EVOLVING LEADERSHIP IN CHANGING TIMES

MIDDLESEX WATER COMPANY

2023 ANNUAL REPORT

Middlesex Water Company ("Middlesex" or the "Company") was incorporated as a water company in 1897 and owns and operates regulated water and wastewater utility systems primarily in New Jersey and Delaware. Middlesex also operates water and wastewater systems under contract on behalf of municipal and private clients in New Jersey and Delaware.

OUR SCOPE OF SERVICES

- Water Production, Treatment & Distribution
- Design/Build/Own/Operate System Assets
- Public Private Partnerships
- Water & Sewer Line Maintenance
- Full Service Municipal Contract Operations
- Water & Wastewater System Maintenance
- Wastewater Collection & Treatment

FAMILY OF COMPANIES

- Middlesex Water Company
- Tidewater Utilities, Inc.
- Pinelands Water Company
- Pinelands Wastewater Company
- Utility Service Affiliates (Perth Amboy), Inc.
- Utility Service Affiliates, Inc.
- Southern Shores Water Company, LLC
- White Marsh Environmental Systems, Inc.

ANNUAL MEETING

The Annual Meeting of Shareholders of Middlesex Water Company will be held on Tuesday, May 21, 2024 at 11:00 a.m. EDT. You may attend the meeting online, including submitting questions, at www.VirtualShareholderMeeting.com/MSEX2024. Shareholders of record as of March 26, 2024 will be eligible to receive notice of, and to vote at, the 2024 Annual Meeting.

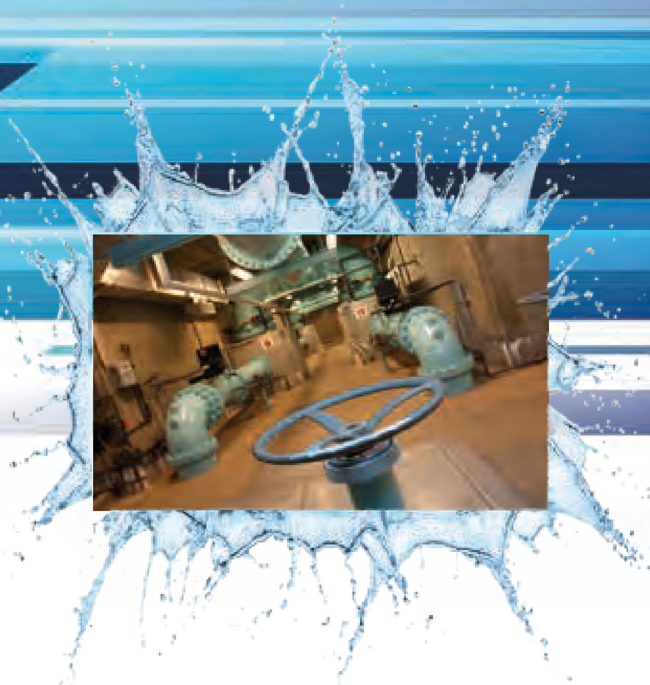
Our Company's Common Stock trades on the Nasdaq Global Select Market under the symbol MSEX.

Members of the Middlesex Distribution Team stand ready to maintain reliability and continuity in delivering essential water service.

DEAR VALUED SHAREHOLDERS,

Dennis W. Doll
Chairman, Past President and CEO

I write this letter with mixed emotions in that I no longer lead the Company that has been my life for the last nineteen years. We have accomplished much for our stakeholders over that time, all through the dedicated efforts of our employees and the support of our regulators and various other business partners. Although not actively involved in the day-to-day operations of the business, the role that you, our shareholders, have played over those nineteen years, and continue to play to this day, is instrumental to our success. Your support has never been taken for granted either by me or by our entire Board of Directors.



Elevated storage tanks constructed in the Millville by the Sea and South Rehoboth districts in southern Delaware stand over 150 feet tall with a capacity of one million gallons. These tanks will help address seasonal water use fluctuations and improve pressures throughout Tidewater's growing distribution system.

