

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For Quarter Ended: June 30, 1997
Commission File No. 0-422

MIDDLESEX WATER COMPANY
(Exact name of registrant as specified in its charter)

INCORPORATED IN NEW JERSEY
(State or other jurisdiction of
incorporation or organization)

22-1114430
(I.R.S. Employer
Identification No.)

1500 RONSON ROAD, ISELIN, NJ
(Address of principal executive offices)

08830
(Zip Code)

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

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

YES NO

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

Class	Outstanding at June 30, 1997
Common Stock, No Par Value	4,232,277

PART I. - FINANCIAL INFORMATION

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1997	1996	1997	1996
Operating Revenues	\$ 9,937,149	\$ 9,631,852	\$19,273,168	\$18,878,801
Operating Expenses:				
Operation and Maintenance	4,923,826	4,721,295	9,439,054	9,346,773
Depreciation	759,628	728,500	1,515,111	1,450,520
Taxes, other than Income Taxes	1,429,827	1,406,246	2,820,997	2,790,997
Federal Income Taxes	704,294	665,686	1,355,027	1,212,046
Total Operating Expenses	7,817,575	7,521,727	15,130,189	14,800,336

Utility Operating Income	2,119,574	2,110,125	4,142,979	4,078,465
Other Income-Net	16,966	17,642	93,598	27,227
	<hr/>	<hr/>	<hr/>	<hr/>
Income Before Interest Charges	2,136,540	2,127,767	4,236,577	4,105,692
Interest Charges	825,720	820,433	1,643,732	1,645,095
	<hr/>	<hr/>	<hr/>	<hr/>
Net Income	1,310,820	1,307,334	2,592,845	2,460,597
Preferred Stock Dividend Requirements	39,731	39,731	79,463	79,463
	<hr/>	<hr/>	<hr/>	<hr/>
Earnings Applicable to Common Stock	\$ 1,271,089	\$ 1,267,603	\$ 2,513,382	\$ 2,381,134
	<hr/>	<hr/>	<hr/>	<hr/>
Earnings per Share of Common Stock	\$0.30	\$0.30	\$0.60	\$0.57
	<hr/>	<hr/>	<hr/>	<hr/>
Average Number of Common Shares Outstanding	4,224,248	4,157,585	4,217,480	4,150,383
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Dividends Paid per Common Share	\$0.28	\$0.27 1/2	\$0.56	\$0.55

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS AND OTHER DEBITS

	June 30, 1997	December 31, 1996
	<u>(Unaudited)</u>	<u></u>
UTILITY PLANT:		
Water Production	\$ 26,499,362	\$ 27,378,668
Transmission and Distribution	105,930,863	103,852,969
General	17,227,157	18,156,233
Construction Work in Progress	1,201,183	319,238
	<u>150,858,565</u>	<u>149,707,108</u>
TOTAL	150,858,565	149,707,108
Less Accumulated Depreciation	28,491,180	28,462,588
	<u>122,367,385</u>	<u>121,244,520</u>
UTILITY PLANT-NET	122,367,385	121,244,520
	<u>1,670,505</u>	<u>1,774,106</u>
NONUTILITY ASSETS-NET	1,670,505	1,774,106
CURRENT ASSETS:		
Cash and Cash Equivalents	4,457,830	4,262,862
Accounts Receivable(net of allowance for doubtful accounts)	4,167,560	4,022,129
Unbilled Revenues	2,459,034	2,175,478
Materials and Supplies(at average cost)	1,133,974	1,034,572
Prepayments and Other Current Assets	742,757	430,000
	<u>12,961,155</u>	<u>11,925,041</u>
TOTAL CURRENT ASSETS	12,961,155	11,925,041
DEFERRED CHARGES:		
Regulatory Assets	7,322,664	7,184,764
Unamortized Debt Expense	2,787,887	2,848,352
Preliminary Survey and Investigation Charges	2,153,590	1,716,884
Other	1,981,242	1,965,855
	<u>14,245,383</u>	<u>13,715,855</u>
TOTAL DEFERRED CHARGES	14,245,383	13,715,855
	<u>\$151,244,428</u>	<u>\$148,659,522</u>
TOTAL	\$151,244,428	\$148,659,522

