

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, 2000

Commission File
No. 0-422

MIDDLESEX WATER COMPANY

(Exact name of registrant as specified in its charter)

INCORPORATED IN NEW JERSEY

22-1114430

(State or other jurisdiction of
incorporation or organization)

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

1500 RONSON ROAD, ISELIN, NJ

08830

(Address of principal executive offices)

(Zip Code)

(732) 634-1500

(Registrant's telephone number, including area code)

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

YES [X] 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, 2000 -----
Common Stock, No Par Value	5,019,803

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MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,	
	2000	1999	2000	1999	2000	1999
Operating Revenues	\$14,057,242	\$13,812,788	\$27,038,331	\$25,492,681	\$55,042,803	\$48,190,192
Operating Expenses:						
Operations	7,189,473	6,518,377	14,111,742	12,725,835	27,654,254	23,211,822
Maintenance	637,689	605,963	1,316,354	1,246,460	2,688,573	2,195,536
Depreciation	1,160,508	878,049	2,306,641	1,738,924	4,452,367	3,399,870
Other Taxes	1,764,805	1,762,473	3,433,195	3,292,322	7,011,978	6,479,797
Federal Income Taxes	776,656	1,067,082	1,291,025	1,562,280	2,917,638	3,042,879
Total Operating Expenses	11,529,131	10,831,944	22,458,957	20,565,821	44,724,810	38,329,904
Operating Income	2,528,111	2,980,844	4,579,374	4,926,860	10,317,993	9,860,288
Other Income:						
Allowance for Funds Used During Construction	27,588	590,614	44,764	1,076,836	317,944	1,774,824
Other - Net	37,910	170,026	75,265	383,004	253,252	844,071
Total Other Income	65,498	760,640	120,029	1,459,840	571,196	2,618,895
Income Before Interest Charges	2,593,609	3,741,484	4,699,403	6,386,700	10,889,189	12,479,183
Interest Charges	1,225,128	1,169,463	2,424,806	2,321,470	4,798,781	4,729,986
Net Income	1,368,481	2,572,021	2,274,597	4,065,230	6,090,408	7,749,197
Preferred Stock Dividend Requirements	63,696	79,696	127,393	159,393	268,786	318,786
Earnings Applicable to Common Stock	\$ 1,304,785	\$ 2,492,325	\$ 2,147,204	\$ 3,905,837	\$ 5,821,622	\$ 7,430,411
Earnings per share of Common Stock:						
Basic	\$ 0.26	\$ 0.51	\$ 0.43	\$ 0.80	\$ 1.17	\$ 1.60
Diluted	\$ 0.26	\$ 0.50	\$ 0.43	\$ 0.79	\$ 1.17	\$ 1.58
Average Number of Common Shares Outstanding :						
Basic	5,014,922	4,913,299	5,010,138	4,907,683	4,977,788	4,650,036
Diluted	5,186,492	5,139,725	5,181,708	5,134,109	5,171,784	4,876,462
Cash Dividends Paid per Common Share	\$0.30 1/2	\$0.29 1/2	\$ 0.61	\$ 0.59	\$ 1.21	\$ 1.17

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS AND OTHER DEBITS

	June 30, 2000	December 31, 1999
	----- (Unaudited)	-----
UTILITY PLANT:		
Water Production	\$ 65,446,050	\$ 70,316,961
Transmission and Distribution	132,137,370	122,002,931
General	19,906,578	19,717,575
Construction Work in Progress	2,484,248	2,858,703
	-----	-----
TOTAL	219,974,246	214,896,170
Less Accumulated Depreciation	37,124,498	35,174,531
	-----	-----
UTILITY PLANT-NET	182,849,748	179,721,639
	-----	-----
NONUTILITY ASSETS-NET	2,598,065	2,087,498
	-----	-----
CURRENT ASSETS:		
Cash and Cash Equivalents	2,116,423	5,169,772
Temporary Cash Investments-Restricted	5,853,154	5,731,827
Accounts Receivable (net of allowance for doubtful accounts)	6,068,719	5,969,546
Unbilled Revenues	3,176,560	2,627,863
Materials and Supplies (at average cost)	1,144,376	956,950
Prepayments and Other Current Assets	465,840	616,224
	-----	-----
TOTAL CURRENT ASSETS	18,825,072	21,072,182
	-----	-----
DEFERRED CHARGES:		
Unamortized Debt Expense	3,020,480	3,029,362
Preliminary Survey and Investigation Charges	694,863	472,287
Regulatory Assets		
Income Taxes	5,955,879	5,955,879
Post Retirement Costs	1,084,780	1,127,884
Other	1,893,895	1,568,934
	-----	-----
TOTAL DEFERRED CHARGES	12,649,897	12,154,346
	-----	-----
TOTAL	\$216,922,782	\$215,035,665
	=====	=====