Despite our many accomplishments with respect to operational and financial performance, I believe my recent retirement as your President & CEO is a timely occurrence in our Company's evolution. I have served as your President & CEO since 2006 and I believe you deserve a fresh perspective on our Company's opportunities and challenges, intended to generate innovative ideas, new strategies and objective views of our business processes. I am grateful to share, as we announced previously, that Nadine Leslie has joined our Company effective March 1st as your President & CEO, and as a member of the Board of Directors. Nadine's wealth of knowledge and experience, in both local and global settings, brings that fresh and experienced perspective. I look forward to much future success for both Nadine and the Company. I am also grateful to our search committee, comprised of the Compensation Committee of our Board, and to the entire Board of Directors, for all of their efforts in finding and selecting a strong and talented leader in Nadine.

In July 2023, Middlesex Water Company completed construction of an upgraded treatment plant at its Park Avenue wellfield in South Plainfield, New Jersey to treat Perfluorooctanoic Acid (PFOA). The $52 million dollar new facility is currently treating groundwater in compliance with all state and federal drinking water standards.

ACCOMPLISHMENTS IN A YEAR OF TRANSITION

Separate from numerous activities throughout 2023 surrounding succession planning, not only for my role but also for various roles at various levels in the Company, the past year has been one of significant transition, and progress, in many respects. A sampling of recent accomplishments, as well as certain challenges includes the following:

- We executed our comprehensive 2023 capital program in the face of dramatically increasing interest rates and other pressures such as inflation and supply chain challenges.
- We put numerous critical infrastructure projects into service, not the least of which is our upgraded Park Avenue groundwater treatment plant to remediate certain poly- and perfluoroalkyl substances, collectively referred to as "PFAS."
- We settled long-standing litigation to recover costs associated with the substantial upgrades to the Park Avenue Treatment Plant.
- We filed, and settled, a base rate case for the Middlesex system in New Jersey resulting in additional annual operating revenues of $15.4 million. This filing was made to compensate for our recent significant infrastructure investments under our Water for Tomorrow® Program and increases in various operating costs. Many of these capital investments and increased operating costs have been incurred to comply with new, or enhanced, regulatory standards at both the federal and state levels.
- We achieved a successful settlement in a base rate case filing for our Pinelands Water & Wastewater systems in Burlington County, New Jersey, resulting in additional annual operating revenues of $1.0 million.
- We executed a successful Investment Plan discount period as well as numerous debt financings to raise the necessary capital to fund our investments in Utility Plant.
- We continued to invest in our Delaware operations to support our history of strong organic growth as reflected in an approximately 2,300 customer base increase in our Delaware system.
- We kept our focus on sustainability objectives to ensure our water supplies were adequately protected and that our policies and practices support the environment, our people, and our customers.
- We weathered a depressed financial market as part of a peer group of water utility stocks, and utility stocks in general, largely influenced by macroeconomic conditions.
- We increased the common dividend by 4.0%, representing the 51st consecutive year of dividend increases.
- We maintained a well-trained, skilled workforce against the backdrop of several retirements of long-term employees with significant institutional knowledge and skills.
- We further enhanced our emergency management, business continuity and cybersecurity controls and processes.

Middlesex Production, Distribution and Laboratory employees take confined space training as part of their 40-hour HAZWOPER (Hazardous Waste Operations and Emergency Response) Safety Training developed by the Occupational Safety and Health Administration.

As water supply and its related quality continue to attract increasing attention both nationally and globally, we see the quantity and pace of regulation accelerating. Some of those existing and relatively new regulatory requirements include:

- Increased and more stringent state and federal regulations for PFAS.
- The first update to the Lead & Copper Rule under the federal Safe Drinking Water Act in more than 30 years.
- Federal and State regulations to remove lead and galvanized steel service lines, whether owned by the utility, or the customer.
- Federal Unregulated Contaminant Monitoring Rule (UCMR5) to sample and report on certain contaminants which are not yet regulated.
- America's Water Infrastructure Act (AWIA).
- New Jersey's Water Quality Accountability Act.
- Delaware's Cross-Connection Control legislation.

In addition to these requirements, there are other federal and state mandates contemplated which will continue to challenge water and wastewater purveyors (both investor-owned and municipal) across the country. Investments required to meet these challenges not only enhance the health and safety of our customers, but also provide opportunity for shareholders to earn a fair return on the necessary capital investments.