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND OTHER CREDITS

	June 30, 1997	December 31, 1996
	<u>(Unaudited)</u>	<u></u>
CAPITALIZATION(see accompanying statements)	\$105,496,225	\$104,843,071
	<u></u>	<u></u>
CURRENT LIABILITIES:		
Current Portion of Long-term Debt	40,837	39,047
Accounts Payable	2,237,665	1,686,652
Customer Deposits	390,813	377,702
Taxes Accrued	5,094,211	4,529,185
Interest Accrued	1,172,775	1,168,242
Other	1,729,348	2,125,683
	<u></u>	<u></u>
TOTAL CURRENT LIABILITIES	10,665,649	9,926,511
	<u></u>	<u></u>
DEFERRED CREDITS:		
Customer Advances for Construction	8,859,854	8,977,081
Accumulated Deferred Investment Tax Credits	2,272,898	2,308,736
Accumulated Deferred Federal Income Taxes	12,450,310	12,088,144
Other	1,898,624	1,715,458
	<u></u>	<u></u>
TOTAL DEFERRED CREDITS	25,481,686	25,089,419
	<u></u>	<u></u>
CONTRIBUTIONS IN AID OF CONSTRUCTION	9,600,868	8,800,521
	<u></u>	<u></u>
TOTAL	\$151,244,428	\$148,659,522
	<u></u>	<u></u>

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CAPITALIZATION AND RETAINED EARNINGS

	June 30, 1997	December 31, 1996
	(Unaudited)	
CAPITALIZATION:		
Common Stock, No Par Value		
Shares Authorized, 6,000,000		
Shares Outstanding-1997, 4,232,277		
1996, 4,204,949	\$ 30,509,596	\$ 29,988,966
Retained Earnings	19,380,248	19,226,847
	<hr/>	<hr/>
TOTAL COMMON EQUITY	49,889,844	49,215,813
	<hr/>	<hr/>
Cumulative Preference Stock, No Par Value		
Shares Authorized, 100,000; Shares Outstanding, None		
Cumulative Preferred Stock, No Par Value,		
Shares Authorized - 150,000		
Convertible:		
Shares Outstanding, \$7.00 Series - 14,901	1,564,605	1,564,605
Nonredeemable:		
Shares Outstanding, \$7.00 Series - 1,017	101,700	101,700
Shares Outstanding, \$4.75 Series - 10,000	1,000,000	1,000,000
	<hr/>	<hr/>
TOTAL CUMULATIVE PREFERRED STOCK	2,666,305	2,666,305
	<hr/>	<hr/>
Long-term Debt:		
8.02% Amortizing Secured Note, due December 20, 2021	3,480,913	3,500,000
First Mortgage Bonds:		
7.25%, Series R, due July 1, 2021	6,000,000	6,000,000
5.20%, Series S, due October 1, 2022	12,000,000	12,000,000
5.25%, Series T, due October 1, 2023	6,500,000	6,500,000
6.40%, Series U, due February 1, 2009	15,000,000	15,000,000
5.25%, Series V, due February 1, 2029	10,000,000	10,000,000
	<hr/>	<hr/>
SUBTOTAL LONG-TERM DEBT	52,980,913	53,000,000
Less: Current Portion of Long-term Debt	(40,837)	(39,047)
	<hr/>	<hr/>
TOTAL LONG-TERM DEBT	52,940,076	52,960,953
	<hr/>	<hr/>
TOTAL CAPITALIZATION	\$105,496,225	\$104,843,071
	<hr/>	<hr/>
	Six Months Ended June 30, 1997	Year Ended December 31, 1996
	(Unaudited)	
RETAINED EARNINGS:		
BALANCE AT BEGINNING OF PERIOD	\$ 19,226,847	\$ 18,822,817
Net Income	2,592,845	5,167,460
	<hr/>	<hr/>
TOTAL	21,819,692	23,990,277
	<hr/>	<hr/>
Cash Dividends:		
Cumulative Preferred Stock	79,463	158,926
Common Stock	2,359,981	4,604,504
	<hr/>	<hr/>
TOTAL DEDUCTIONS	2,439,444	4,763,430
	<hr/>	<hr/>
BALANCE AT END OF PERIOD	\$ 19,380,248	\$ 19,226,847
	<hr/>	<hr/>