See Notes to Consolidated Financial Statements

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND OTHER CREDITS

	June 30, 2000	December 31, 1999
	----- (Unaudited)	-----
CAPITALIZATION (see accompanying statements)	\$156,544,938	\$156,882,012
	-----	-----
CURRENT LIABILITIES:		
Current Portion of Long-term Debt	209,770	201,921
Notes Payable	3,000,000	2,000,000
Accounts Payable	2,914,365	3,392,432
Taxes Accrued	6,102,214	5,358,737
Interest Accrued	1,808,330	1,760,470
Other	1,513,337	1,591,706
	-----	-----
TOTAL CURRENT LIABILITIES	15,548,016	14,305,266
	-----	-----
DEFERRED CREDITS:		
Customer Advances for Construction	11,470,930	11,775,581
Accumulated Deferred Investment Tax Credits	2,050,341	2,089,650
Accumulated Deferred Federal Income Taxes	12,201,860	12,113,286
Employee Benefit Plans	5,213,804	4,656,575
Other	1,370,484	1,059,206
	-----	-----
TOTAL DEFERRED CREDITS	32,307,419	31,694,298
	-----	-----
CONTRIBUTIONS IN AID OF CONSTRUCTION	12,522,409	12,154,089
	-----	-----
TOTAL	\$216,922,782	\$215,035,665
	=====	=====

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CAPITALIZATION AND RETAINED EARNINGS

	June 30, 2000 ----- (Unaudited)	December 31, 1999 -----
CAPITALIZATION:		
Common Stock, No Par Value		
Shares Authorized, 10,000,000		
Shares Outstanding - 2000 - 5,019,803; 1999 - 4,919,143	\$ 48,211,985	\$ 47,593,514
Retained Earnings	21,988,336	22,895,844
	-----	-----
TOTAL COMMON EQUITY	70,200,321	70,489,358
	-----	-----
Cumulative Preference Stock, No Par Value		
Shares Authorized, 100,000; Shares Outstanding, None		
Cumulative Preferred Stock, No Par Value, Shares Authorized - 140,497		
Convertible:		
Shares Outstanding, \$7.00 Series - 14,881	1,562,505	1,562,505
Shares Outstanding, \$8.00 Series - 12,000	1,398,857	1,398,857
Nonredeemable:		
Shares Outstanding, \$7.00 Series - 1,017	101,700	101,700
Shares Outstanding, \$4.75 Series - 10,000	1,000,000	1,000,000
	-----	-----
TOTAL CUMULATIVE PREFERRED STOCK	4,063,062	4,063,062
	-----	-----
Long-term Debt:		
8.02% Amortizing Secured Note, due December 20, 2021	3,346,550	3,371,527
First Mortgage Bonds:		
7.25%, Series R, due July 1, 2021	6,000,000	6,000,000
5.20%, Series S, due October 1, 2022	12,000,000	12,000,000
5.25%, Series T, due October 1, 2023	6,500,000	6,500,000
6.40%, Series U, due February 1, 2009	15,000,000	15,000,000
5.25%, Series V, due February 1, 2029	10,000,000	10,000,000
5.35%, Series W, due February 1, 2038	23,000,000	23,000,000
0.00%, Series X, due August 1, 2018	1,009,775	1,024,986
4.53%, Series Y, due August 1, 2018	1,135,000	1,135,000
0.00%, Series Z, due September 1, 2019	2,150,000	2,150,000
5.25%, Series AA, due September 1, 2019	2,350,000	2,350,000
	-----	-----
SUBTOTAL LONG-TERM DEBT	82,491,325	82,531,513
	-----	-----
Less: Current Portion of Long-term Debt	(209,770)	(201,921)
	-----	-----
TOTAL LONG-TERM DEBT	82,281,555	82,329,592
	-----	-----
TOTAL CAPITALIZATION	\$ 156,544,938	\$ 156,882,012
	=====	=====
	Six Months Ended	Year Ended
	June 30,	December 31,
	2000	1999
	-----	-----
	(Unaudited)	
RETAINED EARNINGS:		
BALANCE AT BEGINNING OF PERIOD	\$ 22,895,844	\$ 21,222,294
Net Income	2,274,597	7,881,041
	-----	-----
TOTAL	25,170,441	29,103,335
	-----	-----
Cash Dividends:		
Cumulative Preferred Stock	127,393	300,786
Common Stock	3,054,712	5,857,405
Common Stock Expenses	0	49,300
	-----	-----
TOTAL DEDUCTIONS	3,182,105	6,207,491
	-----	-----
BALANCE AT END OF PERIOD	\$ 21,988,336	\$ 22,895,844
	=====	=====