The good news is that as an industry, and as a Company, we are in the business of solving problems for customers and addressing regulatory challenges. In New Jersey and in Delaware, we have the skills and financial capacity to meet those challenges as well as serve as a technical resource to those seeking water and wastewater solutions.

During our Annual Practical Training Day, Middlesex Field Crews received refresher training on specialized equipment and techniques.

During one of our Transmission Main upgrades in 2023, Middlesex's contractor, Structural Preservation Systems, LLC, conducts a quality control inspection inside a large diameter main.

THE CONSOLIDATION/ ACQUISITIONS LANDSCAPE

Many who report on the activities and progress in the water and wastewater utility industry have believed for many years that consolidation in our industry is necessary. With many thousands of water systems across the country, some of which serve very few customers, it seems only logical that economies of scale can produce more consistent quality across various systems at a more effective cost. One of the challenges facing investor-owned systems such as Middlesex is the efforts of activist groups who believe privatization is detrimental to customers insofar as they claim the rates we charge our customers are higher than the rates charged by government-owned systems. That may be true in many cases however, there is an endemic lack of intellectual honesty by these activist groups whereby educating customers about the actual cost of delivering quality utility service does not further their cause and therefore, is not part of their narrative.

We have observed over many years that the rates charged by many, but not all, government-owned systems are a function of many years of underinvestment in the utility infrastructure, largely driven by political decisions to keep customers rates artificially low and therefore, customers are not charged the full cost required to provide reliable quality service. Middlesex has always employed full-cost pricing, as is required by the rate regulated model, and we have the operational and financial capability to compete effectively for these consolidation opportunities. Many systems are further becoming either unable or unwilling to meet their own needs or to charge their constituents the full cost of providing the service. There is more work to be done by our Company and our industry, both investor – and government-owned, to further educate the public at-large about the need for consistent investment in aging infrastructure, the need to ensure consistent regulatory compliance, the need to charge the full cost of providing the service and the need to maintain a well-trained workforce.

Middlesex representatives were honored to accept the award for Best Compliance and Ethics Program for Corporate Governance at the Governance Intelligence Awards.

HONORS AND AWARDS

Once again, in 2023, we were honored for a variety of achievements. Two of the more notable honors included Middlesex receiving an award from Governance Intelligence, IR Magazine for "Best Compliance and Ethics Program." Our competition in this category included well-known global companies who are household names. We are also a finalist in the Underground Infrastructure Magazine 2024 awards for a major project posing a challenging repair to water supply system transmission mains in a critical geographic area.

Various employees were honored individually for their contributions and service to our industry, to the communities we support and to the State of New Jersey and Delaware.

The National Association of Water Companies President and CEO, Robert Powelson, presents Dennis Doll with the Water Droplet Award in recognition of his years of dedication to the water industry at the 2023 NAWC Annual Summit.

Mark Theiler (Assistant Director of Production) graduated from the Transformative Water Leadership Academy through the American Water Works Association (AWWA) and is pictured here with AWWA leadership.

Middlesex plans to invest approximately $75 million in 2024 to upgrade and replace utility infrastructure and enhance the reliability of our facilities to better serve current and future generations of customers.

AFFORDABILITY OF RATES

The word "affordability", as related to water service, has become more prominent in recent years in articles, at conferences and in other venues. Rates for water utility service have grown significantly over time in various parts of the country, as well as within our Company. We, and others, have a continued need to upgrade and replace utility infrastructure, and to procure increasingly higher cost goods and services necessary to provide continuous safe and reliable service. Recent and anticipated additional federal and state regulations regarding water quality and overall service delivery, highlighted above, are putting further upward pressure on customers' rates, and will likely continue to do so for the near future. Consequently, there is a greater focus both locally and nationally on the cost of water service within a customer's household budget.

Numerous financial models have been developed by consultants, academia, and others in an attempt to define "affordability", typically based on the socioeconomic demographics of an individual utility's customer base. There is no doubt that certain portions of our customer base at Middlesex are challenged to meet basic needs, which includes our water utility service. The relevant question regarding affordability of rates in a water system such as Middlesex is simply, "Who should pay?" Our revenue requirement, properly authorized by our regulators to provide safe and reliable service, is determined in a legal rate proceeding. That revenue requirement is then apportioned to the rates of the various individual classes of customers. Therefore, to the extent rates may be considered unaffordable for any demographic group, and as a result, potentially artificially adjusted downward, those customers' rates are therefore subsidized by artificially higher rates by other customers.

