UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2019

OR

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

For the transition period from _________________ to______________________

Commission File Number 0-422

MIDDLESEX WATER COMPANY

(Exact name of registrant as specified in its charter)

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

485C Route One South, Iselin, New Jersey 08830
(Address of principal executive offices, including 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	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	MSEX	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post files).

Yes þ No ☐

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

Large accelerated filer ☐ Accelerated filer þ Non-accelerated filer ☐
Smaller reporting company ☐ Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No þ

The number of shares outstanding of each of the registrant's classes of common stock, as of October 31, 2019: Common Stock, No Par Value: 16,669,540 shares outstanding.

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MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating Revenues	$ 37,769	$ 38,713	$ 101,859	$ 104,809
Operating Expenses:				
Operations and Maintenance	17,669	18,114	50,569	52,773
Depreciation	4,246	3,792	12,415	11,137
Other Taxes	3,871	3,889	10,913	10,910
Total Operating Expenses	25,786	25,795	73,897	74,820
Operating Income	11,983	12,918	27,962	29,989
Other Income (Expense):				
Allowance for Funds Used During Construction	871	424	2,030	805
Other Income (Expense), net	(4)	409	(142)	1,277
Total Other Income, net	867	833	1,888	2,082
Interest Charges	1,996	1,723	4,984	4,929
Income before Income Taxes	10,854	12,028	24,866	27,142
Income Taxes	(265)	(262)	(952)	1,683
Net Income	11,119	12,290	25,818	25,459
Preferred Stock Dividend Requirements	30	36	102	108
Earnings Applicable to Common Stock	$ 11,089	$ 12,254	$ 25,716	$ 25,351
Earnings per share of Common Stock:				
Basic	$ 0.67	$ 0.75	$ 1.56	$ 1.55
Diluted	$ 0.66	$ 0.74	$ 1.55	$ 1.54
Average Number of				
Common Shares Outstanding:				
Basic	16,610	16,394	16,520	16,379
Diluted	16,757	16,550	16,673	16,535

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

ASSETS		September 30, 2019	December 31, 2018
UTILITY PLANT:	Water Production	$ **157,970**	$ 156,423
	Transmission and Distribution	**536,367**	512,202
	General	**80,635**	74,371
	Construction Work in Progress	**69,651**	32,878
	TOTAL	**844,623**	775,874
	Less Accumulated Depreciation	**166,873**	157,387
	UTILITY PLANT - NET	**677,750**	618,487
CURRENT ASSETS:	Cash and Cash Equivalents	**3,151**	3,705
	Accounts Receivable, net	**13,407**	11,762
	Unbilled Revenues	**9,417**	7,293
	Materials and Supplies (at average cost)	**5,159**	5,411
	Prepayments	**3,577**	2,644
	TOTAL CURRENT ASSETS	**34,711**	30,815
DEFERRED CHARGES AND OTHER ASSETS:	Operating Lease Right of Use Asset	**6,133**	—
	Preliminary Survey and Investigation Charges	**2,252**	5,254
	Regulatory Assets	**100,320**	99,236
	Restricted Cash	**53,927**	1,956
	Non-utility Assets - Net	**10,306**	9,989
	Other	**1,954**	2,093
	TOTAL DEFERRED CHARGES AND OTHER ASSETS	**174,892**	118,528
	TOTAL ASSETS	$ **887,353**	$ 767,830
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock, No Par Value	$ **170,562**	$ 157,354
	Retained Earnings	**105,233**	91,433
	TOTAL COMMON EQUITY	**275,795**	248,787
	Preferred Stock	**2,084**	2,433
	Long-term Debt	**228,272**	152,851
	TOTAL CAPITALIZATION	**506,151**	404,071
CURRENT LIABILITIES:	Current Portion of Long-term Debt	**7,161**	7,343
	Notes Payable	**58,500**	48,500
	Accounts Payable	**20,178**	19,325
	Accrued Taxes	**12,132**	14,230
	Accrued Interest	**799**	1,289
	Unearned Revenues and Advanced Service Fees	**1,048**	1,036
	Other	**3,657**	2,640
	TOTAL CURRENT LIABILITIES	**103,475**	94,363
COMMITMENTS AND CONTINGENT LIABILITIES (Note 7)			
DEFERRED CREDITS AND OTHER LIABILITIES:	Customer Advances for Construction	**22,682**	22,572
	Operating Lease Obligation	**5,908**	—
	Accumulated Deferred Income Taxes	**50,947**	47,270
	Employee Benefit Plans	**27,826**	30,661
	Regulatory Liabilities	**72,000**	79,112
	Other	**2,567**	2,730
	TOTAL DEFERRED CREDITS AND OTHER LIABILITIES	**181,930**	182,345
CONTRIBUTIONS IN AID OF CONSTRUCTION		**95,797**	87,051
	TOTAL CAPITALIZATION AND LIABILITIES	$ **887,353**	$ 767,830

See Notes to Condensed Consolidate Financial Statements.

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

	Nine Months Ended September 30, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	**$ 25,818**	$ 25,459
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	**12,858**	11,743
Provision for Deferred Income Taxes	**(8,379)**	(5,975)
Equity Portion of Allowance for Funds Used During Construction (AFUDC)	**(1,330)**	(538)
Cash Surrender Value of Life Insurance	**(187)**	(119)
Stock Compensation Expense	**409**	757
Changes in Assets and Liabilities:		
Accounts Receivable	**(1,645)**	(2,759)
Unbilled Revenues	**(2,124)**	(2,098)
Materials and Supplies	**252**	(1,515)
Prepayments	**(933)**	(1,111)
Accounts Payable	**853**	5,606
Accrued Taxes	**(2,098)**	3,400
Accrued Interest	**(490)**	(545)
Employee Benefit Plans	**(640)**	(1,426)
Unearned Revenue & Advanced Service Fees	**12**	85
Other Assets and Liabilities	**972**	1,899
NET CASH PROVIDED BY OPERATING ACTIVITIES	**23,348**	32,863
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility Plant Expenditures, Including AFUDC of $700 in 2019 and $267 in 2018	**(61,220)**	(49,518)
NET CASH USED IN INVESTING ACTIVITIES	**(61,220)**	**(49,518)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of Long-term Debt	**(6,315)**	(6,013)
Proceeds from Issuance of Long-term Debt	**82,446**	9,265
Net Short-term Bank Borrowings	**10,000**	20,500
Deferred Debt Issuance Expense	**(754)**	(862)
Common Stock Issuance Expense	**(22)**	—
Proceeds from Issuance of Common Stock	**12,449**	864
Payment of Common Dividends	**(11,893)**	(10,993)
Payment of Preferred Dividends	**(102)**	(108)
Construction Advances and Contributions-Net	**3,480**	3,140
NET CASH PROVIDED BY FINANCING ACTIVITIES	**89,289**	15,793
NET CHANGES IN CASH AND CASH EQUIVALENTS	**51,417**	(862)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	**5,661**	6,397
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	**$ 57,078**	$ 5,535
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:		
Utility Plant received as Construction Advances and Contributions	**$ 5,375**	$ 3,028
Long-term Debt Deobligation	**$ 130**	$ —
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash Paid During the Year for:		
Interest	**$ 5,929**	$ 5,090
Interest Capitalized	**$ 700**	$ 267
Income Taxes	**$ 6,752**	$ 3,191

See Notes to Condensed Consolidated Financial Statements.

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

	September 30, 2019	December 31, 2018
Common Stock, No Par Value		
Shares Authorized - 40,000		
Shares Outstanding - 2019 - 16,670; 2018 - 16,403	$ **170,562**	$ 157,354
Retained Earnings	**105,233**	91,433
TOTAL COMMON EQUITY	$ **275,795**	$ 248,787
Cumulative Preferred Stock, No Par Value:		
Shares Authorized - 2019 - 123; 2018 - 126		
Shares Outstanding - 2019 - 20; 2018 - 23		
Convertible:		
Shares Outstanding, $7.00 Series - 10	**1,005**	1,005
Shares Outstanding, $8.00 Series - 2019 - 0; 2018 - 3	**—**	349
Nonredeemable:		
Shares Outstanding, $7.00 Series - 1	**79**	79
Shares Outstanding, $4.75 Series - 10	**1,000**	1,000
TOTAL PREFERRED STOCK	$ **2,084**	$ 2,433
Long-term Debt:		
8.05%, Amortizing Secured Note, due December 20, 2021	$ **715**	$ 924
6.25%, Amortizing Secured Note, due May 19, 2028	**3,640**	3,955
6.44%, Amortizing Secured Note, due August 25, 2030	**3,057**	3,267
6.46%, Amortizing Secured Note, due September 19, 2031	**3,337**	3,547
4.22%, State Revolving Trust Note, due December 31, 2022	**202**	228
3.60%, State Revolving Trust Note, due May 1, 2025	**1,519**	1,632
3.30% State Revolving Trust Note, due March 1, 2026	**309**	351
3.49%, State Revolving Trust Note, due January 25, 2027	**349**	389
4.03%, State Revolving Trust Note, due December 1, 2026	**474**	501
4.00% to 5.00%, State Revolving Trust Bond, due August 1, 2021	**60**	111
0.00%, State Revolving Fund Bond, due August 1, 2021	**50**	88
3.64%, State Revolving Trust Note, due July 1, 2028	**225**	235
3.64%, State Revolving Trust Note, due January 1, 2028	**73**	77
3.45%, State Revolving Trust Note, due August 1, 2031	**851**	907
6.59%, Amortizing Secured Note, due April 20, 2029	**3,343**	3,604
7.05%, Amortizing Secured Note, due January 20, 2030	**2,583**	2,771
5.69%, Amortizing Secured Note, due January 20, 2030	**5,299**	5,684
4.45%, Amortizing Secured Note, due April 20, 2040	**9,057**	9,387
4.47%, Amortizing Secured Note, due April 20, 2040	**3,361**	3,483
3.75%, State Revolving Trust Note, due July 1, 2031	**1,892**	1,954
2.00%, State Revolving Trust Note, due February 1, 2036	**1,013**	1,064
3.75%, State Revolving Trust Note, due November 30, 2030	**990**	1,024
0.00% Construction Loans	**38,171**	16,509
First Mortgage Bonds:		
0.00%, Series Z, due August 1, 2019	**—**	113
5.25% to 5.75%, Series AA, due August 1, 2019	**—**	155
0.00%, Series BB, due August 1, 2021	**241**	362
4.00% to 5.00%, Series CC, due August 1, 2021	**331**	489
0.00%, Series EE, due August 1, 2023	**1,455**	1,876
3.00% to 5.50%, Series FF, due August 1, 2024	**2,440**	2,980
0.00%, Series GG, due August 1, 2026	**633**	723
4.00% to 5.00%, Series HH, due August 1, 2026	**710**	795
0.00%, Series II, due August 1, 2024	**429**	520
3.40% to 5.00%, Series JJ, due August 1, 2027	**588**	671
0.00%, Series KK, due August 1, 2028	**807**	898
5.00% to 5.50%, Series LL, due August 1, 2028	**928**	1,010
0.00%, Series MM, due August 1, 2030	**1,037**	1,137
3.00% to 4.375%, Series NN, due August 1, 2030	**1,190**	1,415
0.00%, Series OO, due August 1, 2031	**1,806**	1,956
2.00% to 5.00%, Series PP, due August 1, 2031	**660**	700
5.00%, Series QQ, due October 1, 2023	**9,915**	9,915
3.80%, Series RR, due October 1, 2038	**22,500**	22,500
4.25%, Series SS, due October 1, 2047	**23,000**	23,000
0.00%, Series TT, due August 1, 2032	**1,957**	2,107
3.00% to 3.25%, Series UU, due August 1, 2032	**755**	800
0.00%, Series VV, due August 1, 2033	**2,003**	2,147
3.00% to 5.00%, Series WW, due August 1, 2033	**755**	795
0.00%, Series XX, due August 1, 2047	**10,627**	11,006
3.00% to 5.00%, Series YY, due August 1, 2047	**3,785**	3,860

0.00%, Series 2018A, due August 1, 2047		**6,678**		6,917
3.00%-5.00%, Series 2018B, due August 1, 2047		**2,320**		2,365
4.00%, Series 2019A, due August 1, 2059		**32,500**		—
5.00%, Series 2019B, due August 1, 2059		**21,200**		—
SUBTOTAL LONG-TERM DEBT		**231,820**		162,904
Add: Premium on Issuance of Long-term Debt		**8,164**		1,259
Less: Unamortized Debt Expense		**(4,551)**		(3,969)
Less: Current Portion of Long-term Debt		**(7,161)**		(7,343)
TOTAL LONG-TERM DEBT	**$**	**228,272**	$	152,851

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands)