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30, 2000	1999	Twelve Months Ended June 30, 2000	1999
	-----	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income	\$ 2,274,597	\$ 4,065,230	\$ 6,090,408	\$ 7,749,197
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	2,415,146	1,922,686	4,795,652	3,911,940
Provision for Deferred Income Taxes	88,574	(241,357)	205,616	(326,597)
Allowance for Funds Used During Construction	(44,764)	(1,076,836)	(317,944)	(1,774,824)
Changes in Current Assets and Liabilities:				
Accounts Receivable	(99,172)	(1,293,751)	111,100	(1,312,254)
Accounts Payable	(477,847)	(1,598,203)	661,129	(621,983)
Accrued Taxes	743,476	793,434	88,110	424,017
Accrued Interest	47,860	37,855	69,145	139,814
Unbilled Revenues	(548,699)	(819,502)	(58,912)	(560,471)
Employee Benefit Plans	557,229	497,622	953,666	1,034,122
Other-Net	(142,399)	111,098	(142,429)	643,711
	-----	-----	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,814,001	2,398,276	12,455,541	9,306,672
	-----	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:				
Utility Plant Expenditures*	(5,887,054)	(10,380,376)	(18,788,413)	(26,363,023)
Note Receivable	(13,500)	33,472	2,759,130	78,631
Preliminary Survey and Investigation Charges	(222,576)	(68,781)	(349,880)	(129,947)
Other-Net	(82,740)	(4,962)	(236,374)	(325,675)
	-----	-----	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(6,205,870)	(10,420,647)	(16,615,537)	(26,740,014)
	-----	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:				
Redemption of Long-term Debt	(40,188)	(22,834)	(89,084)	(44,668)
Proceeds from Issuance of Long-term Debt	--	--	4,500,000	2,185,000
Short-term Bank Borrowings	1,000,000	2,000,000	--	(1,476,932)
Deferred Debt Issuance Expenses	--	(1,864)	(20,404)	(29,968)
Temporary Cash Investments-Restricted	(121,327)	6,959,215	(3,036,297)	13,926,260
Proceeds from Issuance of Common Stock-Net	618,471	512,251	1,210,689	13,273,832
Payment of Common Dividends	(3,054,712)	(2,893,889)	(6,018,228)	(5,425,365)
Payment of Preferred Dividends	(127,393)	(159,393)	(268,786)	(318,786)
Construction Advances and Contributions-Net	63,669	893,669	1,344,923	1,510,259
	-----	-----	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	(1,661,480)	7,287,155	(2,377,187)	23,599,632
	-----	-----	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,053,349)	(735,216)	(6,537,183)	6,166,290
	-----	-----	-----	-----
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,169,772	9,388,822	8,653,606	2,487,316
	-----	-----	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 2,116,423	\$ 8,653,606	\$ 2,116,423	\$ 8,653,606
	=====	=====	=====	=====

* Excludes Allowance for Funds Used During Construction

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:

Cash Paid During the Period for:

Interest (net of amounts capitalized)	\$ 2,236,251	\$ 1,124,063	\$ 4,249,599	\$ 2,650,978
Income Taxes	\$ 988,450	\$ 1,514,400	\$ 3,202,750	\$ 3,377,375

Note 1 - Summary of Significant Accounting Policies

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

The consolidated notes accompanying the 1999 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, 2000 and the results of operations and its cash flows for the periods ended June 30, 2000 and 1999. Information included in the Balance Sheet as of December 31, 1999, 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, 1999.