These circumstances highlight the fact that affordability in the context of a regulated water utility such as Middlesex is a "social issue," which is why there are ongoing efforts to secure a permanent source of funding from government sources to subsidize those who have a legitimate need of financial assistance. Based on the longstanding regulatory compact in which we operate, it would be inappropriate and in direct contravention of the regulatory compact for shareholders, as opposed to customers, to subsidize any portion of the Company's revenue requirement based on affordability. I have devoted a fair number of words here to this issue because I believe the concept of affordability will become a more significant challenge to manage for our Company and for our industry as we continue to make necessary significant infrastructure and other investments over time.

SERVING OUR STAKEHOLDERS – PAST, PRESENT AND FUTURE

CONCLUSION

Your Company has weathered many operational, financial, regulatory, political, and other challenges over its 127-year history, not to mention a global pandemic. We continue to rely on the time-tested regulatory model that underpins the majority of our business, and we continue to rely on the knowledge, skills and resilience of our people to not only meet the challenges of today and tomorrow but also, to capitalize on opportunities for further customer and shareholder value.

I thank you for your long-standing support of Middlesex Water Company, for your support of our Board of Directors and for your support of me, personally. I take immense pride and pleasure in passing the baton to your new President & CEO, Nadine Leslie, to bring your Company into the future.

Dennis W. Doll

Dennis W. Doll
Chairman, Past President and CEO

INTRODUCING NADINE LESLIE

Nadine Leslie
President and CEO

What attracted you to accept the CEO role at Middlesex Water Company?

The Company's mission and values resonate with mine. Middlesex has a strong purpose. The enterprise works to provide an essential service to the communities we serve and to positively impact the environment and stakeholders. Middlesex is also an established and respected regulated business with a supportive Board and Leadership Team. It has extensive expertise providing innovative and cost-effective solutions to address the challenges of our industry.

How do you plan on maintaining Middlesex's strong tradition of operational excellence?

Providing reliable and resilient utility service requires a multifaceted approach: to name a few: Leadership commitment to a continuous improvement culture, clear vision and values, prudent investment in infrastructure, employee training and development, empowerment and accountability, stakeholder and shareholder focus. Maintaining consistency, persistence, and a proactive approach in everything we do will help us continue delivering value for our stakeholders.

How critical are employees in delivering on the mission?

Employees are essential to the success of any organization. For us at Middlesex, investing in our employees is a core aspect of our Company's values and guiding principles. By providing opportunities for growth, training and development, we empower our teams to excel in their roles and contribute to the Company's success.

As Middlesex's new CEO, what can shareholders look for under your leadership?

Middlesex has provided quality service for over a century. We plan on building on that solid foundation by continuing to deliver operational excellence while identifying key areas that will enhance long term value creation for our shareholders. I thank the Board for placing their trust in me as we embark on a new chapter in the Company's history.

FINANCIAL HIGHLIGHTS

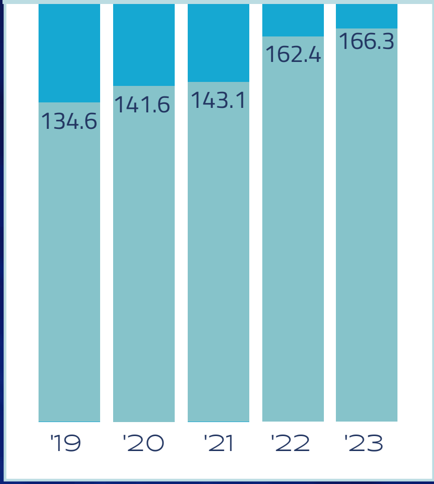
(MILLIONS OF DOLLARS, EXCEPT PER SHARE DATA)	2021	2022	2023
Operating Revenues	$ 143.1	$ 162.4	$ 166.3
Operations and Maintenance Expenses	73.7	79.1	83.1
Depreciation	21.1	23.0	25.2
Income and Other Taxes	9.7	21.4	19.8
Interest Charges	8.1	9.4	13.1
Net Income	36.5	42.4	31.5
Earnings Applicable to Common Stock	36.4	42.3	31.4
Diluted Earnings Per Share	2.07	2.39	1.76
Cash Dividends Paid Per Share	1.11	1.18	1.26
Utility Plant	1,065.1	1,135.4	1,233.9
Return on Average Common Equity	10.3%	11.0%	7.7%