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months 1997	Ended June 30, 1996
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 2,592,845	\$ 2,460,597
Adjustments To Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,557,090	1,498,900
Provision for Deferred Income Taxes	362,166	299,383
Allowance for Funds Used During Construction	(12,071)	(15,879)
Changes in Current Assets and Liabilities:		
Accounts Receivable	(145,431)	(17,848)
Materials and Supplies	(99,402)	(80,631)
Accounts Payable	551,013	238,203
Accrued Income Taxes	565,026	261,556
Accrued Interest	4,533	(42,050)
Unbilled Revenues	(283,556)	(292,600)
Other-Net	(508,030)	80,565
	<u> </u>	<u> </u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,584,183	4,390,196
	<u> </u>	<u> </u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility Plant Expenditures	(2,623,454)	(1,985,955)
Preliminary Survey and Investigation Charges	(436,706)	(67,690)
Other-Net	132,571	(366,943)
	<u> </u>	<u> </u>
NET CASH USED IN INVESTING ACTIVITIES	(2,927,589)	(2,420,588)
	<u> </u>	<u> </u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of Long-term Debt	(19,087)	(240,000)
Deferred Debt Issuance Expenses	0	(251)
Temporary Cash Investments-Restricted	(206,845)	(219,154)
Proceeds from Issuance of Common Stock-Net	520,630	579,170
Payment of Preferred Dividends	(79,463)	(79,463)
Payment of Common Dividends	(2,359,981)	(2,280,888)
Customer Advances and Contributions-Net	683,120	140,824
	<u> </u>	<u> </u>
NET CASH USED IN FINANCING ACTIVITIES	(1,461,626)	(2,099,762)
	<u> </u>	<u> </u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	194,968	(130,154)
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,262,862	4,900,640
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 4,457,830	\$ 4,770,486
	<u> </u>	<u> </u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash Paid During the Period for:		
Interest(net of amounts capitalized)	\$ 1,575,885	\$ 1,612,667
Income Taxes	\$ 500,700	\$ 1,125,000

Excludes Allowance for funds Used During Construction.
See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Organization - Middlesex Water Company (Middlesex or the Company) is the parent company and sole shareholder of Tidewater Utilities, Inc. (Tidewater), Pinelands Water Company, Pinelands Wastewater Company, and Utility Service Affiliates, Inc. (USA). White Marsh Environmental Systems, Inc., is a wholly-owned subsidiary of Tidewater. The financial statements for Middlesex and its wholly-owned subsidiaries (Consolidated Group) are reported on a consolidated basis. All intercompany accounts and transactions have been eliminated.

The consolidated notes accompanying the 1996 Form 10-K are applicable to this report and, in the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of June 30, 1997 and the results of operations and its cash flows for the periods ended June 30, 1997 and 1996. Information included in the Balance Sheet as of December 31, 1996 has been derived from the Company's audited financial statements included in its annual report on Form 10-K for the year ended December 31, 1996.

Note 2 - Capitalization

Common Stock - During the second quarter, 13,945 common shares (\$0.2 million) were issued under the Company's Restricted Stock Plan and the Dividend Reinvestment and Common Stock Purchase Plan.

Note 3 - Commitments

During the second quarter, Middlesex Water Company received approval from the New Jersey Board of Public Utilities and the Delaware Public Service Commission to acquire Public Water Supply Company, Inc., (Public), a 2,500 customer water system located in Sussex County Delaware. On July 31, 1997, the acquisition of Public was completed. Under the terms of the acquisition, Middlesex issued 20,000 shares of no par \$8.00 Cumulative and Convertible Preferred Stock convertible into approximately 135,000 shares of Middlesex's common stock for 100% of the common stock of Public. The acquisition price representing the value of the preferred stock issued was \$2.3 million.

MIDDLESEX WATER COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE
THREE AND SIX MONTHS ENDED JUNE 30, 1997 COMPARED TO JUNE 30, 1996

Net income remained relatively stable for the second quarter and rose 5% or \$0.1 million for the first six months of 1997. Impacting net income for the second quarter and year-to-date were increased revenues resulting from higher contract sales in New Jersey, an increased customer base in Delaware, rate increases implemented by the Pinelands Companies, and contract services rendered by USA. Additionally, in the first half of 1997, there was an increase in Other Income which includes the net benefit from the transfer of Robinson's Branch Reservoir property and associated development rights. Offsetting effects to second quarter and year-to-date net income were increased operations and maintenance expenses, which included purchased water and Company labor offset by purchased power and transmission and distribution maintenance. Depreciation expense increased 4% for both periods due to plant additions of \$3.0 million since June 30, 1996. A higher level of taxable income resulted in a 6% and 12% increase in federal taxes for the second quarter and first six months, respectively.