Note 2 - Regulatory Matters

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

	Middlesex -----	Pinelands Water -----	Pinelands Wastewater -----
Date Filed	June 22, 2000	July 7, 2000	July 7, 2000
Amount	\$ 6.6 million	\$ 0.1 million	\$ 0.2 million
% Increase	15.92%	31.3%	22.3%
Return on Equity	11.80%	12.00%	12.00%
Last Increase	May 13, 1999	January 28, 1999	January 28, 1999

The requested increases are necessary to cover higher operations and maintenance costs, depreciation and taxes. In addition, continued significant plant investment in the Middlesex system also contributed to the rate request.

The last rate increase for the Pinelands Companies represented the final stage of a three-phase implementation. The first increase was effective January 28, 1997. The Company does not expect the three rate matters to be resolved until after the close of this calendar year.

On March 31, 2000, Tidewater amended its base rate increase petition from 38.3% to 21.2%. The original petition was filed with the Delaware Public Service Commission (PSC) in September 1999. The lower request is due mostly to lower than projected capital expenditures. Evidentiary hearings were held in mid-April 2000.

The hearing examiner issued his report, which recommends an increase of approximately 5.50%. Several issues that account for a large portion of the requested increase remain in dispute. These include return on equity, utility plant and depreciation rates. Tidewater intends to file exceptions to the recommendations in this matter, which is scheduled for a hearing before the PSC in mid-September.

Note 3 - Capitalization

Common Stock - During the three months ended June 30, 2000, 8,334 common shares (\$0.2 million) were issued under the Company's Dividend Reinvestment and Common Stock Purchase Plan.

Note 4 - Earnings Per Share

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

	(Thousands of Dollars)													
	Three Months Ended June 30,		1999		2000		Six Months Ended June 30,		1999		2000		Twelve Months Ended June 30,	
	2000 Income	Shares	Income	Shares	Income	Shares	Income	Shares	Income	Shares	Income	Shares	Income	Shares
Basic:														
Net Income	\$1,368	5,015	\$2,572	4,913	\$2,275	5,010	\$4,065	4,908	\$6,090	4,978	\$7,750	4,650		
Preferred Dividend	(64)		(80)		(127)		(159)		(269)		(319)			
Earnings Applicable to Common Stock	\$1,304	5,015	\$2,492	4,913	\$2,148	5,010	\$3,906	4,908	\$5,821	4,978	\$7,431	4,650		
Basic EPS	\$.26		\$.51		\$.43		\$.80		\$1.17		\$1.60			
Diluted:														
Earnings Applicable to Common Stock	\$1,304	5,015	\$2,492	4,913	\$2,148	5,010	\$3,906	4,908	\$5,821	4,978	\$7,431	4,650		
\$7.00 Series Dividend	26	89	26	89	52	89	52	89	104	89	104	89		
\$8.00 Series Dividend	24	82	40	137	48	82	80		110					
Adjusted Earnings Applicable to Common Stock	\$1,354	5,186	\$2,558	5,139	2,248	5,181	\$4,038	5,134	\$6,035	5,172	\$7,695	4,876		
Diluted EPS	\$0.26		\$0.50		\$0.43		\$0.79		\$1.17		\$1.58			

Note 5 - Business Segment Data

Note 5 - Business Segment Data

The Company has identified two reportable segments. One is the regulated business of collecting, treating and distributing water on a retail and wholesale basis to residential, commercial, industrial and fire protection customers in parts of New Jersey and Delaware. It also operates a regulated wastewater system in New Jersey. The Company is subject to regulations as to its rates, services and other matters by the States of New Jersey and Delaware with respect to utility service within these States. The other segment is the non-regulated contract services for the operation and maintenance of municipal and private water and wastewater systems in New Jersey and Delaware. On January 1, 1999 the Company began operating the water and wastewater systems of the City of Perth Amboy, New Jersey under a service contract. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 1 to the Consolidated Financial Statements. Inter-segment transactions relating to operational costs are treated as pass through expenses. Finance charges on inter-segment loan activities are based on interest rates that are below what would normally be charged by a third party lender.

