

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, 1996

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)

(908) 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, 1996
Common Stock, No Par Value	4,166,504

PART I. - FINANCIAL INFORMATION

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
Operating Revenues	\$ 9,631,852	\$ 9,607,771	\$18,878,801	\$18,347,644
Operating Expenses:				
Operation and Maintenance	4,646,295	4,453,994	9,271,773	8,622,002
Depreciation	728,500	694,522	1,450,520	1,371,388
Taxes, other than Income Taxes	1,406,246	1,415,438	2,790,997	2,716,988
Federal Income Taxes	665,686	759,096	1,212,046	1,382,309
Total Operating Expenses	7,446,727	7,323,050	14,725,336	14,092,687

Utility Operating Income	2,185,125	2,284,721	4,153,465	4,254,957
Other Income(Expense)-Net	(57,358)	(7,931)	(47,773)	(9,194)
	<hr/>	<hr/>	<hr/>	<hr/>
Income Before Interest Charges	2,127,767	2,276,790	4,105,692	4,245,763
Interest Charges	820,433	770,163	1,645,095	1,526,136
	<hr/>	<hr/>	<hr/>	<hr/>
Net Income	1,307,334	1,506,627	2,460,597	2,719,627
Preferred Stock Dividend Requirements	39,731	39,732	79,463	79,469
	<hr/>	<hr/>	<hr/>	<hr/>
Earnings Applicable to Common Stock	\$ 1,267,603	\$ 1,466,895	\$ 2,381,134	\$ 2,640,158
	<hr/>	<hr/>	<hr/>	<hr/>
Earnings per Share of Common Stock	\$0.30	\$0.36	\$0.57	\$0.65
	<hr/>	<hr/>	<hr/>	<hr/>
Average Number of Common Shares Outstanding	4,157,585	4,056,551	4,150,383	4,046,903
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Dividends Paid per Common Share	\$0.27 1/2	\$0.27	\$0.55	\$0.54

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS AND OTHER DEBITS

	June 30, 1996	December 31, 1995
	(Unaudited)	
UTILITY PLANT:		
Water Production	\$ 27,820,182	\$ 27,598,613
Transmission and Distribution	99,294,904	97,359,802
General	18,211,866	18,169,056
Construction Work in Progress	728,762	1,207,538
	<hr/>	<hr/>
TOTAL	146,055,714	144,335,009
Less Accumulated Depreciation	27,569,320	26,402,377
	<hr/>	<hr/>
UTILITY PLANT-NET	118,486,394	117,932,632
	<hr/>	<hr/>
NONUTILITY ASSETS-NET	1,730,680	1,735,048
	<hr/>	<hr/>
CURRENT ASSETS:		
Cash and Cash Equivalents	4,770,486	4,900,640
Marketable Securities	1,548	1,548
Temporary Cash Investments-Restricted	295,344	77,190
Accounts Receivable(net of allowance for doubtful accounts)	4,242,501	4,224,653
Unbilled Revenues	2,462,743	2,170,143
Materials and Supplies(at average cost)	1,111,432	1,030,801
Prepayments	637,890	584,124
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	13,521,944	12,989,099
	<hr/>	<hr/>
DEFERRED CHARGES:		
Regulatory Assets	7,311,533	7,160,533
Unamortized Debt Expense	2,908,817	2,969,281
Preliminary Survey and Investigation Charges	901,559	833,869
Other	1,531,516	1,201,745
	<hr/>	<hr/>
TOTAL DEFERRED CHARGES	12,653,425	12,165,428
	<hr/>	<hr/>
TOTAL	\$146,392,443	\$144,822,207
	<hr/>	<hr/>

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND OTHER CREDITS

	June 30, 1996	December 31, 1995
	<u>(Unaudited)</u>	<u></u>
CAPITALIZATION(see accompanying statements)	\$103,709,382	\$103,269,966
CURRENT LIABILITIES:		
Accounts Payable	1,759,718	1,521,515
Current Portion of Long-term Debt	240,000	240,000
Customer Deposits	361,733	348,631
Taxes Accrued	4,583,475	4,321,919
Interest Accrued	1,174,801	1,216,851
Other	1,456,797	1,161,630
	<u>9,576,524</u>	<u>8,810,546</u>
DEFERRED CREDITS:		
Customer Advances for Construction	9,071,614	9,207,565
Accumulated Deferred Investment Tax Credits	2,344,574	2,380,416
Accumulated Deferred Federal Income Taxes	11,447,010	11,147,627
Other	1,946,131	1,985,654
	<u>24,809,329</u>	<u>24,721,262</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION	8,297,208	8,020,433
	<u>8,297,208</u>	<u>8,020,433</u>
TOTAL	<u>\$146,392,443</u>	<u>\$144,822,207</u>

