and other financial information included in this annual report have been prepared by and are the responsibility of Management. The statements have been prepared in conformity with accounting principles generally accepted in the United States of America considered appropriate under the circumstances and include amounts based on necessary judgment and estimates deemed appropriate.

The Company maintains a system of internal accounting controls designed to provide reasonable assurance that assets are protected from improper use and loss and to provide reliable financial information.

The consolidated financial statements of the Company have been audited by its independent auditors, Deloitte & Touche LLP, and their report is included herein.

The Board of Directors, through its Audit Committee consisting solely of outside Directors, is responsible for overseeing and reviewing the Company's financial reporting and accounting practices. The Audit Committee meets periodically with the independent auditors to review the scope of their work and discuss any changes and developments that may impact the Company.

/s/ J. Richard Tompkins

/s/ A. Bruce O'Connor

-----  
J. Richard Tompkins  
Chairman of the Board  
and President

-----  
A. Bruce O'Connor  
Vice President and  
Controller

February 20, 2001

INDEPENDENT AUDITORS' REPORT  
MIDDLESEX WATER COMPANY

We have audited the accompanying consolidated balance sheets and consolidated statements of capital stock and long-term debt of Middlesex Water Company and its subsidiaries as of December 31, 2000 and 1999 and the related consolidated statements of income, retained earnings and of cash flows for each of the three years in the period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Middlesex Water Company and its subsidiaries at December 31, 2000 and 1999 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP/  
Parsippany, New Jersey  
February 20, 2001

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Chairman of the Board and President and Director	/s/ J. Richard Tompkins/ ----- J. Richard Tompkins	3/23/01 ----- Date
Executive Vice President and Director	/s/ Richard A. Russo/ ----- Richard A. Russo	3/23/01 ----- Date
Vice President and Controller Chief Financial Officer	/s/ A. Bruce O'Connor/ ----- A. Bruce O'Connor	3/23/01 ----- Date
Director	/s/ John C. Cutting/ ----- John C. Cutting	3/23/01 ----- Date
Director	/s/ John R. Middleton/ ----- John R. Middleton	3/23/01 ----- Date
Director	/s/ John P. Mulkerin/ ----- John P. Mulkerin	3/23/01 ----- Date
Director	/s/ Stephen H. Mundy/ ----- Stephen H. Mundy	3/23/01 ----- Date
Director	/s/ Jeffries Shein/ ----- Jeffries Shein	3/23/01 ----- Date
Senior Vice President and General Counsel and Director	/s/ Dennis G. Sullivan/ ----- Dennis G. Sullivan	3/23/01 ----- Date

EXHIBIT INDEX

Exhibits designated with an asterisk (\*) are filed herewith. The exhibits not so designated have heretofore been filed with the Commission and are incorporated herein by reference to the documents indicated in the previous filing columns following the description of such exhibits.

Exhibit No. -----	Document Description -----	Previous Filing's Registration No. . -----	Exhibit No. . -----
3.1	Certificate of Incorporation of the Company, as amended, filed as Exhibit 3.1 of 1998 Form 10-K.		
3.2	Bylaws of the Company, as amended.	33-54922	3.2
4.1	Form of Common Stock Certificate.	2-55058	2(a)
4.2	Registration Statement, Form S-3, under Securities Act of 1933 filed February 3, 1987, relating to the Dividend Reinvestment and Common Stock Purchase Plan.	33-11717	
4.3	Post Effective Amendments No. 3 and 6, Form S-3, under Securities Act of 1933 filed May 28, 1993, relating to the Dividend Reinvestment and Common Stock Purchase Plan.	33-11717	
4.4	Revised Prospectus relating to the Dividend Reinvestment and Common Stock Purchase Plan, Submitted to the Securities and Exchange Commission, January 20, 2000.	33-11717	
10.1	Copy of Purchased Water Agreement between the Company and Elizabethtown Water Company, filed as Exhibit 10.1 of 1996 Form 10-K.		
10.2	Copy of Mortgage, dated April 1, 1927, between the Company and Union County Trust Company, as Trustee, as supplemented by Supplemental Indentures, dated as of October 1, 1939 and April 1, 1949.	2-15795	4(a)-4(f)
10.3	Copy of Supplemental Indentures, dated as of July 1, 1964 and June 15, 1991, between the Company and Union County Trust Company, as Trustee.	33-54922	10.4-10.9
10.4	Copy of Trust Indenture, dated as of June 15, 1991, between the New Jersey Economic Development Authority and Midlantic National Bank, as Trustee.	33-54922	10.17