	Common Stock Shares	Common Stock Amount	Retained Earnings	Total
For the Three Months Ended September 30, 2018				
Balance at July 1, 2018	16,392	156,251	79,826	$ 236,077
Net Income	—	—	12,290	12,290
Dividend Reinvestment & Common Stock Purchase Plan	8	266	—	266
Restricted Stock Award, Net - Employees	—	242	—	242
Shares Forfeited	(2)	(18)	—	(18)
Cash Dividends on Common Stock ($0.2238 per share)	—	—	(3,667)	(3,667)
Cash Dividends on Preferred Stock	—	—	(36)	(36)
Balance at September 30, 2018	16,398	$ 156,741	$ 88,413	$ 245,154
For the Nine Months Ended September 30, 2018				
Balance at January 1, 2018	16,352	$ 155,120	$ 74,055	$ 229,175
Net Income	—	—	25,459	25,459
Dividend Reinvestment & Common Stock Purchase Plan	21	864	—	864
Restricted Stock Award, Net - Employees	23	628	—	628
Stock Award - Board Of Directors	4	147	—	147
Shares Forfeited	(2)	(18)	—	(18)
Cash Dividends on Common Stock ($0.6713 per share)	—	—	(10,993)	(10,993)
Cash Dividends on Preferred Stock	—	—	(108)	(108)
Balance at September 30, 2018	16,398	$ 156,741	$ 88,413	$ 245,154
For the Three Months Ended September 30, 2019				
Balance at July 1, 2019	16,554	$ 165,138	$ 98,146	$ 263,284
Net Income	—	—	11,119	11,119
Dividend Reinvestment & Common Stock Purchase Plan	92	5,368	—	5,368
Restricted Stock Award, Net - Employees	1	172	—	172
Shares Forefeited	(18)	(466)	—	(466)
Conversion of $8.00 Convertible Preferred Stock	41	350	—	350
Cash Dividends on Common Stock ($0.2400 per share)	—	—	(3,987)	(3,987)
Cash Dividends on Preferred Stock	—	—	(30)	(30)
Common Stock Expenses	—	—	(15)	(15)
Balance at September 30, 2019	**16,670**	**$ 170,562**	**$ 105,233**	**$ 275,795**
For the Nine Months Ended September 30, 2019				
Balance at January 1, 2019	16,403	$ 157,354	$ 91,433	$ 248,787
Net Income	—	—	25,818	25,818
Dividend Reinvestment & Common Stock Purchase Plan	222	12,449	—	12,449
Restricted Stock Award, Net - Employees	18	679	—	679
Stock Award - Board Of Directors	4	196	—	196
Shares Forefeited	(18)	(466)	—	(466)
Conversion of $8.00 Convertible Preferred Stock	41	350	—	350
Cash Dividends on Common Stock ($0.7200 per share)	—	—	(11,893)	(11,893)
Cash Dividends on Preferred Stock	—	—	(102)	(102)
Common Stock Expenses	—	—	(23)	(23)
Balance at September 30, 2019	**16,670**	**$ 170,562**	**$ 105,233**	**$ 275,795**

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Recent Developments

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

The consolidated notes within the 2018 Annual Report on Form 10-K (2018 Form 10-K) are applicable to these financial statements and, in the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary (including normal recurring accruals) to present fairly the financial position as of September 30, 2019 and the results of operations and cash flows for the three month and nine month periods ended September 30, 2019 and 2018. Information included in the Condensed Consolidated Balance Sheet as of December 31, 2018, has been derived from the Company's audited financial statements for the year ended December 31, 2018 included in the 2018 Form 10-K.

Recent Developments

Tidewater to Acquire Water Systems - On October 8, 2019, the Delaware Public Service Commission (DEPSC) approved Tidewater's request to purchase the water utility assets of J.H. Wilkerson and Son, Inc. and transfer the Certificate of Public Convenience and Necessity in order for Tidewater to serve the approximate 1,000 customers currently connected to eight community water systems located mostly in eastern Sussex County, Delaware. The DEPSC also authorized Tidewater to maintain the existing rates that these customers currently pay. The transaction is expected to close in the fourth quarter of 2019.

Recently Adopted Accounting Guidance

Leases - On January 1, 2019, the Company adopted Financial Accounting Standards Board (FASB) issued guidance related to leases which required lessees to recognize a lease liability and a right-of-use asset. The Company elected the optional transition method of adoption option to apply the requirements of the standard in the period of adoption with no restatement of prior periods. The Company utilized the package of transition practical expedients provided by the new guidance, including carrying forward prior conclusions related to contracts that contain leases and lease classification. The Company also utilized the transition practical expedient permitting entities to forgo the evaluation of existing land easement arrangements to determine if they contain a lease. Land easement arrangements, or modifications to existing arrangements, entered into after adoption of this guidance will need to be evaluated to determine if they meet the definition of a lease. The adoption of this guidance resulted in the recording of a $6.7 million right-of-use asset, a $7.1 million lease liability and a $0.4 million regulatory asset on the Company's consolidated balance sheet as of January 1, 2019. For further discussion, see "*Leases*" in *Note 7 – Commitments and Contingent Liabilities*.

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

Note 2 – Rate and Regulatory Matters

Middlesex – In December 2018, the New Jersey Board of Public Utilities (NJBPU) approved Middlesex's petition to establish its Purchased Water Adjustment Clause (PWAC) tariff rate to recover additional annual costs of less than $0.1 million, primarily for the purchase of treated water from a non-affiliated water utility regulated by the NJBPU. A PWAC is a rate mechanism that allows for recovery of increased purchased water costs between base rate case filings. The PWAC is reset to zero once those increased costs are included in base rates. The PWAC tariff rate became effective on January 1, 2019.

Tidewater - Effective July 1, 2019, Tidewater reset its DEPSC approved Distribution System Improvement Charge rate, which is expected to generate revenues of approximately $0.5 million annually.

In February 2019, Tidewater received approval from the DEPSC to reduce its rates, effective March 1, 2019, to reflect the lower corporate income tax rate enacted by the Tax Cuts and Jobs Act of 2017 (Tax Act), resulting in an overall rate decrease of 3.35%, or $1.0 million of revenues, on an annual basis. The DEPSC also approved a one-time credit of $0.7 million to customers' accounts related to the lower corporate income tax rate.

Pinelands - On October 25, 2019, Pinelands Water and Pinelands Wastewater concluded their base rate case matters when the NJBPU approved a $0.5 million increase in annual base rates, effective November 4, 2019. In March 2019, Pinelands Water and Pinelands Wastewater had filed petitions with the NJBPU seeking permission to increase base rates by approximately $0.7 million per year. The requests were necessitated by capital infrastructure investments both companies had made, and increased operations and maintenance costs.

Twin Lakes - In July 2019, Twin Lakes filed a petition with the Pennsylvania Public Utilities Commission (PAPUC) seeking permission to increase base rates by approximately $0.2 million per year. This request was necessitated by capital infrastructure investments Twin Lakes has made and increased operations and maintenance costs. We cannot predict whether the PAPUC will ultimately approve, deny, or reduce the amount of the request. A decision by the PAPUC is not expected before the first quarter of 2020.

Note 3 – Capitalization

Common Stock - During the nine months ended September 30, 2019 and 2018, there were 221,558 common shares ($12.4 million) and 21,001 common shares (approximately $0.9 million), respectively, issued under the Middlesex Water Company Investment Plan (Investment Plan). On January 2, 2019, the Company began offering shares of its common stock for purchase at a 5% discount to participants in the Investment Plan. In August 2019, the 200,000 share purchase limit established for the 5% discount program was reached and the program was concluded.

In September 2019, the Company determined it had inadvertently sold shares of its common stock through the Investment Plan from August 1, 2018 through September 3, 2019 (Eligible Period) after the registration statement covering sales through the Investment Plan had expired and therefore was no longer effective. Under applicable federal securities laws, participants in the Investment Plan who purchased shares of common stock have a right to rescind their Eligible Period purchases and require the Company to repurchase these shares for an amount equal to the price paid by the participant, less any dividends paid on the purchased shares, plus interest.

In October 2019, the Company's Board of Directors approved a plan to voluntarily offer a right of rescission (Rescission Offer) to Investment Plan participants who purchased shares of the Company's common stock during the Eligible Period. During the Eligible Period, Investment Plan participants purchased 232,643 shares at an average price of $55.79 per share.

On October 11, 2019, the Company filed a supplement to the Investment Plan prospectus (Prospectus Supplement) with the United States Securities and Exchange Commission registering both the Rescission Offer and the 232,643 shares sold during the Eligible Period and notifying eligible Investment Plan participants of the specific details of the Rescission Offer. Investment Plan participants have thirty (30) days from the notification date to decide to accept or reject the Rescission Offer. Based on the current market price of the Company's common stock, the Company does not expect that the exercise of any applicable rescission rights under the Rescission Offer by participants will have a material impact on its results of operations, financial condition or liquidity.

For the nine months ended September 30, 2019, 3,000 shares (approximately $0.3 million) of the Company's no par $8.00 Series Cumulative and Convertible Preferred Stock were converted into 41,142 shares of common stock.

In May 2019, Middlesex received approval from the NJBPU to issue and sell up to 1,500,000 shares of its common stock in one or more transactions through December 31, 2022. Sales of additional shares of common stock are part of the Company's comprehensive financing plan to fund its multi-year utility plant infrastructure investment program. As described below in "*Long-term Debt*", the NJBPU approved the New Jersey Economic Development Authority (NJEDA) debt funding component of the financing plan.

Long-term Debt - Subject to regulatory approval, the Company periodically issues long-term debt to fund its investments in utility plant and other assets. To the extent possible, the Company finances qualifying capital projects under State Revolving Fund (SRF) loan programs in New Jersey and Delaware. These government programs provide financing at interest rates that are typically below rates available in the broader financial markets. A portion of the borrowings under the New Jersey SRF is interest-free. Under the New Jersey SRF program, borrowers first enter into a construction loan agreement with the New Jersey Infrastructure Bank (NJIB) at a below market interest rate. The current interest rate on construction loan borrowings is zero percent (0%). When construction on the qualifying project is substantially complete, NJIB will coordinate the conversion of the construction loan into a long-term securitized loan with a portion of the principal balance having a stated interest rate of zero percent (0%) and a portion of the principal balance at a market interest rate at the time of closing using the credit rating of the State of New Jersey. The current term of the long-term loans offered through the NJIB is up to thirty years. The current portion of the principal balance having a stated interest rate of zero percent (0%) is 75% with the remaining portion of 25% having a market based interest rate.

The NJIB generally schedules its long-term debt financings in May and November. Middlesex currently has two projects that are in the construction loan phase of New Jersey SRF program:

1) In April 2018, the NJBPU approved Middlesex's request to participate in the NJIB loan program to fund the construction of a large-diameter transmission pipeline from the CJO water treatment plant and interconnect with our distribution system. Middlesex closed on a $43.5 million NJIB interest-free construction loan in August 2018. Through September 30, 2019, Middlesex has drawn a total of $30.2 million and expects to draw down the remaining proceeds through the first quarter of 2020.

2) In March 2018, the NJBPU approved Middlesex's request to participate in the NJIB loan program to fund the 2018 RENEW Program, which is an ongoing initiative to eliminate all unlined water distribution mains in the Middlesex system. Middlesex closed on an $8.7 million NJIB construction loan in September 2018. Through September 30, 2019, Middlesex has drawn a total of $8.0 million and drew the remaining proceeds in October 2019.

The Company expects that the large-diameter transmission pipeline and the 2018 RENEW construction loans will be included in the NJIB May 2020 long-term debt financing program.

In May 2018, Middlesex repaid its RENEW 2017 interest-free construction loan by issuing to the NJIB first mortgage bonds in the amount of $9.5 million designated as Series 2018A ($7.1 million) and Series 2018B ($2.4 million). The interest rate on the Series 2018A bond is zero and the interest rate on the Series 2018B bond ranges between 3.0% and 5.0%. The final maturity date for both bonds is August 1, 2047, with scheduled debt service payments over the life of the loans.

In 2019, the NJIB de-obligated principal payments of $0.1 million on Series NN of the Company's First Mortgage Bonds.

In order to help ensure adherence to its comprehensive financing plan, Middlesex received approval from the NJBPU in February 2019 to issue and sell up to $140 million of First Mortgage Bonds (FMB) through the NJEDA in one or more transactions through December 31, 2022. Because the interest paid to the bondholders is exempt from federal and New Jersey income taxes, the interest rate on debt issued through the NJEDA is generally lower than otherwise achievable in the traditional taxable corporate bond market. However, the interest received by the bondholder is subject to the Alternative Minimum Tax.