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CAPITALIZATION AND RETAINED EARNINGS

	June 30, 1996	December 31, 1995
	(Unaudited)	
CAPITALIZATION:		
Common Stock, No Par Value		
Authorized, 6,000,000 Shares		
Outstanding Shares-1996, 4,166,504		
1995, 4,136,972	\$ 29,400,014	\$ 28,820,844
Retained Earnings	18,923,063	18,822,817
	<hr/>	<hr/>
TOTAL COMMON EQUITY	48,323,077	47,643,661
	<hr/>	<hr/>
Cumulative Preference Stock, No Par Value		
Authorized, 100,000 Shares; Outstanding, None		
Cumulative Preferred Stock, No Par Value,		
Authorized, 69,418 Shares		
Convertible:		
Outstanding, \$7 Series-14,901 Shares	1,564,605	1,564,605
Nonredeemable:		
Outstanding, \$7 Series-1,017 Shares	101,700	101,700
Outstanding, \$4.75 Series-10,000 Shares	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	2,500,000	2,500,000
7.00% Promissory Notes, due April 21, 2000	960,000	1,200,000
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	52,960,000	53,200,000
Less: Current Portion of Long-term Debt	(240,000)	(240,000)
	<hr/>	<hr/>
TOTAL LONG-TERM DEBT	52,720,000	52,960,000
	<hr/>	<hr/>
TOTAL CAPITALIZATION	\$103,709,382	\$103,269,966
	<hr/>	<hr/>
	Three Months Ended	Year Ended
	June 30,	December 31,
	1996	1995
	(Unaudited)	
RETAINED EARNINGS:		
BALANCE AT BEGINNING OF PERIOD	\$ 18,822,817	\$ 17,699,422
Net Income	2,460,597	5,703,744
	<hr/>	<hr/>
TOTAL	21,283,414	23,403,166
	<hr/>	<hr/>
Cash Dividends:		
Cumulative Preferred Stock	79,463	158,497
Common Stock	2,280,888	4,421,852
	<hr/>	<hr/>
TOTAL DEDUCTIONS	2,360,351	4,580,349
	<hr/>	<hr/>
BALANCE AT END OF PERIOD	\$ 18,923,063	\$ 18,822,817
	<hr/>	<hr/>

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months 1996	Ended June 30, 1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 2,460,597	\$ 2,719,627
Adjustments To Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,498,900	1,427,944
Provision for Deferred Income Taxes	299,383	111,223
Allowance for Funds Used During Construction	(15,879)	(13,707)
Changes in Current Assets and Liabilities:		
Accounts Receivables	(17,848)	570,657
Materials and Supplies	(80,631)	(58,368)
Accounts Payable	238,203	(204,674)
Accrued Income Taxes	261,556	292,093
Accrued Interest	(42,050)	18,990
Unbilled Revenues	(292,600)	(481,168)
Other-Net	80,565	19,876
	4,390,196	4,402,493
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility Plant Expenditures	(1,985,955)	(5,271,018)
Notes Receivable	0	(1,250,000)
Marketable Securities	0	(37,528)
Preliminary Survey and Investigation Charges	(67,690)	(4,800)
Other-Net	(366,943)	46,807
	(2,420,588)	(6,516,539)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of Long-term Debt	(240,000)	0
Proceeds from Issuance of Long-term Debt	0	1,200,000
Deferred Debt Issuance Expenses	(251)	(8,000)
Temporary Cash Investments-Restricted	(219,154)	(2,123)
Proceeds from Issuance of Common Stock-Net	579,170	681,716
Payment of Preferred Dividends	(79,463)	(79,034)
Payment of Common Dividends	(2,280,888)	(2,183,234)
Customer Advances and Contributions-Net	140,824	(101,275)
Redemption of Preferred Stock	0	(123,800)
	(2,099,762)	(615,750)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(130,154)	(2,729,796)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,900,640	3,854,186
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 4,770,486	\$ 1,124,390
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash Paid During the Period for:		
Interest(net of amounts capitalized)	\$ 1,612,667	\$ 1,428,917
Income Taxes	\$ 1,125,000	\$ 1,386,000

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.