	Three Months Ended June 30		Six Months Ended June 30		Twelve Months Ended June 30	
	2000	1999	2000	1999	2000	1999
Operations by Segments:						
Revenues:						
Regulated	\$ 12,287	\$ 11,970	\$ 23,578	\$ 21,895	\$ 47,731	\$ 44,374
Non - Regulated	1,779	1,857	3,478	3,618	7,348	3,850
Inter-segment Elimination	(9)	(14)	(18)	(20)	(36)	(34)
Consolidated Revenues	\$ 14,057	\$ 13,813	\$ 27,038	\$ 25,493	\$ 55,043	\$ 48,190
Operating Income:						
Regulated	\$ 2,385	\$ 2,770	\$ 4,354	\$ 4,587	\$ 9,506	\$ 9,444
Non - Regulated	143	211	225	340	812	416
Inter-segment Elimination	--	--	--	--	--	--
Consolidated Operating Income	\$ 2,528	\$ 2,981	\$ 4,579	\$ 4,927	\$ 10,318	\$ 9,860
Depreciation/Amortization:						
Regulated	\$ 1,147	\$ 872	\$ 2,281	\$ 1,728	\$ 4,413	\$ 3,389
Non - Regulated	14	6	26	11	39	11
Inter-segment Elimination	--	--	--	--	--	--
Consolidated Depreciation/Amortization	\$ 1,161	\$ 878	\$ 2,307	\$ 1,739	\$ 4,452	\$ 3,400
Other Income:						
Regulated	\$ 395	\$ 1,201	\$ 604	\$ 2,041	\$ 1,980	\$ 3,637
Non - Regulated	--	--	(3)	--	(3)	--
Inter-segment Elimination	(330)	(440)	(481)	(581)	(1,406)	(1,018)
Consolidated Other Income	\$ 65	\$ 761	\$ 120	\$ 1,460	\$ 571	\$ 2,619
Interest Expense:						
Regulated	\$ 1,370	\$ 1,250	\$ 2,707	\$ 2,479	\$ 5,321	\$ 5,011
Non - Regulated	23	57	45	104	145	192
Inter-segment Elimination	(168)	(138)	(327)	(262)	(667)	(473)
Consolidated Interest Expense	\$ 1,225	\$ 1,169	\$ 2,425	\$ 2,321	\$ 4,799	\$ 4,730
Net Income:						
Regulated	\$ 1,410	\$ 2,720	\$ 2,250	\$ 4,149	\$ 6,164	\$ 8,070
Non - Regulated	120	154	179	236	664	225
Inter-segment Elimination	(162)	(302)	(154)	(320)	(738)	(546)
Consolidated Net Income	\$ 1,368	\$ 2,572	\$ 2,275	\$ 4,065	\$ 6,090	\$ 7,749
Capital Expenditures:						
Regulated	\$ 3,178	\$ 4,175	\$ 5,367	\$ 10,381	\$ 18,257	\$ 26,362
Non - Regulated	49	(3)	520	148	531	205
Inter-segment Elimination	--	--	--	--	--	--
Total Capital Expenditures	\$ 3,227	\$ 4,172	\$ 5,887	\$ 10,529	\$ 18,788	\$ 26,567
Assets:						
Regulated	\$235,855	\$231,650				
Non - Regulated	2,828	2,405				
Inter-segment Elimination	(21,760)	(19,019)				
Consolidated Assets	\$216,923	\$215,036				

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

Results of Operations - Three Months Ended June 30, 2000

Operating revenues rose \$0.2 million for the quarter. Weather related consumption decreases in our New Jersey operating revenues offset substantially all of the \$0.8 million from the May 1999 rate increase for Middlesex. Customer growth in our Delaware operations contributed \$0.2 million. Our customer base in Delaware grew by over 25%, which includes the acquisition of 12 mobile home park water systems in early 2000. Consumption was flat due to similar weather patterns experienced in New Jersey.

Operations expense rose \$0.7 million or 10.30%, which included higher water treatment costs of \$0.3 million, labor and benefit costs of \$0.2 million. Increases in all other areas accounted for the remaining \$0.2 million.

Depreciation expense increased 32.2% over the same period from last year. The improvements to Middlesex primary treatment facility, the Carl J. Olsen Treatment Plant (CJO Plant), were placed in service July 1999 causing most of the \$0.3 million increase in depreciation expense.