In August 2019, Middlesex priced and closed on a NJEDA debt financing transaction of $53.7 million by issuing FMBs designated as Series 2019A ($32.5 million at coupon interest rate of 4.0%) and Series 2019B ($21.2 million at coupon interest rate of 5.0%). The proceeds, including an issuance premium of $7.1 million, are being used to finance several projects under the Water For Tomorrow capital program initiated by the Company to upgrade and replace aging water utility infrastructure. The total proceeds of $60.8 million, initially recorded as Restricted Cash on the balance sheet, is held in escrow by a bond trustee and are drawn down by requisition for the qualifying projects. Through September 30, 2019, Middlesex has drawn a total of $7.6 million and currently expects to draw the remaining $53.2 million of proceeds, currently included in Restricted Cash, through the third quarter of 2021.

In March 2018, the DEPSC approved Tidewater's request to borrow up to $0.9 million under the Delaware SRF program to fund the replacement of an entire water distribution system of a small Delaware community. Tidewater closed on the SRF loan in May 2018. In April 2019, Tidewater received approval from the DEPSC to increase the borrowing to $1.7 million based on revised project cost estimates. Tidewater closed on the additional SRF loan in October 2019 and immediately began drawing on the combined loan amount with expected draws continuing through the first quarter of 2020.

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

	September 30, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Bonds	$151,361	$154,355	$101,411	$102,789

For other long-term debt for which there was no quoted market price and there is not an active trading market, it was not practicable to estimate their fair value (for details, including carrying value, interest rate and due date on these series of long-term debt, please refer to those series noted as "Amortizing Secured Note", "State Revolving Trust Note" and "Construction Loans" on the Condensed Consolidated Statements of Capital Stock and Long-Term Debt). The carrying amount of these instruments was $80.5 million and $61.5 million at September 30, 2019 and December 31, 2018, respectively. Customer advances for construction have carrying amounts of $22.7 million and $22.6 million at September 30, 2019 and December 31, 2018, respectively. Their relative fair values cannot be accurately estimated since future refund payments depend on several variables, including new customer connections, customer consumption levels and future rate increases.

Note 4 – Earnings Per Share

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

	(In Thousands Except per Share Amounts) Three Months Ended September 30,					
	2019			2018		
Basic:		Income	Shares		Income	Shares
Net Income	$	11,119	16,610	$	12,290	16,394
Preferred Dividend		(30)			(36)	
Earnings Applicable to Common Stock	$	11,089	16,610	$	12,254	16,394
Basic EPS	$	0.67		$	0.75	
Diluted:						
Earnings Applicable to Common Stock	$	11,089	16,610	$	12,254	16,394
$7.00 Series Preferred Dividend		17	115		17	115
$8.00 Series Preferred Dividend		—	32		6	41
Adjusted Earnings Applicable to Common Stock	$	11,106	16,757	$	12,277	16,550
Diluted EPS	$	0.66		$	0.74	

	(In Thousands Except per Share Amounts) Nine Months Ended September 30,					
	2019			2018		
Basic:		Income	Shares		Income	Shares
Net Income	$	25,818	16,520	$	25,459	16,379
Preferred Dividend		(102)			(108)	
Earnings Applicable to Common Stock	$	25,716	16,520	$	25,351	16,379
Basic EPS	$	1.56		$	1.55	
Diluted:						
Earnings Applicable to Common Stock	$	25,716	16,520	$	25,351	16,379
$7.00 Series Preferred Dividend		50	115		50	115
$8.00 Series Preferred Dividend		12	38		18	41
Adjusted Earnings Applicable to Common Stock	$	25,778	16,673	$	25,419	16,535
Diluted EPS	$	1.55		$	1.54	

Note 5 – Business Segment Data

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

	(In Thousands)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
Operations by Segments:	2019	2018	2019	2018
Revenues:				
Regulated	$ 35,000	$ 34,628	$ 93,342	$ 93,002
Non – Regulated	3,020	4,304	9,032	12,286
Inter-segment Elimination	(251)	(219)	(515)	(479)
Consolidated Revenues	$ 37,769	$ 38,713	$ 101,859	$ 104,809
Operating Income:				
Regulated	$ 11,001	$ 12,214	$ 24,937	$ 27,827
Non – Regulated	982	704	3,025	2,162
Consolidated Operating Income	$ 11,983	$ 12,918	$ 27,962	$ 29,989
Net Income:				
Regulated	$ 10,409	$ 11,770	$ 23,700	$ 23,904
Non – Regulated	710	520	2,118	1,555
Consolidated Net Income	$ 11,119	$ 12,290	$ 25,818	$ 25,459
Capital Expenditures:				
Regulated	$ 25,437	$ 21,141	$ 60,998	$ 49,469
Non – Regulated	85	—	222	49
Total Capital Expenditures	$ 25,522	$ 21,141	$ 61,220	$ 49,518

	As of September 30, 2019	As of December 31, 2018
Assets:		
Regulated	$ 886,280	$ 764,749
Non – Regulated	9,593	8,994
Inter-segment Elimination	(8,520)	(5,913)
Consolidated Assets	$ 887,353	$ 767,830

Note 6 – Short-term Borrowings

As of September 30, 2019, the Company retained lines of credit aggregating $120.0 million, an increase of $20.0 million from June 30, 2019. In October 2019, the Company increased its lines of credit to $140.0 million. At September 30, 2019, the outstanding borrowings under these credit lines were $58.5 million at a weighted average interest rate of 3.06%.

The weighted average daily amounts of borrowings outstanding under the Company's credit lines and the weighted average interest rates on those amounts were as follows:

	(In Thousands)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Average Daily Amounts Outstanding	$ 58,259	$ 43,402	$ 56,881	$ 34,332
Weighted Average Interest Rates	3.26%	3.24%	3.45%	3.09%

The maturity dates for the $58.5 million outstanding as of September 30, 2019 are in October 2019 through December 2019 and are extendable at the discretion of the Company.

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

Note 7 – Commitments and Contingent Liabilities

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

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

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

Purchased water costs are shown below:

	(In Thousands)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Treated	$ 818	$ 836	$ 2,415	$ 2,427
Untreated	878	948	2,521	2,728
Total Costs	$ 1,696	$ 1,784	$ 4,936	$ 5,155

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

If required to perform under the guaranty to the County and, if AWM and NSU, as guarantor to Middlesex, do not fulfill their obligations to indemnify Middlesex against any claims that may arise under the Middlesex guaranty to the County, Middlesex would be required to fulfill the remaining operational commitment of AWM. As of September 30, 2019 and December 31, 2018, the liability recognized in Other Non-Current Liabilities on the balance sheet for the guaranty is approximately $1.4 million and $1.5 million, respectively.

Leases - The Company determines if an arrangement is a lease at inception. Generally, a lease agreement exists if the Company determines that the arrangement gives the Company control over the use of an identified asset and obtains substantially all of the benefits from the identified asset.

The Company has entered into an operating lease of office space for administrative purposes, expiring in 2030. The Company has not entered into any finance leases. The exercise of a lease renewal option for the Company's administrative offices is solely at the discretion of the Company.

The right-of-use (ROU) asset recorded represents the Company's right to use an underlying asset for the lease term and lease liability represents the Company's obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company's operating lease does not provide an implicit discount rate and as such the Company used an estimated incremental borrowing rate (4.03%) based on the information available at commencement date in determining the present value of lease payments.

Given the impacts of accounting for regulated operations, and the resulting recognition of expense at the amounts recovered in customer rates, expenditures for operating leases are consistent with lease expense and was $0.2 million for each of the three months ended September 30, 2019 and 2018, respectively, and $0.5 million and $0.3 million for the nine months ended September 30, 2019 and 2018, respectively.

Information related to operating lease ROU assets and lease liabilities is as follows:

	(In Millions) September 30, 2019
ROU Asset at Lease Inception	$ 7.3
Accumulated Amortization	(1.2)
Current ROU Asset	$ 6.1

The Company's future minimum operating lease commitments as of September 30, 2019 are as follows:

	(In Millions) September 30, 2019
2019	$ 0.2
2020	0.8
2021	0.8
2022	0.8
2023	0.8
Thereafter	5.2
Total Lease Payments	$ 8.6
Imputed Interest	(2.0)
Present Value of Lease Payments	6.6
Less Current Portion*	(0.7)
Non-Current Lease Liability	$ 5.9
*Included in Other Current Liabilities	

Construction - The Company has forecasted to spend approximately $105 million for its construction program in 2019. The Company has entered into several contractual construction agreements that, in the aggregate, obligate it to expend an estimated $68 million in the future. The timing and amount of capital expenditures is dependent on project scheduling and refinement of engineering estimates for certain projects.

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

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

Note 8 – Employee Benefit Plans

Pension Benefits - The Company's Pension Plan covers all active employees hired prior to April 1, 2007. Employees hired after March 31, 2007 are not eligible to participate in this plan, but participate in a defined contribution plan that provides for a potential annual contribution in an amount that is at the discretion of the Company. In order to be eligible for a contribution, the participant must be employed by the Company on December 31st of the year to which the contribution relates. For the three months ended September 30, 2019 and 2018, the Company made Pension Plan cash contributions of $1.3 million and $1.1 million, respectively. For each of the nine months ended September 30, 2019 and 2018, the Company made Pension Plan cash contributions of $2.3 million, respectively. The Company expects to make Pension Plan cash contributions of approximately $1.3 million over the remainder of the current year. The Company also maintains an unfunded supplemental retirement benefit plan for certain active and retired Company officers and currently pays $0.4 million in annual benefits to the retired participants.

Other Postretirement Benefits - The Company's retirement plan other than pensions (Other Benefits Plan) covers substantially all of its current retired employees. Employees hired after March 31, 2007 are not eligible to participate in this plan. Coverage includes healthcare and life insurance. For each of the three months ended September 30, 2019 and 2018, the Company made Other Benefits Plan cash contributions of $0.2 million, respectively. For the nine months ended September 30, 2019 and 2018, the Company made Other Benefits Plan cash contributions of $0.6 million and $0.5 million, respectively. The Company expects to make Other Benefits Plan cash contributions of approximately $0.8 million over the remainder of the current year.

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

	(In Thousands)			
	Pension Benefits		Other Benefits	
	Three Months Ended September 30,			
	2019	2018	2019	2018
Service Cost	$ 543	$ 607	$ 210	$ 284
Interest Cost	857	765	496	474
Expected Return on Assets	(1,173)	(1,218)	(613)	(637)
Amortization of Unrecognized Losses	404	415	330	447
Amortization of Unrecognized Prior Service Cost (Credit)	—	—	—	(402)
Net Periodic Benefit Cost*	$ 631	$ 569	$ 423	$ 166

	(In Thousands)			
	Pension Benefits		Other Benefits	
	Nine Months Ended September 30,			
	2019	2018	2019	2018
Service Cost	$ 1,628	$ 1,820	$ 630	$ 851
Interest Cost	2,570	2,296	1,488	1,423
Expected Return on Assets	(3,520)	(3,653)	(1,838)	(1,912)
Amortization of Unrecognized Losses	1,213	1,244	989	1,340
Amortization of Unrecognized Prior Service Cost (Credit)	—	—	—	(1,205)
Net Periodic Benefit Cost*	$ 1,891	$ 1,707	$ 1,269	$ 497

*Service cost is included in Operations and Maintenance expense on Consolidated Statements of Income; all other amounts are included in Other Income/Expense, net.

Note 9 – Revenue Recognition from Contracts with Customers

The Company's revenues are primarily generated from regulated tariff-based sales of water and wastewater services and non-regulated operation and maintenance contracts for services on water and wastewater systems owned by others. Revenue from contracts with customers is recognized when control of a promised good or service is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The Company's regulated revenue from contracts with customers is derived from tariff-based sales that result from the obligation to provide water and wastewater services to residential, industrial, commercial, fire-protection and wholesale customers. The Company's residential customers are billed quarterly while most of the Company's industrial, commercial, fire-protection and wholesale customers are billed monthly. Payments by customers are due between 15 and 30 days after the invoice date. The Company recognizes revenue as the water and wastewater services are delivered to customers and records unbilled revenues estimated from the last meter reading date to the end of the accounting period utilizing factors such as historical customer data, regional weather indicators and general economic conditions in its service territories. Unearned Revenues and Advance Service Fees include fixed service charge billings in advance of service provided to Tidewater customers and are recognized as service is provided.

Non-regulated service contract revenues consist of base service fees, as well as fees for additional billable services provided to customers, are billed monthly and are due within 30 days after the invoice date. The Company considers the amounts billed to represent the value of these services provided to customers. Certain of these contracts continue through 2022 and thus contain remaining performance obligations for which the Company expects to recognize revenue in the future. These contracts also contain termination provisions.

Substantially all operating revenues and accounts receivable are from contracts with customers. The Company records an allowance for doubtful accounts based on historical write-offs combined with an evaluation of current economic conditions within its service territories.

The Company's contracts do not contain any significant financing components.