## EXHIBIT INDEX

Exhibit No.	Document Description	Previous Filing's Registration No.	Exhibit No.
10.5	Copy of Supply Agreement, dated as of November 17, 1986, between the Company and the Old Bridge Municipal Utilities Authority.	33-31476	10.12
10.6	Copy of Supply Agreement, dated as of July 14, 1987, between the Company and the Marlboro Township Municipal Utilities Authority, as amended.	33-31476	10.13
10.7	Copy of Supply Agreement, dated as of February 11, 1988, with modifications dated February 25, 1992, and April 20, 1994, between the Company and the Borough of Sayreville filed as Exhibit No. 10.11 of 1994 First Quarter Form 10-Q.		
10.8	Copy of Water Purchase Contract and Supplemental Agreement, dated as of May 12, 1993, between the Company and the New Jersey Water Supply Authority filed as Exhibit No. 10.12 of 1993 Form 10-K.		
10.9	Copy of Treating and Pumping Agreement, dated April 9, 1984, between the Company and the Township of East Brunswick.	33-31476	10.17
10.10	Copy of Supply Agreement, dated June 4, 1990, between the Company and Edison Township.	33-54922	10.24
10.11	Copy of Supply Agreement, between the Company and the Borough of Highland Park, filed as Exhibit No. 10.15 of 1996 Form 10-K.		
10.12	Copy of Pipeline Lease Agreement, dated as of January 9, 1987, between the Company and the City of Perth Amboy.	33-31476	10.20
10.13	Copy of Supplemental Executive Retirement Plan, filed as Exhibit 10.13 of 1999 Third Quarter Form 10-Q.	33-31476	10.21
10.14	Copy of 1989 Restricted Stock Plan, filed as Appendix B to the Company's Definitive Proxy Statement, dated and filed April 25, 1997.	33-31476	10.22

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Filing's	
		Registration No.	Exhibit No.
10.15(a)	Employment Agreement between Middlesex Water Company and J. Richard Tompkins, filed as Exhibit 10.15(a) of 1999 Third Quarter Form 10-Q.		
10.15(b)	Employment Agreement between Middlesex Water Company and Walter J. Brady, filed as Exhibit 10.15(b) of 1999 Third Quarter Form 10-Q.		
10.15(c)	Employment Agreement between Middlesex Water Company and A. Bruce O'Connor, filed as Exhibit 10.15(c) of 1999 Third Quarter Form 10-Q.		
10.15(d)	Employment Agreement between Middlesex Water Company and Marion F. Reynolds, filed as Exhibit 10.15(d) of 1999 Third Quarter Form 10-Q.		
10.15(e)	Employment Agreement between Middlesex Water Company and Richard A. Russo, filed as Exhibit 10.15(e) of 1999 Third Quarter Form 10-Q.		
10.15(f)	Employment Agreement between Middlesex Water Company and Dennis G. Sullivan, filed as Exhibit 10.15(f) of 1999 Third Quarter Form 10-Q.		
10.15(g)	Employment Agreement between Middlesex Water Company and Ronald F. Williams, filed as Exhibit 10.15(g) of 1999 Third Quarter Form 10-Q.		
10.16	Copy of Transmission Agreement, dated October 16, 1992, between the Company and the Township of East Brunswick.	33-54922	10.23
10.17	Copy of Agreement and Plan of Merger, dated January 7, 1992, between the Company, Midwater Utilities, Inc. and Tidewater Utilities, Inc.	33-54922	10.29

EXHIBIT INDEX

Exhibit No. -----	Document Description -----	Previous Filing's	
		Registration No. -----	Exhibit No. -----
10.18	Copy of Supplemental Indentures, dated September 1, 1993, (Series S & T) and January 1, 1994, (Series U & V), between the Company and United Counties Trust Company, as Trustee, filed as Exhibit No. 10.22 of 1993 Form 10-K.		
10.19	Copy of Trust Indentures, dated September 1, 1993, (Series S & T) and January 1, 1994, (Series V), between the New Jersey Economic Development Authority and First Fidelity Bank (Series S & T), as Trustee, and Midlantic National Bank (Series V), as Trustee, filed as Exhibit No. 10.23 of 1993 Form 10-K.		
10.20	Copy of Supply Agreement between the Company and the City of South Amboy, filed as Exhibit No. 10.24 of 1996 Form 10-K.		
10.22	Copy of Supplemental Indenture dated October 15, 1998 Between Middlesex Water Company and First Union National Bank, as Trustee. Copy of Loan Agreement Dated November 1, 1998 between the New Jersey and Middlesex Water Company (Series X), filed as Exhibit No. 10.22 of the 1998 Third Quarter Form 10-Q.		
10.23	Copy of Supplemental Indenture dated October 15, 1998 between Middlesex Water Company and First Union National Bank, as Trustee. Copy of Loan Agreement dated November 1, 1998 between the State of New Jersey Environmental Infrastructure Trust and Middlesex Water Company (Series Y), filed as Exhibit No. 10.23 of the 1998 Third Quarter Form 10-Q.		
10.24	Copy of Operation, Maintenance and Management Services Agreement dated January 1, 1999 between the Company, City Of Perth Amboy, Middlesex County Improvement Authority And Utility Service Affiliates, Inc.	333-66727	10.24
10.25	Copy of Supplemental Indenture dated October 15, 1999 Between Middlesex Water Company and First Union National Bank, as Trustee. Copy of Loan Agreement Dated November 1, 1999 between the State of New Jersey and Middlesex Water Company (Series Z).		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Filing's	
		Registration No.	Exhibit No.
10.26	Copy of Supplemental Indenture dated October 15, 1999 between Middlesex Water Company and First Union National Bank, as Trustee. Copy of Loan Agreement dated November 1, 1999 between the New Jersey Environmental Infrastructure Trust and Middlesex Water Company (Series AA)	.	.
*23	Independent Auditors' Consent.		



Independent Auditors' Consent

We consent to the incorporation by reference in Registration Statement No. 33-11717 of Middlesex Water Company on Form S-3 of our report dated February 20, 2001, appearing in this Annual Report on Form 10-K of Middlesex Water Company for the year ended December 31, 2000.

/s/ DELOITTE & TOUCHE LLP

-----  
DELOITTE & TOUCHE LLP  
Parsippany, New Jersey  
March 21, 2001