Capital Resources: The revised consolidated capital program for 1997, estimated at \$10.5 million, includes \$5.4 million for routine capital expenditures and \$5.1 million for special plant additions. The \$5.4 million for routine plant items is comprised of \$2.0 million for cleaning and lining, \$1.6 million for mains, \$0.6 million for service lines, \$0.4 million for meters, and \$0.8 million for various other items. The \$5.1 million for special plant additions consists of \$2.5 million for the upgrade of the Carl J. Olsen Water Treatment Plant, \$1.8 million for water systems additions and improvements in Delaware and \$0.8 million for miscellaneous items.

Liquidity: To finance the Capital Program, the Company will utilize internally-generated cash and external financing. The Company will rely upon short-term borrowings through lines of credit established with three financial institutions through the end of the year. There is \$20 million available under these commitments. Capital expenditures of \$3.0 million have been incurred in the six months ended June 30, 1997.

New Accounting Pronouncement: In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS 128). SFAS 128 simplifies the financial accounting and reporting standards for computing and presenting earnings per share (EPS) previously found in Accounting Principles Board Opinion No. 15, "Earnings Per Share". SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997, including interim periods. Earlier application is not permitted. The Company will adopt SFAS 128 in 1997 and believes there will be no impact on the EPS as currently computed.

MIDDLESEX WATER COMPANY

PART II. OTHER INFORMATION

- Item 1. Legal Proceedings
None.
- Item 2. Changes in Securities
None.
- Item 3. Defaults upon Senior Securities
None.
- Item 4. Submission of Matters to a Vote of Security Holders
Annual Meeting of Shareholders held May 28, 1997.

Matters voted up on at the meeting:

ELECTION OF DIRECTORS:

Nominees for Class I term expiring in 2000:

	FOR	WITHHOLD
John C. Cutting	3,114,329	198,324
Ernest C. Gere	3,113,546	199,107
John P. Mulkerin	3,114,273	198,380
Philip H. Reardon	3,115,209	197,444

Resolution approving appointment of Deloitte & Touche LLP,
Certified Public Accountants, as independent auditors for 1997:

FOR	AGAINST	ABSTAIN
3,265,546	20,234	26,873

Resolution approving amendment to the Restated Certificate of
Incorporation to increase the authorized Preferred Stock, without
par value, from 69,418 shares to 150,000 shares:

FOR	AGAINST	ABSTAIN	NON-VOTE
2,116,563	430,091	109,167	656,832

Resolution approving allocation of an additional 100,000 shares
of Common Stock to the 1989 Restricted Stock Plan and amendment
of the 1989 Restricted Stock Plan to authorize issuance of the
additional 100,000 shares of Common Stock and to make certain
other modifications to the Plan.

FOR	AGAINST	ABSTAIN	NON-VOTE
2,989,249	197,777	83,175	42,452

Item 5. Other Information
None.

Item 6. Exhibits and Reports on Form 8-K
Exhibits - 27 Financial Data Schedule.
Reports on Form 8-K - None

SIGNATURE

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

MIDDLESEX WATER COMPANY
(Registrant)

Date: August 12, 1997 /A. Bruce O'Connor/
A. Bruce O'Connor
Vice President and Controller

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MIDDLESEX WATER COMPANY

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	DEC-31-1997
	JUN-30-1997
	PER-BOOK
122,367,385	
1,670,505	
12,961,155	
14,245,383	
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	151,244,428
	30,509,596
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19,380,248	
49,889,844	
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	2,666,305
52,940,076	
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40,837	
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	0
45,707,366	
151,244,428	
19,273,168	
1,355,027	
13,775,162	
15,130,189	
4,142,979	
	93,598
4,236,577	
1,643,732	
	2,592,845
79,463	
2,513,382	
2,359,981	
2,885,250	
4,584,183	
	.60
	.60