The Company's operating revenues are comprised of the following:

	(In Thousands)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Regulated Tariff Sales				
Residential	$ 20,693	$ 19,788	$ 54,453	$ 53,303
Commercial	4,487	4,418	11,539	11,298
Industrial	2,723	2,868	7,242	7,869
Fire Protection	3,100	3,084	9,211	9,045
Wholesale	3,813	4,319	10,582	11,211
Non-Regulated Contract Operations	2,919	4,203	8,729	11,983
Total Revenue from Contracts with Customers	$ 37,735	$ 38,680	$ 101,756	$ 104,709
Other Regulated Revenues	184	151	315	276
Other Non-Regulated Revenues	101	101	303	303
Inter-segment Elimination	(251)	(219)	(515)	(479)
Total Revenue	$ 37,769	$ 38,713	$ 101,859	$ 104,809

Note 10 – Income Taxes

As part of its 2014 Federal income tax return, the Company adopted the final Internal Revenue Service (IRS) tangible property regulations and changed its accounting method for the tax treatment of expenditures that qualified as deductible repairs. The adoption resulted in a net reduction of $17.6 million in taxes previously remitted to the IRS, for which the Company has already sought and received the tax refunds. A reserve provision against refunded taxes of $2.3 million was recorded in 2015 at the time of filing its change in accounting method based on a possible challenge by the IRS during an audit examination. The Company's 2014 federal income tax return was subsequently selected for examination by the IRS. In 2018, the Company increased its income tax reserve provision to $4.1 million. During the first quarter of 2019, the Company agreed to certain modifications of its accounting method for expenditures that qualify as deductible repairs and the IRS concluded its audit of the Company's 2014 federal income tax return. The modifications also impacted the Company's filed 2015, 2016 and 2017 federal income tax returns. In March 2019 and June 2019, the Company paid $0.8 million in income taxes and $0.1 million in interest, respectively, in connection with the conclusion and closing of the 2014 and 2015 tax return audits. As of September 30, 2019, the Company has reduced its income tax reserve provision and interest expense liability to $2.4 million and $0.1 million, respectively. In October 2019, the Company paid $1.9 million in income taxes in connection with the conclusion and closing of the 2016 and 2017 tax return audits.

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

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements of Middlesex Water Company (Middlesex or the Company) included elsewhere herein and with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Forward-Looking Statements

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

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

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

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

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

For an additional discussion of factors that may affect the Company's business and results of operations, see Item 1A. - Risk Factors in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Overview

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

Our New Jersey water utility system (the Middlesex System) provides water services to approximately 61,000 retail customers, primarily in central New Jersey. The Middlesex System also provides water service under contract to municipalities in central New Jersey with a total population of approximately 219,000. Our Bayview subsidiary provides water services in Downe Township, New Jersey. Our other New Jersey subsidiaries, Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), provide water and wastewater services to approximately 2,500 customers in Southampton Township, New Jersey.

Our Delaware subsidiaries, Tidewater and Southern Shores Water Company, LLC (Southern Shores), provide water services to approximately 47,000 retail customers in New Castle, Kent and Sussex Counties, Delaware. Tidewater's subsidiary, White Marsh, services approximately 4,000 customers in Delaware and Maryland through various operations and maintenance contracts.

Our Tidewater Environmental Services, Inc. (TESI) subsidiary provides wastewater services to approximately 3,600 residential retail customers in Sussex Counties, Delaware.

USA-PA operates the water and wastewater systems for the City of Perth Amboy, New Jersey (Perth Amboy) under a 10-year operations and maintenance contract expiring in 2028. In addition to performing day-to day operations, USA-PA is also responsible for emergency responses and management of capital projects funded by Perth Amboy. USA-PA does not manage the billing, collections and customer service functions of Perth Amboy.

USA operates the Borough of Avalon, New Jersey's (Avalon) water utility, sewer utility and storm water system under a ten-year operations and maintenance contract expiring in 2022. In addition to performing day to day operations, USA is responsible for billing, collections, customer service, emergency responses and management of capital projects funded by Avalon.

Under a marketing agreement with HomeServe USA (HomeServe), USA offers residential customers in New Jersey and Delaware a menu of water and wastewater related home maintenance programs. HomeServe is a leading national provider of such home maintenance service programs. USA receives a service fee for the billing, cash collection and other administrative matters associated with HomeServe's service contracts. USA also provides unregulated water and wastewater services under contract with several New Jersey municipalities.

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

Recent Developments

Capital Construction Program - The Company's multi-year capital construction program, Water for Tomorrow, encompasses numerous projects designed to upgrade and replace utility infrastructure as well as enhance the integrity and reliability of assets to better serve the current and future generations of water and wastewater customers. The Company plans to invest approximately $105 million in 2019 in connection with this plan for projects that include, but are not limited to;

- Construction of a 4.6 mile water transmission pipeline to provide critical resiliency and redundancy to the Company's water transmission system in New Jersey;

- Replacement of four miles of water mains including service lines, valves, fire hydrants and meters in Carteret, New Jersey;

- Enhanced treatment process at the Company's largest water plant in Edison Township, New Jersey, to mitigate the formation of disinfection by-products that can develop during treatment;

- Relocation of water meters from inside customers' premises to exterior meter pits to allow quicker access by crews in emergencies, to enhance customer safety and convenience and to reduce unmetered water; and

- Additional standby emergency power generation.

Pinelands' Base Rate Increases Approved – On October 25, 2019, Pinelands Water and Pinelands Wastewater concluded their base rate matters when the New Jersey Board of Public Utilities (NJBPU) approved a $0.5 million increase in annual base rates, effective November 4, 2019. In March 2019, Pinelands Water and Pinelands Wastewater had filed petitions with the NJBPU seeking permission to increase base rates by approximately $0.7 million per year. The requests were necessitated by capital infrastructure investments both companies had made and increased operations and maintenance costs.

Tidewater to Acquire Water Systems - On October 8, 2019, the Delaware Public Service Commission (DEPSC) approved Tidewater's request to purchase the water utility assets of J.H. Wilkerson and Son, Inc. and transfer the Certificate of Public Convenience and Necessity in order for Tidewater to serve the approximate 1,000 customers currently connected to eight community water systems located mostly in eastern Sussex County, Delaware. The DEPSC also authorized Tidewater to maintain the existing rates that these customers currently pay. The transaction is expected to close in the fourth quarter of 2019.

Middlesex Issues $53.7 Million of First Mortgage Bonds - As part of the Company's comprehensive financing plan to fund its Water for Tomorrow capital construction program, in August 2019, Middlesex priced and closed on a New Jersey Economic Development Authority debt financing transaction of $53.7 million by issuing First Mortgage Bonds designated as Series 2019A ($32.5 million at coupon interest rate of 4.0%) and Series 2019B ($21.2 million at coupon interest rate of 5.0%). The proceeds, including an issuance premium of $7.1 million, are being used to finance several projects, including certain of the projects noted above. Through September 30, 2019, Middlesex has drawn a total of $7.6 million from the proceeds and expects to draw the remaining $53.2 million through the third quarter of 2021.

Twin Lakes Files for Rate Increase - In July 2019, Twin Lakes filed a petition with the Pennsylvania Public Utilities Commission (PAPUC) seeking permission to increase base rates by approximately $0.2 million per year. This request was necessitated by capital infrastructure investments Twin Lakes has made and increased operations and maintenance costs. We cannot predict whether the PAPUC will ultimately approve, deny, or reduce the amount of the request. A decision by the PAPUC is not expected before the first quarter of 2020.

Middlesex Receives Financing Approval - In May 2019, the NJBPU approved Middlesex's petition with the NJBPU seeking approval to issue and sell up to 1,500,000 shares of its common stock in one or more transactions through December 31, 2022. Sales of additional shares of common stock are also part of the Company's comprehensive financing plan to fund its multi-year utility plant infrastructure investment plan.

Outlook

Our ability to increase operating income and net income is based significantly on four factors: weather, adequate and timely rate relief, effective cost management and customer growth (which are evident in comparison discussions in the Results of Operations section below). Revenues in the first quarter of 2019 were favorably impacted by Middlesex's April 2018 base water rate increase. Weather patterns experienced in 2017 and 2018, which resulted in lower customer demand for water, have continued to occur in 2019 and have impacted revenues and net income. Actuarially-determined non-service retirement benefit plan costs are expected to increase in 2019. We continue to implement plans to further streamline operations and further reduce, and mitigate increases in, operating costs. Changes in customer water usage habits, as well as increases in capital expenditures and operating costs, are significant factors in determining the timing and extent of rate increase requests.

Organic residential customer growth through September 2019 has been consistent with that experienced in recent years.

Our strategy for profitable growth is focused on the following key areas:

- Timely and adequate recovery of infrastructure investments and other costs to maintain service quality;
- Prudent acquisitions of investor and municipally-owned water and wastewater utilities;
- Operation of municipal and industrial water and wastewater systems on a contract basis; and
- Invest in projects, products and services that complement our core water and wastewater competencies.

Operating Results by Segment

The discussion of the Company's operating results is on a consolidated basis and includes significant factors by subsidiary. The Company has two operating segments, Regulated and Non-Regulated. The operations of the Regulated segment are subject to regulations promulgated by state public utility commissions as to rates and levels of service. Rates and levels of service in the Non-Regulated segment are subject to the terms of individually-negotiated and executed contracts with municipal, industrial and other clients. Both segments are subject to federal and state environmental, water and wastewater quality and other associated legal and regulatory requirements.

The segments in the tables included below consist of the following companies: Regulated-Middlesex, Tidewater, Pinelands, Southern Shores, TESI and Twin Lakes; Non-Regulated-USA, USA-PA, and White Marsh.

Results of Operations – Three Months Ended September 30, 2019

	(In Thousands) Three Months Ended September 30,					
	2019			2018		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	$ 34,850	$ 2,919	$ 37,769	$ 34,510	$ 4,203	$ 38,713
Operations and maintenance expenses	15,859	1,810	17,669	14,764	3,350	18,114
Depreciation expense	4,182	64	4,246	3,745	47	3,792
Other taxes	3,808	63	3,871	3,787	102	3,889
Operating income	11,001	982	11,983	12,214	704	12,918
Other income, net	824	43	867	772	61	833
Interest expense	1,996	—	1,996	1,723	—	1,723
Income taxes	(580)	315	(265)	(507)	245	(262)
Net income	$ 10,409	$ 710	$ 11,119	$ 11,770	$ 520	$ 12,290

Operating Revenues

Operating revenues for the three months ended September 30, 2019 decreased $0.9 million from the same period in 2018. This decrease was related to the following factors:

- Middlesex System revenues decreased $0.6 million due to reduced water consumption across all classes of customers as a result of weather. A reduction in water consumption by wholesale contract customers accounted for $0.5 million of this decrease;
- Tidewater System revenues increased $0.9 million due to additional customers, somewhat offset by reduced base tariff rates. The reduction in base tariff rates, which was approved by the DEPSC, became effective March 1, 2019, and was prompted by the lower corporate income tax rate enacted under the Tax Cuts and Jobs Act of 2017 (Tax Act). There is a corresponding decrease in income tax expense;
- Non-regulated revenues decreased $1.3 million primarily due to changes resulting from USA-PA's 10-year contract with Perth Amboy. Under the new contract effective January 1, 2019, USA-PA has direct management control for wastewater services, for which USA-PA is compensated. Under the prior contract, USA-PA utilized, and was compensated for, subcontracted wastewater services. This results in a related decrease in operations and maintenance expense; and
- All other revenue categories increased $0.1 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the three months ended September 30, 2019 decreased $0.4 million from the same period in 2018, primarily related to the following factors:

- Non-regulated operation and maintenance expenses decreased $1.5 million, primarily due to our new Perth Amboy operating contract, effective January 1, 2019, under which USA-PA no longer incurs sub-contractor fees for wastewater services. This results in a related decrease in operating revenues;
- Retirement benefit plan expenses decreased $0.1 million due to lower actuarially-determined postretirement benefit plan service expense;
- Labor costs in our regulated subsidiaries increased $1.4 million due to increased headcount, increased average labor rates and payments relative to certain retiring employees; and
- All other operation and maintenance expense categories decreased $0.2 million.

Depreciation

Depreciation expense for the three months ended September 30, 2019 increased $0.5 million from the same period in 2018 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the three months ended September 30, 2019 remained consistent with the same period in 2018 primarily due to lower revenue related taxes on lower revenues in our Middlesex system offset by higher payroll taxes.

Other Income, net

Other Income, net for the three months ended September 30, 2019 remained consistent with the same period in 2018, primarily due to higher Allowance for Funds Used During Construction resulting from a higher level of capital construction projects in progress offset by higher actuarially-determined postretirement benefit plan non-service expense.