The consolidated notes accompanying the 1995 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, 1996 and the results of operations and its cash flows for the periods ended June 30, 1996 and 1995. Information included in the Balance Sheet as of December 31, 1995 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, 1995.

Note 2 - Regulatory Matters

On February 21, 1996, Pinelands Water and Wastewater Companies filed petitions with the New Jersey Board of Public Utilities (BPU) for increases in rates seeking overall increases in revenues of approximately \$0.6 million. The Pinelands Companies have requested phasing in the proposed rate increase over a three-year period to minimize the impact on customers. The increase is required to allow proper maintenance, development and improvement of the utility plant and to cover the additional costs of power, chemicals, insurance, labor, benefits, depreciation and taxes. A decision on this matter is expected by the fourth quarter of 1996.

On April 16, 1996, the Company filed a petition with the BPU seeking approval for a Purchased Water Adjustment Clause (PWAC). A PWAC is a regulatory vehicle that allows New Jersey water utilities to pass along to, or credit, customers changes in the cost of purchasing water, without the need for filing a full base rate case. The Company is seeking recovery of approximately \$0.2 million of increased costs. A decision on this matter is expected to be rendered during the third quarter of 1996.

Note 3 - Capitalization

Common Stock - During the second quarter, 15,606 common shares (\$0.3 million) were issued under the Company's Dividend Reinvestment and Common Stock Purchase Plan.

MIDDLESEX WATER COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE
THREE AND SIX MONTHS ENDED JUNE 30, 1996 COMPARED TO JUNE
30, 1995

Revenues increased by less than 1% for the second quarter and by 3.0% or \$0.5 million for the first half of 1996. These increases are primarily due to increased consumption in New Jersey, an increased customer base in Delaware, and contract services rendered by USA. Revenues have been impacted in the second quarter by unseasonal temperatures and unexpected rain patterns.

Operation and maintenance expenses increased 4.3% for the second quarter and 7.5% for the six months ended June 30, 1996. This was the result of increased purchased water and power, chemicals, outside professional services, labor, employee benefits, and the inclusion of the Pinelands Water and Wastewater Companies for the entire six month period in 1996. These increases were partially offset by decreases in insurance and routine maintenance costs.

Depreciation expense for the second quarter and first half of 1996 increased 4.9% and 5.8%, respectively. These increases reflect the full effect of the acquisition of the Pinelands Companies' fixed assets in April of 1995 and other plant additions of \$3.6 million since June 30, 1995.

Federal Income Taxes decreased by 12.3% for both the quarter and year-to-date due largely to a lower level of taxable income.

Interest expense for the second quarter and first half of 1996 increased 6.5% and 7.8%, respectively, as a result of a long-term financing of \$2.5 million by Tidewater in late 1995.

Capital Resources: The consolidated capital program for 1996 is estimated at \$12.9 million, inclusive of \$5.0 million for routine capital expenditures and \$7.9 million for special plant additions. The \$5.0 million for routine plant items is comprised of \$1.8 million for mains, \$1.0 million for cleaning and lining, \$0.7 million for service lines, \$0.6 million for meters, and \$0.9 million for various other items. The \$7.9 million for special plant additions includes \$2.6 million for water systems additions and improvements in Delaware, \$3.5 million for treatment of well supplies, \$1.0 million for plant modifications and improvements, \$0.2 million for the South River Basin regional supply, \$0.2 million for improvements to the Pinelands Companies' systems, and \$0.4 million for miscellaneous items.

Liquidity: To finance the 1996 Capital Program, the Company will utilize internally-generated cash and cash balances on hand at December 31, 1995 and possibly short-term borrowings through available lines of credit. For the six months ended June 30, 1996, \$2.0 million of capital expenditures have been incurred.

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
None.
- 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, 1996 /A. Bruce O'Connor/
A. Bruce O'Connor
Vice President and Controller

UT
0000066004
MIDDLESEX WATER COMPANY

	6-MOS
	DEC-31-1996
	JUN-30-1996
	PER-BOOK
118,486,394	
1,730,680	
13,521,944	
12,653,425	
	0
	146,392,443
	29,400,014
	0
18,923,063	
48,323,077	
	0
	2,666,305
52,720,000	
	0
0	
240,000	
	0
	0
	0
42,443,061	
146,392,443	
18,878,801	
1,212,046	
13,513,290	
14,725,336	
4,153,465	
	(47,773)
4,105,692	
1,645,095	
	2,460,597
79,463	
2,381,134	
2,280,888	
2,885,250	
4,390,196	
	.57
	.57