STOCK LISTING

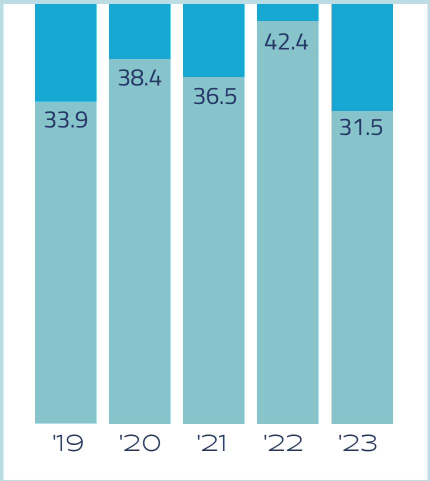
The Company's common shares trade on the Nasdaq GS (Nasdaq) Global Select Market under the trading symbol MSEX. The following table sets forth the high and low sales price of the common stock for the periods indicated, as reported by Nasdaq, and dividends paid.

	2022 High	2022 Low	2022 Dividend Paid	2023 High	2023 Low	2023 Dividend Paid
Q4	$95.82	$74.20	$0.31	$73.47	$61.34	$0.325
Q3	$96.19	$77.08	$0.29	$84.35	$65.37	$0.31
Q2	$108.27	$75.77	$0.29	$84.38	$66.51	$0.31
Q1	$121.10	$94.56	$0.29	$90.56	$72.64	$0.31

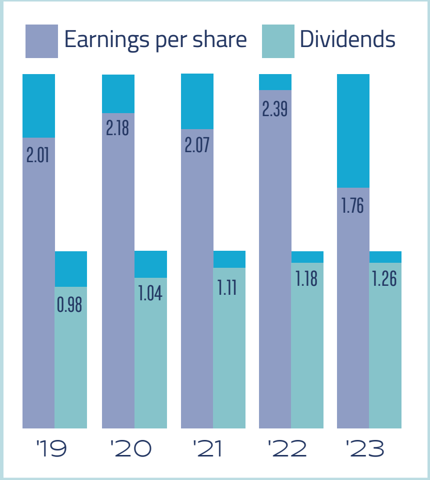
OPERATING REVENUES
(MILLIONS OF DOLLARS)



NET INCOME
(MILLIONS OF DOLLARS)



EARNINGS & DIVIDENDS
(DOLLARS PER SHARE)



2023 Form 10-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

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 1 South, Suite 400, 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:	Name of each exchange on which registered:
Common Stock, No Par Value	MSEX	The NASDAQ Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on their 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 for such shorter period that the registrants were required to submit and post such files). Yes ☑ 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", "smaller reporting company" and "emerging growth company" in Rule 12(b)-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the voting stock held by non-affiliates of the registrant at June 30, 2023 was $1,395,620,526 based on the closing market price of $80.66 per share on the NASDAQ Global Select Market.

The number of shares outstanding for each of the registrant's classes of common stock, as of February 29, 2024:

Common Stock, No par Value 17,821,670 shares outstanding

Documents Incorporated by Reference

Proxy Statement to be filed in connection with the Registrant's Annual Meeting of Stockholders to be held on May 21, 2024, which will be filed with the Securities and Exchange Commission within 120 days of the end of our 2023 fiscal year, is incorporated by reference into Part III of this Annual Report on Form 10-K to the extent described herein.

MIDDLESEX WATER COMPANY
FORM 10-K

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual 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. Middlesex Water Company (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 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;
- the Company's plans to renew municipal franchises and consents in the territories it serves;
- 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;
- increases in 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;
- actions taken by government regulators, including decisions on rate increase requests;
- new or modified water quality standards and compliance with related legal and regulatory requirements;
- weather variations and other natural phenomena impacting utility operations;
- financial and operating risks associated with acquisitions and, or privatizations;
- acts of war or terrorism;
- cyber-attacks;
- changes in the pace of housing development;
- availability and cost of capital resources;
- timely availability of materials and supplies for operations and for critical infrastructure projects;
- effectiveness of internal control over financial reporting;
- impact of the Novel Coronavirus (COVID-19) or other pandemic; and
- other factors discussed elsewhere in this annual 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 annual 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.