Interest Charges

Interest charges for the three months ended September 30, 2019 increased $0.3 million from the same period in 2018 due to higher average short-term and long-term debt outstanding partially offset by lower interest related to Internal Revenue Service (IRS) examinations of the Company's federal income tax returns.

Income Taxes

Income taxes for the three months ended September 30, 2019 remained consistent with the same period in 2018, primarily due to lower-pre-tax income and a decrease in Tidewater's effective income tax rate in March 2019, reflecting the rate reduction approved by the DEPSC to reflect the lower corporate income tax rate resulting from implementation of the Tax Act. The decrease in Tidewater's effective tax rate has also resulted in a corresponding decrease in operating revenues. Offsetting the decreases above were lower tax deductible repair and maintenance expenses, which results in higher tax expense.

Net Income and Earnings Per Share

Net income for the three months ended September 30, 2019 decreased $1.2 million as compared with the same period in 2018. Basic earnings per share were $0.67 and $0.75 for the three months ended September 30, 2019 and 2018, respectively. Diluted earnings per share were $0.66 and $0.74 for the three months ended September 30, 2019 and 2018, respectively.

Results of Operations – Nine Months Ended September 30, 2019

	(In Thousands) Nine Months Ended September 30,					
	2019			2018		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	$ 93,130	$ 8,729	$ 101,859	$ 92,826	$ 11,983	$ 104,809
Operations and maintenance expenses	45,233	5,336	50,569	43,390	9,383	52,773
Depreciation expense	12,229	186	12,415	10,999	138	11,137
Other taxes	10,731	182	10,913	10,610	300	10,910
Operating income	24,937	3,025	27,962	27,827	2,162	29,989
Other income, net	1,835	53	1,888	1,985	97	2,082
Interest expense	4,984	—	4,984	4,929	—	4,929
Income taxes	(1,912)	960	(952)	979	704	1,683
Net income	$ 23,700	$ 2,118	$ 25,818	$ 23,904	$ 1,555	$ 25,459

Operating Revenues

Operating revenues for the nine months ended September 30, 2019 decreased $3.0 million from the same period in 2018. This decrease was related to the following factors:

- Middlesex System revenues decreased $0.7 million due to the following:
  - Reduced water consumption related to weather across all classes of customers, resulting in reduced revenues of $1.9 million; and
  - Effective April 1, 2018, a NJBPU-approved base rate increase resulted in higher revenues of $1.2 million;
- Tidewater System revenues increased $0.9 million primarily due to additional customers, which was mitigated by reduced base tariff rates. The reduction in base rates was approved by the DEPSC and became effective March 1, 2019, and was prompted by the lower corporate income tax rate enacted under the Tax Act. There is a corresponding decrease in income tax expense; and
- Non-regulated revenues decreased $3.3 million, primarily due to changes resulting from USA-PA's new 10-year contract with Perth Amboy. Under the new contract, effective January 1, 2019, USA-PA has direct management control for wastewater services, for which USA-PA is compensated. Under the prior contract, USA-PA utilized, and was compensated for, subcontracted wastewater services. This results in a related decrease in operations and maintenance expense; and
- All other operating revenue categories increased $0.1 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the nine months ended September 30, 2019 decreased $2.2 million from the same period in 2018, primarily related to the following factors:

- Operation and maintenance expenses in our non-regulated subsidiaries decreased $4.0 million, primarily due to our new Perth Amboy operating contract, effective January 1, 2019, under which USA-PA no longer incurs sub-contractor fees for wastewater services. This results in a related decrease in operating revenues;
- Retirement benefit plan expenses decreased $0.2 million due to lower actuarially-determined postretirement benefit plan service expense;
- Labor costs in our regulated subsidiaries increased $1.7 million due to increased headcount, increased average labor rates and payments relative to certain retiring employees;

- Rent costs increased $0.2 million due to the January 2019 commencement of our lease of new corporate administrative office space;
- Health insurance costs increased $0.2 million due to increased premiums and headcount; and
- All other operation and maintenance expense categories decreased $0.1 million.

Depreciation

Depreciation expense for the nine months ended September 30, 2019 increased $1.3 million from the same period in 2018 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the nine months ended September 30, 2019 remained consistent with the same period in 2018 primarily due to lower revenue related taxes on lower revenues in our Middlesex system offset by higher payroll taxes.

Other Income, net

Other Income, net for the nine months ended September 30, 2019 decreased $0.2 million from the same period in 2018, primarily due to higher actuarially-determined postretirement benefit plan non-service expense and the sale of wastewater franchise rights by our TESI subsidiary in the second quarter of 2018. This decrease was partially offset by higher Allowance for Funds Used During Construction resulting from a higher level of capital construction projects in progress.

Interest Charges

Interest charges for the nine months ended September 30, 2019 increased $0.1 million from the same period in 2018 due to higher average short-term and long-term debt outstanding in 2019 as compared to 2018 partially offset by lower interest associated with IRS examinations of the Company's federal income tax returns.

Income Taxes

Income taxes for the nine months ended September 30, 2019 decreased $2.6 million from the same period in 2018, primarily due to lower pre-tax income and the regulatory accounting treatment of tax benefits associated with the adoption of the tangible property regulations, prescribed by the IRS, which was approved in Middlesex's 2018 base rate case decision. In addition, Tidewater's effective income tax rate was decreased in March 2019, reflecting the rate reduction approved by the DEPSC to reflect the lower corporate income tax rate resulting from implementation of the Tax Act. This has resulted in a corresponding decrease in operating revenues.

Net Income and Earnings Per Share

Net income for the nine months ended September 30, 2019 increased $0.4 million as compared with the same period in 2018. Basic earnings per share were $1.56 and $1.55 for the nine months ended September 30, 2019 and 2018, respectively. Diluted earnings per share were $1.55 and $1.54 for the nine months ended September 30, 2019 and 2018, respectively.

Liquidity and Capital Resources

Operating Cash Flows

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

For the nine months September 30, 2019, cash flows from operating activities decreased $9.5 million to $23.3 million from the same period in 2018. The decrease in cash flows from operating activities primarily resulted from the timing of payments to vendors and increased income tax payments. Utility plant expenditures for the period were primarily funded by financing activities.

Investing Cash Flows

For the nine months ended September 30, 2019, cash flows used in investing activities increased $11.7 million to $61.2 million from the same period in 2018. The increase in cash flows used in investing activities resulted from increased utility plant expenditures.

For further discussion on the Company's future capital expenditures and expected funding sources, see "*Capital Expenditures and Commitments*" below.

Financing Cash Flows

For the nine months ended September 30, 2019, cash flows from financing activities increased $73.5 million to $89.3 million from the same period in 2018. The majority of the increase in cash flows provided by financing activities is due to the net increase in long-term and short-term debt funding and increased proceeds from the issuance of common stock under the Middlesex Water Company Investment Plan (the Investment Plan).

In September 2019, the Company determined it had inadvertently sold shares of its common stock through the Investment Plan from August 1, 2018 through September 3, 2019 (Eligible Period) after the registration statement covering sales through the Investment Plan had expired and therefore was no longer effective. In October 2019, the Company's Board of Directors approved a plan to voluntarily offer a right of rescission (Rescission Offer) to Investment Plan participants who purchased shares of the Company's common stock during the Eligible Period. During the Eligible Period, Investment Plan participants purchased 232,643 shares of Company common stock at an average price of $55.79 per share. The Rescission Offer ends in November 2019. Based on the current market price of the Company's common stock, the Company does not expect that the exercise of any applicable rescission rights will have a material impact on its results of operations, financial condition or liquidity. For more information, see discussion under "*Common Stock*" in *Note 3 – Capitalization*.

Capital Expenditures and Commitments

To fund our capital program, we may use internally generated funds, short-term and long-term debt borrowings, proceeds from sales of common stock under the Investment Plan and proceeds from new offerings to the public of our common stock. See below for a more detailed discussion regarding the funding of our capital program.

The capital investment program for 2019 is currently estimated to be approximately $105 million. Through September 30, 2019, we have expended $61 million and expect to incur approximately $44 million for capital projects for the remainder of 2019.

We currently project that we may expend approximately $220 million for capital projects in 2020 and 2021. The actual amount and timing of capital expenditures is dependent on project scheduling and refinement of engineering estimates for certain capital projects.

To pay for our capital program for the remainder of 2019, we plan on utilizing:

- Internally generated funds;
- Proceeds from the Investment Plan;
- Proceeds from the New Jersey and Delaware State Revolving Fund (SRF). SRF programs provide low cost financing for projects that meet certain water quality and system improvement benchmarks (see discussion under "*Long-term Debt*" in *Note 3 - Capitalization*);
- Proceeds from the issuance of First Mortgage Bonds through the New Jersey Economic Development Authority (see discussion under "*Middlesex Issues $53.7 Million of First Mortgage Bonds*" in *Recent Developments* above);

- If necessary, proceeds from a common stock offering (see discussion under "*Middlesex Receives Financing Approval*" in *Recent Developments* above); and
- Short-term borrowings through $140.0 million of active lines of credit with several financial institutions. As of September 30, 2019, there remains $81.5 million of available credit under these lines.

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

Item 3. Quantitative and Qualitative Disclosures of Market Risk

We are exposed to market risk associated with changes in interest rates and commodity prices. The Company is subject to the risk of fluctuating interest rates in the normal course of business. Our policy is to manage interest rates through the use of fixed rate long-term debt and, to a lesser extent, short-term debt. The Company's interest rate risk related to existing fixed rate, long-term debt is not material due to the term of the majority of our First Mortgage Bonds, which have final maturity dates ranging from 2021 to 2059. Over the next twelve months, approximately $7.2 million of the current portion of existing long-term debt instruments will mature. Applying a hypothetical change in the rate of interest charged by 10% on those borrowings, would not have a material effect on our earnings.

Our risks associated with commodity price increases for chemicals, electricity and other commodities are reduced through contractual arrangements and the ability to recover price increases through rates. Non-performance by these commodity suppliers could have a material adverse impact on our results of operations, financial position and cash flows.

We are exposed to credit risk for both our Regulated and Non-Regulated business segments. Our Regulated operations serve residential, commercial, industrial and municipal customers while our Non-Regulated operations engage in business activities with developers, government entities and other customers. Our primary credit risk is exposure to customer default on contractual obligations and the associated loss that may be incurred due to the non-payment of customer accounts receivable balances. Our credit risk is managed through established credit and collection policies which are in compliance with applicable regulatory requirements and involve monitoring of customer exposure and the use of credit risk mitigation measures such as letters of credit or prepayment arrangements. Our credit portfolio is diversified with no significant customer or industry concentrations. In addition, our Regulated businesses are generally able to recover all prudently incurred costs including uncollectible customer accounts receivable expenses and collection costs through rates.

The Company's retirement benefit plan assets are exposed to fluctuating market prices of debt and equity securities. Changes to the Company's retirement benefit plan asset values can impact the Company's retirement benefit plan expense, funded status and future minimum funding requirements. Our risk is mitigated by our ability to recover retirement benefit plan costs through rates for regulated utility services charged to our customers.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

The information about risk factors does not differ materially from those set forth in Part I, Item 1A. of the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

10.32	Amended and Restated Line of Credit Note between registrant, registrant's subsidiaries and PNC Bank, N.A.
10.32(a)	Amendment to the Line of Credit included in Amended and Restated Line of Credit Note between registrant, registrant's subsidiaries and PNC Bank, N.A., filed as Exhibit 10.32.
31.1	Section 302 Certification by Dennis W. Doll pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.
31.2	Section 302 Certification by A. Bruce O'Connor pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.
32.1	Section 906 Certification by Dennis W. Doll pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.2	Section 906 Certification by A. Bruce O'Connor pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
101.DEF	XBRL Definition Linkbase Document

SIGNATURES

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

MIDDLESEX WATER COMPANY

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

Date: November 1, 2019

Amended and Restated Committed Line Of Credit Note

(Multi-Rate Options)

$68,000,000.00 **October 22, 2019**

FOR VALUE RECEIVED, **MIDDLESEX WATER COMPANY, PINELANDS WASTEWATER COMPANY, PINELANDS WATER COMPANY, TIDEWATER ENVIRONMENTAL SERVICES, INC., TIDEWATER UTILITIES, INC., UTILITY SERVICE AFFILIATES (PERTH AMBOY) INC., UTILITY SERVICE AFFILIATES INC.,** and **WHITE MARSH ENVIRONMENTAL SYSTEMS, INC. (**individually and collectively, the "**Borrower**"), with an address at 1500 Ronson Road, Iselin, NJ 08830-3049, jointly and severally, promise to pay to the order of **PNC BANK, NATIONAL ASSOCIATION** (the "**Bank**"), in lawful money of the United States of America in immediately available funds at its offices located at Two Tower Center Boulevard, East Brunswick, New Jersey 08816, or at such other location as the Bank may designate from time to time, the principal sum of **SIXTY EIGHT MILLION AND 00/100 DOLLARS ($68,000,000.00)** (the "**Facility**") or such lesser amount as may be advanced to or for the benefit of the Borrower hereunder, together with interest accruing on the outstanding principal balance from the date hereof, all as provided below.