The expense for Federal income taxes fell \$0.3 million reflecting lower earnings during the quarter.

Other income fell by \$0.7 million compared to the same three-month period in 1999. With the completion of the CJO Plant, we ceased recording an Allowance for Funds Used During Construction (AFUDC), which resulted in a decrease of just under \$0.6 million. Interest income decreased by more than \$0.1 million due to a lower level of funds available for short-term investment.

The preferred stock dividend requirement decreased by 20% as a result of the partial exercise of the conversion feature of the \$8.00 Series of Preferred Stock in late 1999.

Net income fell 46.7% to \$1.4 million due mostly to the benefit of the net financing activity realized during the construction phase of the CJO Plant upgrade in the prior year and higher operations costs.

Results of Operations - Six Months Ended June 30, 2000

Operating revenues rose \$1.5 million or 6.1% for the year. The May 1999 rate increase for Middlesex accounted for \$1.8 million. Weather related consumption decreases in our New Jersey operating revenues offset those rate related increases by \$0.9 million. Customer and consumption growth in our Delaware operations contributed \$0.5 million. Contract services revenues increased \$0.1 million.

Operations expenses rose \$1.4 million or 10.9%, which is attributable to all operating categories. Some of the more significant increases were for water treatment costs increased \$0.4 million. Labor and benefits added \$0.4 million. Purchased water increased \$0.1 million.

Depreciation expense increased \$0.6 million or 32.7% as a result of the CJO Plant completion in July 1999.

The expense for Federal income taxes fell \$0.3 million reflecting lower earnings during the quarter.

Other income fell \$1.3 million with lower AFUDC accounting for approximately \$1.0 million of the decline and lower earnings on excess funds falling by \$0.3 million.

Net income fell 44.1% to \$2.3 million due mostly to the benefit of the net financing activity realized during the construction phase of the CJO Plant upgrade in the prior year, higher operations costs and increased depreciation expense.

The 20.1% decrease in preferred stock dividend requirements reflects the partial exercise of the conversion feature of the \$8.00 Series of Preferred Stock in late 1999.

Results of Operations - Twelve Months Ended June 30, 2000

Operating revenues rose \$6.8 million or 14.2% for the twelve-month period. The May 1999 rate increase for Middlesex accounted for \$4.3 million. Current year weather patterns and last year's mid-summer drought restrictions decreased our New Jersey operating revenues by \$1.4 million. A one-time refund to a large industrial customer of Middlesex also reduced revenues by \$0.6 million. Customer and consumption growth in our Delaware operations contributed an additional \$0.8 million to revenues. Contract services revenues for the operation of the Perth Amboy water and wastewater systems increased \$3.7 million. USA-PA initiated services under this contract on January 1, 1999.

Operating expenses for the twelve months increased 16.7% or \$6.4 million. Fifty percent of the increase is due to a full years worth of costs associated with the service contract to operate the water and wastewater systems of Perth Amboy. There were also increases in water treatment costs of \$ 0.7 million, labor and benefits of \$ 0.6 million, purchased water of \$0.2 million. Maintenance expenses increased 22.5% due to increased emergency repairs for main and service breaks in both New Jersey and Delaware. Most of the depreciation expense increase of \$1.1 million or 31.0% was a result of the CJO Plant completion in July 1999.

Taxes other than income taxes increased \$0.5 million. Revenue related taxes were up due to the higher rate related revenues in New Jersey. This accounted for 65% of the increase. Real estate taxes and payroll related taxes were also up for the period.

Income taxes fell 4.1%, which reflects current lower earnings. The decline was somewhat offset by lower deferred tax benefits in the current period.

Other income fell \$2.0 million with lower AFUDC accounting for approximately \$1.5 million of the decline and lower earnings on excess funds accounting for the balance of the decline.

Net income fell 21.4% to \$6.1 million due mostly to the benefit of the net financing activity realized during the construction phase of the CJO Plant upgrade in the prior year, higher operations costs and increased depreciation expense.

The 15.7% decrease in preferred stock dividend requirements reflects the partial exercise of the conversion feature of the \$8.00 Series of Preferred Stock in late 1999.