1. **Advances.** The Borrower may request advances, repay and request additional advances hereunder until the Expiration Date, subject to the terms and conditions of this Note and the Loan Documents (as hereinafter defined). The "**Expiration Date**" shall mean **January 31, 2021**, or such later date as may be designated by the Bank by written notice from the Bank to the Borrower. The Borrower acknowledges and agrees that in no event will the Bank be under any obligation to extend or renew the Facility or this Note beyond the Expiration Date. The Borrower may request advances hereunder upon giving oral or written notice to the Bank by 11:00 a.m. (Eastern, Standard time) East Brunswick, New Jersey (a) on the day of the proposed advance, in the case of advances to bear interest under the Base Rate Option (as hereinafter defined) and (b) three (3) Business Days prior to the proposed advance, in the case of advances to bear interest under the LIBOR Option (as hereinafter defined), followed promptly thereafter by the Borrower's written confirmation to the Bank of any oral notice. The aggregate unpaid principal amount of advances under this Note shall not exceed the face amount of this Note.

2. **Rate of Interest.** Each advance outstanding under this Note will bear interest at a rate or rates per annum as may be selected by the Borrower from the interest rate options set forth below (each, an "**Option**"):

(i) **Base Rate Option.** A rate of interest per annum which is at all times equal to the Base Rate. If and when the Base Rate (or any component thereof) changes, the rate of interest with respect to any advance to which the Base Rate Option applies will change automatically without notice to the Borrower, effective on the date of any such change. There are no required minimum interest periods for advances bearing interest under the Base Rate Option.

(ii) **LIBOR Option.** A rate per annum equal to (A) LIBOR plus (B) ninety (90) basis points (0.90%), for the applicable LIBOR Interest Period.

For purposes hereof, the following terms shall have the following meanings:

"**Base Rate**" shall mean the highest of (A) the Prime Rate, and (B) the sum of the Overnight Bank Funding Rate plus fifty (50) basis points (0.50%), and (C) the sum of the Daily LIBOR Rate plus one hundred (100) basis points (1.0%), so long as a Daily LIBOR Rate is offered, ascertainable and not unlawful.

“**Business Day**” shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required by law to be closed for business in East Brunswick, New Jersey.

“**Daily LIBOR Rate**” shall mean, for any day, the rate per annum determined by the Bank by dividing (x) the Published Rate by (y) a number equal to 1.00 minus the LIBOR Reserve Percentage; provided, however, if the Daily LIBOR Rate determined as provided above would be less than zero, then such rate shall be deemed to be zero.

“**LIBOR**” shall mean, with respect to any advance to which the LIBOR Option applies for the applicable LIBOR Interest Period, the interest rate per annum determined by the Bank by dividing (the resulting quotient rounded upwards, at the Bank’s discretion, to the nearest 1/100th of 1%) (i) the rate of interest determined by the Bank in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the eurodollar rate two (2) Business Days prior to the first day of such LIBOR Interest Period for an amount comparable to such advance and having a borrowing date and a maturity comparable to such LIBOR Interest Period by (ii) a number equal to 1.00 minus the LIBOR Reserve Percentage; provided, however, if LIBOR, determined as provided above, would be less than zero, then LIBOR shall be deemed to be zero.

“**LIBOR Interest Period**” shall mean, as to any advance to which the LIBOR Option applies, the period of one (1), two (2), or three (3) months as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, commencing on the date of disbursement of an advance (or the date of conversion of an advance to the LIBOR Option, as the case may be) and each successive period selected by the Borrower thereafter; provided that, (i) if a LIBOR Interest Period would end on a day which is not a Business Day, it shall end on the next succeeding Business Day unless such day falls in the next succeeding calendar month in which case the LIBOR Interest Period shall end on the next preceding Business Day, (ii) the Borrower may not select a LIBOR Interest Period that would end on a day after the Expiration Date, and (iii) any LIBOR Interest Period that begins on the last Business Day of a calendar month (or a day for which there is no numerically corresponding day in the last calendar month of such LIBOR Interest Period) shall end on the last Business Day of the last calendar month of such LIBOR Interest Period.

“**LIBOR Reserve Percentage**” shall mean the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as “Eurocurrency liabilities”).

“**Overnight Bank Funding Rate**” shall mean, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York (“**NYFRB**”), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Bank for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Bank at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Borrower.

“**Prime Rate**” shall mean the rate publicly announced by the Bank from time to time as its prime rate. The Prime Rate is determined from time to time by the Bank as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Bank to any particular class or category of customers.

"**Published Rate**" shall mean the rate of interest published each Business Day in the Wall Street Journal "Money Rates" listing under the caption "London Interbank Offered Rates" for a one month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the eurodollar rate for a one month period as published in another publication selected by the Bank).

LIBOR and the Daily LIBOR Rate shall be adjusted with respect to any advance to which the LIBOR Option or Base Rate Option applies, as applicable, on and as of the effective date of any change in the LIBOR Reserve Percentage. The Bank shall give prompt notice to the Borrower of LIBOR or the Daily LIBOR Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error.

If the Bank determines (which determination shall be final and conclusive) that, by reason of circumstances affecting the eurodollar market generally, deposits in dollars (in the applicable amounts) are not being offered to banks in the eurodollar market for the selected term, or adequate means do not exist for ascertaining LIBOR, then the Bank shall give notice thereof to the Borrower. Thereafter, until the Bank notifies the Borrower that the circumstances giving rise to such suspension no longer exist, (a) the availability of the LIBOR Option shall be suspended, and (b) the interest rate for all advances then bearing interest under the LIBOR Option shall be converted at the expiration of the then current LIBOR Interest Period(s) to the Base Rate Option.

In addition, if, after the date of this Note, the Bank shall determine (which determination shall be final and conclusive) that any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Bank to make or maintain or fund loans based on LIBOR, the Bank shall notify the Borrower. Upon receipt of such notice, until the Bank notifies the Borrower that the circumstances giving rise to such determination no longer apply, (a) the availability of the LIBOR Option shall be suspended, and (b) the interest rate on all advances then bearing interest under the LIBOR Option shall be converted to the Base Rate Option either (i) on the last day of the then current LIBOR Interest Period(s) if the Bank may lawfully continue to maintain advances based on LIBOR to such day, or (ii) immediately if the Bank may not lawfully continue to maintain advances based on LIBOR.

The foregoing notwithstanding, it is understood that the Borrower may select different Options to apply simultaneously to different portions of the advances and may select up to three (3) different interest periods to apply simultaneously to different portions of the advances bearing interest under the LIBOR Option. Interest hereunder will be calculated based on the actual number of days that principal is outstanding over a year of 360 days. In no event will the rate of interest hereunder exceed the maximum rate allowed by law.

3. <u>**Interest Rate Election**</u>. Subject to the terms and conditions of this Note, at the end of each interest period applicable to any advance, the Borrower may renew the Option applicable to such advance or convert such advance to a different Option; <u>provided that</u>, during any period in which any Event of Default (as hereinafter defined) has occurred and is continuing, any advances bearing interest under the LIBOR Option shall, at the Bank's sole discretion, be converted at the end of the applicable LIBOR Interest Period to the Base Rate Option and the LIBOR Option will not be available to Borrower with respect to any new advances (or with respect to the conversion or renewal of any existing advances) until such Event of Default has been cured by the Borrower or waived by the Bank. The Borrower shall notify the Bank of each election of an Option, each conversion from one Option to another, the amount of the advances then outstanding to be allocated to each Option and where relevant the interest periods therefor. In the case of converting to the LIBOR Option, such notice shall be given at least three (3) Business Days prior to the commencement of any LIBOR Interest Period. If no interest period is specified in any such notice for which the resulting advance is to bear interest under the LIBOR Option, the Borrower shall be deemed to have selected a LIBOR Interest Period of one month's duration. If no notice of election, conversion or renewal is timely received by the Bank with respect to any advance, the Borrower shall be deemed to have elected the Base Rate Option. Any such election shall be promptly confirmed in writing by such method as the Bank may require.

4. **Advance Procedures.** If permitted by the Bank, a request for advance may be made by telephone or electronic mail, with such confirmation or verification (if any) as the Bank may require in its discretion from time to time. A request for advance by any Borrower shall be binding upon Borrower, jointly and severally. The Borrower authorizes the Bank to accept telephonic and electronic requests for advances, and the Bank shall be entitled to rely upon the authority of any person providing such instructions. The Borrower hereby indemnifies and holds the Bank harmless from and against any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) which may arise or be created by the acceptance of such telephonic and electronic requests or by the making of such advances. The Bank will enter on its books and records, which entry when made will be presumed correct, the date and amount of each advance, as well as the date and amount of each payment made by the Borrower.

5. **Payment Terms**. The Borrower shall pay accrued interest on the unpaid principal balance of this Note in arrears: (a) for the portion of advances bearing interest under the Base Rate Option, on the first day of each month during the term hereof, (b) for the portion of advances bearing interest under the LIBOR Option, on the last day of the respective LIBOR Interest Period for such advance, (c) if any LIBOR Interest Period is longer than three (3) months, then also on the three (3) month anniversary of such interest period and every three (3) months thereafter, and (d) for all advances, at maturity, whether by acceleration of this Note or otherwise, and after maturity, on demand until paid in full. All outstanding principal and accrued interest hereunder shall be due and payable in full on the Expiration Date.

If any payment under this Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment. The Borrower hereby authorizes the Bank to charge the Borrower's deposit account at the Bank for any payment when due hereunder. Payments received will be applied to charges, fees and expenses (including attorneys' fees), accrued interest and principal in any order the Bank may choose, in its sole discretion.

6. **Late Payments; Default Rate.** If the Borrower fails to make any payment of principal, interest or other amount coming due pursuant to the provisions of this Note within fifteen (15) calendar days of the date due and payable, the Borrower also shall pay to the Bank a late charge equal to the lesser of five percent (5%) of the amount of such payment or $100.00 (the "**Late Charge**"). Such fifteen (15) day period shall not be construed in any way to extend the due date of any such payment. Upon maturity, whether by acceleration, demand or otherwise, and at the Bank's option upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, each advance outstanding under this Note shall bear interest at a rate per annum (based on the actual number of days that principal is outstanding over a year of 360 days) which shall be three percentage points (3%) in excess of the interest rate in effect from time to time under this Note but not more than the maximum rate allowed by law (the "**Default Rate**"). The Default Rate shall continue to apply whether or not judgment shall be entered on this Note. Both the Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying the Bank's expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, the Bank's exercise of any rights and remedies hereunder, under the other Loan Documents or under applicable law, and any fees and expenses of any agents or attorneys which the Bank may employ. In addition, the Default Rate reflects the increased credit risk to the Bank of carrying a loan that is in default. The Borrower agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by the Bank, and that the actual harm incurred by the Bank cannot be estimated with certainty and without difficulty.

7. **Prepayment.** The Borrower shall have the right to prepay any advance hereunder at any time and from time to time, in whole or in part; subject, however, to payment of any break funding indemnification amounts owing pursuant to paragraph 9 below.

8. **Increased Costs; Yield Protection.** On written demand, together with written evidence of the justification therefor, the Borrower agrees to pay the Bank all direct costs incurred, any losses suffered or payments made by the Bank as a result of any Change in Law (hereinafter defined), imposing any reserve, deposit, allocation of capital or similar requirement (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) on the Bank, its holding company or any of their respective assets relative to the Facility. "**Change in Law**" means the occurrence, after the date of this Note, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any governmental authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

9. **Break Funding Indemnification**. The Borrower agrees to indemnify the Bank against any liabilities, losses or expenses (including, without limitation, loss of margin, any loss or expense sustained or incurred in liquidating or employing deposits from third parties, and any loss or expense incurred in connection with funds acquired to effect, fund or maintain any advance (or any part thereof) bearing interest under the LIBOR Option) which the Bank sustains or incurs as a consequence of either (i) the Borrower's failure to make a payment on the due date thereof, (ii) the Borrower's revocation (expressly, by later inconsistent notices or otherwise) in whole or in part of any notice given to Bank to request, convert, renew or prepay any advance bearing interest under the LIBOR Option, or (iii) the Borrower's payment or prepayment (whether voluntary, after acceleration of the maturity of this Note or otherwise) or conversion of any advance bearing interest under the LIBOR Option on a day other than the last day of the applicable LIBOR Interest Period. A notice as to any amounts payable pursuant to this paragraph given to the Borrower by the Bank shall, in the absence of manifest error, be conclusive and shall be payable upon demand. The Borrower's indemnification obligations hereunder shall survive the payment in full of the advances and all other amounts payable hereunder.

10. **Other Loan Documents.** This Note is issued in connection with a letter agreement or loan agreement between the Borrower and the Bank, dated April 29, 2015, and the other agreements and documents executed and/or delivered in connection therewith or referred to therein, the terms of which are incorporated herein by reference (as amended, modified or renewed from time to time, collectively the "**Loan Documents**"), and is secured by the property (if any) described in the Loan Documents and by such other collateral as previously may have been or may in the future be granted to the Bank to secure this Note.

11. **Events of Default.** The occurrence of any of the following events will be deemed to be an "**Event of Default**" under this Note: (i) the nonpayment of any principal, interest or other indebtedness under this Note when due; (ii) the occurrence of any event of default or any default and the lapse of any notice or cure period, or any Obligor's failure to observe or perform any covenant or other agreement, under or contained in any Loan Document or any other document now or in the future evidencing or securing any debt, liability or obligation of any Obligor to the Bank; (iii) the filing by or against any Obligor of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or similar proceeding (and, in the case of any such proceeding instituted against any Obligor, such proceeding is not dismissed or stayed within 30 days of the commencement thereof, provided that the Bank shall not be obligated to advance additional funds hereunder during such period); (iv) any assignment by any Obligor for the benefit of creditors, or any levy, garnishment, attachment or similar proceeding is instituted against any property of any Obligor held by or deposited with the Bank; (v) a default with respect to any other indebtedness of any Obligor for borrowed money, if the effect of such default is to cause or permit the acceleration of such debt; (vi) the commencement of any foreclosure or forfeiture proceeding, execution or attachment against any collateral securing the obligations of any Obligor to the Bank; (vii) the entry of a final judgment against any Obligor and the failure of such Obligor to discharge the judgment within ten (10) days of the entry thereof; (viii) any change in any Obligor's business, assets, operations, financial condition or results of operations that has or could reasonably be expected to have any material adverse effect on any Obligor; (ix) any Obligor ceases doing business as a going concern; (x) any representation or warranty made by any Obligor to the Bank in any Loan Document or any other documents now or in the future evidencing or securing the obligations of any Obligor to the Bank, is false, erroneous or misleading in any material respect; (xi) if this Note or any guarantee executed by any Obligor is secured, the failure of any Obligor to provide the Bank with additional collateral if in the Bank's opinion at any time or times, the market value of any of the collateral securing this Note or any guarantee has depreciated below that required pursuant to the Loan Documents or, if no specific value is so required, then in an amount deemed material by the Bank; (xii) the revocation or attempted revocation, in whole or in part, of any guarantee by any Obligor; or (xiii) the death, incarceration, indictment or legal incompetency of any individual Obligor or, if any Obligor is a partnership or limited liability company, the death, incarceration, indictment or legal incompetency of any individual general partner or member. As used herein, the term "**Obligor**" means any Borrower and any guarantor of, or any pledgor, mortgagor or other person or entity providing collateral support for, the Borrower's obligations to the Bank existing on the date of this Note or arising in the future.

Upon the occurrence of an Event of Default: (a) the Bank shall be under no further obligation to make advances hereunder; (b) if an Event of Default specified in clause (iii) or (iv) above shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder shall be immediately due and payable without demand or notice of any kind; (c) if any other Event of Default shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder, at the Bank's option and without demand or notice of any kind, may be accelerated and become immediately due and payable; (d) at the Bank's option, this Note will bear interest at the Default Rate from the date of the occurrence of the Event of Default; and (e) the Bank may exercise from time to time any of the rights and remedies available under the Loan Documents or under applicable law.

12. **Right of Setoff.** In addition to all liens upon and rights of setoff against the Borrower's money, securities or other property given to the Bank by law, the Bank shall have, with respect to the Borrower's obligations to the Bank under this Note and to the extent permitted by law, a contractual possessory security interest in and a contractual right of setoff against, and the Borrower hereby grants the Bank a security interest in, and hereby assigns, conveys, delivers, pledges and transfers to the Bank, all of the Borrower's right, title and interest in and to, all of the Borrower's deposits, moneys, securities and other property now or hereafter in the possession of or on deposit with, or in transit to, the Bank or any other direct or indirect subsidiary of The PNC Financial Services Group, Inc., whether held in a general or special account or deposit, whether held jointly with someone else, or whether held for safekeeping or otherwise, excluding, however, all IRA, Keogh, and trust accounts. Every such security interest and right of setoff may be exercised without demand upon or notice to the Borrower. Every such right of setoff shall be deemed to have been exercised immediately upon the occurrence of an Event of Default hereunder without any action of the Bank, although the Bank may enter such setoff on its books and records at a later time.

13. **Anti-Money Laundering/International Trade Law Compliance.** The Borrower represents and warrants to the Bank, as of the date of this Note, the date of each advance of proceeds under the Facility, the date of any renewal, extension or modification of the Facility, and at all times until the Facility has been terminated and all amounts thereunder have been indefeasibly paid in full, that: (a) no Covered Entity (i) is a Sanctioned Person; (ii) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person; or (iii) does business in or with, or derives any of its operating income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any law, regulation, order or directive enforced by any Compliance Authority; (b) the proceeds of the Facility will not be used to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any law, regulation, order or directive enforced by any Compliance Authority; (c) the funds used to repay the Facility are not derived from any unlawful activity; and (d) each Covered Entity is in compliance with, and no Covered Entity engages in any dealings or transactions prohibited by, any laws of the United States, including but not limited to any Anti-Terrorism Laws. Borrower covenants and agrees that it shall immediately notify the Bank in writing upon the occurrence of a Reportable Compliance Event.

As used herein: "**Anti-Terrorism Laws**" means any laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, or bribery, all as amended, supplemented or replaced from time to time; "**Compliance Authority**" means each and all of the (a) U.S. Treasury Department/Office of Foreign Assets Control, (b) U.S. Treasury Department/Financial Crimes Enforcement Network, (c) U.S. State Department/Directorate of Defense Trade Controls, (d) U.S. Commerce Department/Bureau of Industry and Security, (e) U.S. Internal Revenue Service, (f) U.S. Justice Department, and (g) U.S. Securities and Exchange Commission; "**Covered Entity**" means the Borrower, its affiliates and subsidiaries, all guarantors, pledgors of collateral, all owners of the foregoing, and all brokers or other agents of the Borrower acting in any capacity in connection with the Facility; "**Reportable Compliance Event**" means that any Covered Entity becomes a Sanctioned Person, or is indicted, arraigned, investigated or custodially detained, or receives an inquiry from regulatory or law enforcement officials, in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or self-discovers facts or circumstances implicating any aspect of its operations with the actual or possible violation of any Anti-Terrorism Law; "**Sanctioned Country**" means a country subject to a sanctions program maintained by any Compliance Authority; and "**Sanctioned Person**" means any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person or entity, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any order or directive of any Compliance Authority or otherwise subject to, or specially designated under, any sanctions program maintained by any Compliance Authority.

14. Indemnity. The Borrower agrees to indemnify each of the Bank, each legal entity, if any, who controls, is controlled by or is under common control with the Bank, and each of their respective directors, officers and employees (the "**Indemnified Parties**"), and to defend and hold each Indemnified Party harmless from and against any and all claims, damages, losses, liabilities and expenses (including all fees and charges of internal or external counsel with whom any Indemnified Party may consult and all expenses of litigation and preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party by any person, entity or governmental authority (including any person or entity claiming derivatively on behalf of the Borrower), in connection with or arising out of or relating to the matters referred to in this Note or in the other Loan Documents or the use of any advance hereunder, whether (a) arising from or incurred in connection with any breach of a representation, warranty or covenant by the Borrower, or (b) arising out of or resulting from any suit, action, claim, proceeding or governmental investigation, pending or threatened, whether based on statute, regulation or order, or tort, or contract or otherwise, before any court or governmental authority; provided, however, that the foregoing indemnity agreement shall not apply to any claims, damages, losses, liabilities and expenses solely attributable to an Indemnified Party's gross negligence or willful misconduct. The indemnity agreement contained in this Section shall survive the termination of this Note, payment of any advance hereunder and the assignment of any rights hereunder. The Borrower may participate at its expense in the defense of any such action or claim.

15. Miscellaneous. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder ("**Notices**") must be in writing (except as may be agreed otherwise above with respect to borrowing requests or as otherwise provided in this Note) and will be effective upon receipt. Notices may be given in any manner to which the parties may agree. Without limiting the foregoing, first-class mail, postage prepaid, facsimile transmission and commercial courier service are hereby agreed to as acceptable methods for giving Notices. In addition, the parties agree that Notices may be sent electronically to any electronic address provided by a party from time to time. Notices may be sent to a party's address as set forth above or to such other address as any party may give to the other for such purpose in accordance with this paragraph. No delay or omission on the Bank's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Bank's action or inaction impair any such right or power. The Bank's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Bank may have under other agreements, at law or in equity. No modification, amendment or waiver of, or consent to any departure by the Borrower from, any provision of this Note will be effective unless made in a writing signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Notwithstanding the foregoing, the Bank may modify this Note for the purposes of completing missing content or correcting erroneous content, without the need for a written amendment, provided that the Bank shall send a copy of any such modification to the Borrower (which notice may be given by electronic mail). The Borrower agrees to pay on demand, to the extent permitted by law, all costs and expenses incurred by the Bank in the enforcement of its rights in this Note and in any security therefor, including without limitation reasonable fees and expenses of the Bank's counsel. If any provision of this Note is found to be invalid, illegal or unenforceable in any respect by a court, all the other provisions of this Note will remain in full force and effect. The Borrower and all other makers and indorsers of this Note hereby forever waive presentment, protest, notice of dishonor and notice of non-payment. The Borrower also waives all defenses based on suretyship or impairment of collateral. If this Note is executed by more than one Borrower, the obligations of such persons or entities hereunder will be joint and several. This Note shall bind the Borrower and its heirs, executors, administrators, successors and assigns, and the benefits hereof shall inure to the benefit of the Bank and its successors and assigns; provided, however, that the Borrower may not assign this Note in whole or in part without the Bank's written consent and the Bank at any time may assign this Note in whole or in part.

This Note has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank's office indicated above is located. **This Note will be interpreted and the rights and liabilities of the Bank and the Borrower determined in accordance with the laws of the state where the Bank's office indicated above is located, excluding its conflict of laws rules, including without limitation the Electronic Transactions Act (or equivalent) in effect in the state where the Bank's office indicated above is located (or, to the extent controlling, the laws of the United States Of America, including without limitation the Electronic Signatures in Global and National Commerce Act)**. The Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or federal court in the county or judicial district where the Bank's office indicated above is located; provided that nothing contained in this Note will prevent the Bank from bringing any action, enforcing any award or judgment or exercising any rights against the Borrower individually, against any security or against any property of the Borrower within any other county, state or other foreign or domestic jurisdiction. The Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the Bank and the Borrower. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

16. **Amendment and Restatement.** This Note amends and restates, and is in substitution for, that certain Amended and Restated Committed Line of Credit Note in the original principal amount of $48,000,000.00 payable to the order of the Bank and dated February 19, 2019 (the "**Existing Note**"). However, without duplication, this Note shall in no way extinguish, cancel or satisfy Borrower's unconditional obligation to repay all indebtedness evidenced by the Existing Note or constitute a novation of the Existing Note. Nothing herein is intended to extinguish, cancel or impair the lien priority or effect of any security agreement, pledge agreement or mortgage with respect to any Obligor's obligations hereunder and under any other document relating hereto.

17. **Commercial Purpose**. The Borrower represents that the indebtedness evidenced by this Note is being incurred by the Borrower solely for the purpose of acquiring or carrying on a business, professional or commercial activity, and not for personal, family or household purposes.

18. **USA PATRIOT Act Notice**. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each Borrower that opens an account. What this means: when the Borrower opens an account, the Bank will ask for the business name, business address, taxpayer identifying number and other information that will allow the Bank to identify the Borrower, such as organizational documents. For some businesses and organizations, the Bank may also need to ask for identifying information and documentation relating to certain individuals associated with the business or organization.

19. **Authorization to Obtain Credit Reports**. By signing below, each Borrower who is an individual provides written authorization to the Bank or its designee (and any assignee or potential assignee hereof) to obtain the Borrower's personal credit profile from one or more national credit bureaus. Such authorization shall extend to obtaining a credit profile in considering this Note and subsequently for the purposes of update, renewal or extension of such credit or additional credit and for reviewing or collecting the resulting account.