Capital Resources

The Company's capital program for 2000 is estimated to be \$18.1 million and includes \$7.1 million for water system additions and improvements for our Delaware systems and \$2.2 million for the RENEW Program, which is our program to clean and cement line approximately nine miles of unlined mains in the Middlesex System. There is a total of approximately 160 miles of unlined mains in the 670 mile Middlesex System. Final expenditures on the upgrade to the CJO Plant are estimated at \$2.0 million. The capital program also includes \$6.8 million for scheduled upgrades to our existing systems in New Jersey. The scheduled upgrades consists of \$1.0 million for mains, \$0.8 million for service lines, \$0.5 million for meters, \$0.4 million for hydrants, \$0.8 million for computer systems and \$3.3 million for various other items.

Liquidity

Middlesex issued \$4.5 million of First Mortgage Bonds in November 1999 through the New Jersey State Revolving Fund (SRF). \$2.2 million of that financing will be used to cover the cost of the 2000 RENEW Program. The balance will be used to fund the 2001 RENEW program. The capital program in Delaware will be financed through a combination of a capital contribution from Middlesex and long-term debt financing from either a financial institution or the Company. Other capital expenditures will be financed through internally generated funds and sale of common stock through the Dividend Reinvestment and Common Stock Purchase Plan (DRP). Capital expenditures of \$5.9 million have been incurred during the six months ended June 30, 2000. The Company may also utilize short-term borrowings through \$18.0 million of available lines of credit it has with two commercial banks for working capital purposes. At June 30, 2000, there was \$3.0 million outstanding against the lines of credit.

Accounting Standards

In June 1998, The Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts. The Company is currently evaluating the requirements of the accounting standard, which is required to be adopted in the first quarter of 2001.

Outlook

Earnings for 2000 are expected to be at least 15% percent below calendar year 1999 results. In addition, to the discussion in this report on first half results, other factors will impact our earnings over the second half of the year. Cool and wet weather patterns continue in our service territories, which has reduced customer demand. Less than anticipated rate relief in Delaware will reduce our ability to earn a fair and reasonable return on our investment. We believe it will be necessary to file for rate relief in Delaware during the fourth quarter. We have filed for rate relief in our regulated New Jersey franchise areas, but a decision is not expected until the close of the year 2000.

Forward Looking Information

Certain matters discussed in this report on Form 10-Q are "forward-looking statements" intended to qualify for safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. Such statements may address future plans, objective, expectations and events concerning various matters such as capital expenditures, earnings, litigation, growth potential, rate and other regulatory matters, liquidity and capital resources and accounting matters. Actual results in each case could differ materially from those currently anticipated in such statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures of Market Risk

The Company is subject to the risk of fluctuating interest rates in the normal course of business. Our policy is to manage interest rates through the use of fixed rate, long-term debt and, to a lesser extent, short-term debt. The Company's interest rate risk related to existing fixed rate, long-term debt is not material due to the term of the majority of our First Mortgage Bonds, which have maturity dates ranging from 2009 to 2038. Over the next twelve months, approximately \$0.2 million of the current portion of four existing long-term debt instruments will mature. Applying a hypothetical change in the rate of interest charged by 10% on those borrowings, would not have a material effect on earnings.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Item 2. Changes in Securities

Item 3. Defaults upon Senior Securities

Item 4. Submission of Matters to a Vote of Security Holders
Annual Meeting of Shareholders held May 24, 2000.

Matters voted upon at the meeting:

ELECTION OF DIRECTORS

Nominees for Class I term expiring in 2003.

	FOR -----	WITHHOLD -----
John C. Cutting	3,961,277	54,408
John P. Mulkerin	3,963,633	52,052
Dennis G. Sullivan	3,942,744	72,941

Nominees for Class III term expiring in 2002.

	FOR -----	WITHHOLD -----
John R. Middleton	3,958,209	57,476

Resolution approving appointment of Deloitte & Touche LLP,
Certified Public Accountants, as independent auditors for
2000:

FOR ---	AGAINST -----	ABSTAIN -----
3,977,987	14,440	23,258

Item 5. Other Information

Item 6. Exhibits and Reports on Form 8-K
(a) Exhibits: No. 27, Financial Data Schedule.
(b) 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)

/s/A. Bruce O'Connor

A. Bruce O'Connor
Vice President and Controller

Date: August 14, 2000

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0000066004
MIDDLESEX WATER COMPANY

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	JUN-30-2000	
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