20. **<u>Electronic Signatures and Records</u>**. Notwithstanding any other provision herein, the Borrower agrees that this Note, the Loan Documents, any amendments thereto, and any other information, notice, signature card, agreement or authorization related thereto (each, a "**Communication**") may, at the Bank's option, be in the form of an electronic record. Any Communication may, at the Bank's option, be signed or executed using electronic signatures. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format) for transmission, delivery and/or retention.

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21. **<u>WAIVER OF JURY TRIAL</u>. THE BORROWER IRREVOCABLY WAIVES ANY AND ALL RIGHTS THE BORROWER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS NOTE, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS NOTE OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE BORROWER ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.**

The Borrower acknowledges that it has read and understands all the provisions of this Note, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

WITNESS the due execution hereof as a document under seal, as of the date first written above, with the intent to be legally bound hereby.

MIDDLESEX WATER COMPANY

By: /s/ A. Bruce O'Connor (SEAL)
A. Bruce O'Connor
Senior Vice President & Treasurer

PINELANDS WASTEWATER COMPANY

By: /s/ A. Bruce O'Connor (SEAL)
A. Bruce O'Connor
Vice President & Treasurer

PINELANDS WATER COMPANY

By: /s/ A. Bruce O'Connor (SEAL)
A. Bruce O'Connor
Vice President & Treasurer

TIDEWATER UTILITIES, INC.

By: /s/ A. Bruce O'Connor (SEAL)
A. Bruce O'Connor
President

[SIGNATURES CONTINUE ON NEXT PAGE]

UTILITY SERVICE AFFILIATES (PERTH AMBOY) INC.

By: /s/ A. Bruce O’Connor (SEAL)

A. Bruce O’Connor
Vice President & Treasurer

UTILITY SERVICE AFFILIATES INC.

By: /s/ A. Bruce O’Connor (SEAL)

A. Bruce O’Connor
Treasurer

TIDEWATER ENVIRONMENTAL SERVICES, INC.

By: /s/ A. Bruce O’Connor (SEAL)

A. Bruce O’Connor
President

WHITE MARSH ENVIRONMENTAL SYSTEMS, INC.

By: /s/ A. Bruce O’Connor (SEAL)

A. Bruce O’Connor
President

Amendment to Loan Documents

THIS AMENDMENT TO LOAN DOCUMENTS (this "**Amendment**") is made as of October 22, 2019, by and between **MIDDLESEX WATER COMPANY, PINELANDS WASTEWATER COMPANY, PINELANDS WATER COMPANY, TIDEWATER ENVIRONMENTAL SERVICES, INC., TIDEWATER UTILITIES, INC., UTILITY SERVICE AFFILIATES (PERTH AMBOY) INC., UTILITY SERVICE AFFILIATES INC.** and **WHITE MARSH ENVIRONMENTAL SYSTEMS, INC. (**individually and collectively, the "**Borrower**"), and **PNC BANK, NATIONAL ASSOCIATION** (the "**Bank**").

BACKGROUND

A. The Borrower or another obligor has executed and delivered to the Bank (or a predecessor which is now known by the Bank's name as set forth above), one or more promissory notes, letter agreements, loan agreements, security agreements, mortgages, pledge agreements, collateral assignments, and other agreements, instruments, certificates and documents, some or all of which are more fully described on attached Exhibit A, which is made a part of this Amendment (collectively as amended from time to time, the "**Loan Documents**") which evidence or secure some or all of the indebtedness and other obligations of the Borrower to the Bank for one or more loans or other extensions of credit (as used herein, collectively, together with the Obligations, if and as defined in the Loan Documents, the "**Obligations**"). Any initially capitalized terms used in this Amendment without definition shall have the meanings assigned to those terms in the Loan Documents.

B. The Borrower and the Bank desire to amend the Loan Documents as provided for in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain of the Loan Documents are amended as set forth in Exhibit A. Any and all references to any Loan Document in any other Loan Document shall be deemed to refer to such Loan Document as amended by this Amendment. This Amendment is deemed incorporated into each of the Loan Documents. To the extent that any term or provision of this Amendment is or may be inconsistent with any term or provision in any Loan Document, the terms and provisions of this Amendment shall control.

2. The Borrower hereby certifies that: (a) all of its representations and warranties in the Loan Documents, as amended by this Amendment, are, except as may otherwise be stated in this Amendment: (i) true and correct as of the date of this Amendment, (ii) ratified and confirmed without condition as if made anew, and (iii) incorporated into this Amendment by reference, (b) no Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, exists under any Loan Document which will not be cured by the execution and effectiveness of this Amendment, (c) no consent, approval, order or authorization of, or registration or filing with, any third party is required in connection with the execution, delivery and carrying out of this Amendment or, if required, has been obtained, and (d) this Amendment has been duly authorized, executed and delivered so that it constitutes the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms. The Borrower confirms that the Obligations remain outstanding without defense, set off, counterclaim, discount or charge of any kind as of the date of this Amendment.

3. The Borrower hereby confirms that any collateral for the Obligations, including liens, security interests, mortgages, and pledges granted by the Borrower or third parties (if applicable), shall continue unimpaired and in full force and effect, and shall cover and secure all of the Borrower's existing and future Obligations to the Bank, as modified by this Amendment.

4. As a condition precedent to the effectiveness of this Amendment, the Borrower shall comply with the terms and conditions (if any) specified in Exhibit A.

5. To induce the Bank to enter into this Amendment, the Borrower waives and releases and forever discharges the Bank and its officers, directors, attorneys, agents, and employees from any liability, damage, claim, loss or expense of any kind that it may have against the Bank or any of them arising out of or relating to the Obligations. The Borrower further agrees to indemnify and hold the Bank and its officers, directors, attorneys, agents and employees harmless from any loss, damage, judgment, liability or expense (including attorneys' fees) suffered by or rendered against the Bank or any of them on account of any claims arising out of or relating to the Obligations. The Borrower further states that it has carefully read the foregoing release and indemnity, knows the contents thereof and grants the same as its own free act and deed.

6. This Amendment may be signed in any number of counterpart copies and by the parties to this Amendment on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile transmission shall be effective as delivery of a manually executed counterpart. Upon written request by the other party (which may be made by electronic mail), any party so executing this Amendment by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

7. Notwithstanding any other provision herein or in the other Loan Documents, the Borrower agrees that this Amendment, the Note, the other Loan Documents, any other amendments thereto and any other information, notice, signature card, agreement or authorization related thereto (each, a "**Communication**") may, at the Bank's option, be in the form of an electronic record. Any Communication may, at the Bank's option, be signed or executed using electronic signatures. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format) for transmission, delivery and/or retention. The Borrower and the Bank acknowledge and agree that the methods for delivering Communications, including notices, under the Loan Documents include electronic transmittal to any electronic address provided by either party to the other party from time to time.

8. The Bank may modify this Amendment for the purposes of completing missing content or correcting erroneous content, without the need for a written amendment, provided that the Bank shall send a copy of any such modification to the Borrower (which notice may be given by electronic mail).

9. This Amendment will be binding upon and inure to the benefit of the Borrower and the Bank and their respective heirs, executors, administrators, successors and assigns.

10. This Amendment has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank's office indicated in the Loan Documents is located. This Amendment will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the State where the Bank's office indicated in the Loan Documents is located, excluding its conflict of laws rules, including without limitation the Electronic Transactions Act (or equivalent) in such State (or, to the extent controlling, the laws of the United States of America, including without limitation the Electronic Signatures in Global and National Commerce Act).

11. Except as amended hereby, the terms and provisions of the Loan Documents remain unchanged, are and shall remain in full force and effect unless and until modified or amended in writing in accordance with their terms, and are hereby ratified and confirmed. Except as expressly provided herein, this Amendment shall not constitute an amendment, waiver, consent or release with respect to any provision of any Loan Document, a waiver of any default or Event of Default under any Loan Document, or a waiver or release of any of the Bank's rights and remedies (all of which are hereby reserved). **The Borrower expressly ratifies and confirms the confession of judgment (if applicable) and waiver of jury trial or arbitration provisions contained in the Loan Documents, all of which are incorporated herein by reference.**

WITNESS the due execution of this Amendment as a document under seal as of the date first written above.

MIDDLESEX WATER COMPANY

By: /s/ A. Bruce O’Connor (SEAL)
A. Bruce O’Connor
Senior Vice President & Treasurer

PINELANDS WASTEWATER COMPANY

By: /s/ A. Bruce O’Connor (SEAL)
A. Bruce O’Connor
Vice President & Treasurer

PINELANDS WATER COMPANY

By: /s/ A. Bruce O’Connor (SEAL)
A. Bruce O’Connor
Vice President & Treasurer

TIDEWATER UTILITIES, INC.

By: /s/ A. Bruce O’Connor (SEAL)
A. Bruce O’Connor
President

UTILITY SERVICE AFFILIATES (PERTH AMBOY) INC.

By: /s/ A. Bruce O’Connor (SEAL)
A. Bruce O’Connor
Vice President & Treasurer

[SIGNATURES CONTINUE ON NEXT PAGE]

UTILITY SERVICE AFFILIATES INC.

By: /s/ A. Bruce O'Connor (SEAL)

A. Bruce O'Connor
Treasurer

TIDEWATER ENVIRONMENTAL SERVICES, INC.

By: /s/ A. Bruce O'Connor (SEAL)

A. Bruce O'Connor
President

WHITE MARSH ENVIRONMENTAL SYSTEMS, INC.

By: /s/ A. Bruce O'Connor (SEAL)

A. Bruce O'Connor
President

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Virginia Alling

Print Name: Virginia Alling
Title: Senior Vice President

EXHIBIT A TO
AMENDMENT TO LOAN DOCUMENTS
DATED AS OF OCTOBER 22, 2019

A. The "Loan Documents" that are the subject of this Amendment include the following (as each of such documents has been amended, modified or otherwise supplemented previously):

1. Amended and Restated Loan Agreement between the Borrower and the Bank dated April 29, 2015 between the Borrower and the Bank (the "**Agreement**")

2. $48,000,000.00 Amended and Restated Committed Line of Credit Note dated February 19, 2019 executed and delivered by the Borrower to the Bank ("**Existing Note**")

3. Amendment to Loan Documents dated June 30, 2015 between the Borrower and the Bank

4. Amendment to Loan Documents dated September 26, 2017 between the Borrower and the Bank

5. Amendment to Loan Documents dated May 4, 2018 between the Borrower and the Bank

6. Amendment to Loan Documents dated February 19, 2019 between the Borrower and the Bank

7. All other documents, instruments, agreements, and certificates executed and delivered in connection with the Loan Documents listed in this Section A.

B. The Loan Documents are amended as follows:

1. Section 1.1 of the Agreement is hereby amended and restated to read in its entirety as follows:

"**1.1.** **<u>Line of Credit</u>.** One of the Loans governed by this Agreement is a committed revolving line of credit under which the Borrower may request and the Bank, subject to the terms and conditions of this Agreement, will make advances to the Borrower from time to time until the Expiration Date, in an aggregate amount outstanding at any time not to exceed $68,000,000.00 (the "**Line of Credit**"**).** The "**Expiration Date**" shall have the meaning set forth in the note evidencing the Line of Credit. The Borrower acknowledges and agrees that in no event will the Bank be under any obligation to extend or renew the Line of Credit beyond the Expiration Date. In no event shall the aggregate unpaid principal amount of advances under the Line of Credit exceed the face amount of the Line of Credit. Advances under the Line of Credit will be used for working capital or other general business purposes of the Borrower."

2. **<u>Restated Note</u>**. Concurrently with the execution and delivery of this Amendment, the Borrower shall execute and deliver to the Bank an amended and restated note (the "**Restated Note**") evidencing the line of credit in the original principal amount of $68,000,000.00, in form and substance satisfactory to the Bank. Upon receipt by the Bank of the Restated Note, the Existing Note shall be canceled; the loan evidenced by the Existing Note (the "**Existing Loan**") and all accrued and unpaid interest on the Existing Loan shall thereafter be evidenced by the Restated Note; and all references to the promissory note evidencing the Existing Loan in any documents relating thereto, howsoever named, shall thereafter be deemed to refer to the Restated Note. Without duplication, the Restated Note shall not constitute a novation and shall in no way extinguish the Borrower's unconditional obligation to repay all indebtedness, including accrued and unpaid interest, evidenced by the Existing Note.

C. Conditions to Effectiveness of Amendment: The Bank's willingness to agree to the amendments set forth in this Amendment is subject to the prior satisfaction of the following conditions:

Execution by all parties and delivery to the Bank of this Amendment and the Restated Note.

Exhibit 31.1

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

I, Dennis W. Doll, certify that:

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

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

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

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

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

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

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

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

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

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

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

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

Date: November 1, 2019

Exhibit 31.2

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Date: November 1, 2019

Exhibit 32.1

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

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

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

Date: November 1, 2019

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

Exhibit 32.2

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

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

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

Date: November 1, 2019

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