PART I

Item 1. Business.

Overview

Middlesex Water Company (Middlesex) was incorporated as a water utility company in 1897 and owns and operates regulated water utility and wastewater systems primarily in New Jersey and Delaware. Middlesex also operates water and wastewater systems under contract on behalf of municipal and private clients primarily in New Jersey and Delaware.

The terms "the Company," "we," "our," and "us" refer to Middlesex Water Company and its subsidiaries, including Tidewater Utilities, Inc. (Tidewater) and Tidewater's wholly-owned subsidiaries, Southern Shores Water Company, LLC (Southern Shores) and White Marsh Environmental Systems, Inc. (White Marsh). The Company's other subsidiaries are Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), Utility Service Affiliates, Inc. (USA) and Utility Service Affiliates (Perth Amboy) Inc., (USA-PA).

The Company's principal executive offices are located at 485C Route 1 South, Suite 400, Iselin, New Jersey 08830. Our telephone number is (732) 634-1500. Our website address is http://www.middlesexwater.com. Information contained on our website is not part of this Annual Report on Form 10-K. We make available, free of charge through our website, reports and amendments filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, after such material is electronically filed with or furnished to the United States Securities and Exchange Commission (the SEC).

Middlesex System

Located in New Jersey, the Middlesex System provides water services to approximately 61,000 retail customers, primarily in eastern Middlesex County and under wholesale contracts to the City of Rahway, Townships of Edison and Marlboro, the Borough of Highland Park and the Old Bridge Municipal Utilities Authority. The Middlesex System treats, stores and distributes water for residential, commercial, industrial and fire protection purposes. The Middlesex System also provides water treatment and pumping services to the Township of East Brunswick under contract. The amount of water supply allocated to the Township of East Brunswick is granted directly to the Township by the New Jersey Water Supply Authority. The Middlesex System produced approximately 66% of our 2023 consolidated operating revenues.

The Middlesex System's retail customers are located in an area of approximately 55 square miles in Woodbridge Township, the City of South Amboy, the Boroughs of Metuchen and Carteret, portions of the Township of Edison and the Borough of South Plainfield, all in Middlesex County, and a portion of the Township of Clark in Union County. Retail customers include a mix of residential customers, large industrial concerns and commercial and light industrial facilities. These customers are located in generally well-developed areas of central New Jersey.

The contract customers of the Middlesex System comprise an area of approximately 110 square miles with a population of over 200,000. Contract sales to the Townships of Edison and Marlboro, the City of Rahway and the Old Bridge Municipal Utilities Authority are supplemental to the water systems owned and operated by these customers. Middlesex is the sole source of water for the Borough of Highland Park and the Township of East Brunswick.

Middlesex provides water service to approximately 300 customers in Cumberland County, New Jersey. This system is referred to as the Fortescue System, and is not physically interconnected with the Middlesex System. The Fortescue System produced less than 0.1% of our 2023 consolidated operating revenues.

Tidewater System

Tidewater, together with its wholly-owned subsidiary, Southern Shores, provides water services to approximately 59,000 retail customers for residential, commercial and fire protection purposes in over 470 separate communities in New Castle, Kent and Sussex Counties, Delaware. The Tidewater System produced approximately 25% of our 2023 consolidated operating revenues.

USA-PA

USA-PA operates the City of Perth Amboy, New Jersey's (Perth Amboy) water and wastewater systems under a 10-year agreement, which expires in December 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 produced approximately 4% of our 2023 consolidated operating revenues.

Pinelands Systems

Pinelands Water provides water services to approximately 2,500 residential customers in Burlington County, New Jersey. Pinelands Water is not physically interconnected with the Middlesex System. Pinelands Water produced approximately 1% of our 2023 consolidated operating revenues.

Pinelands Wastewater provides wastewater collection and treatment services to approximately 2,500 residential customers and one municipal wastewater system in Burlington County, New Jersey. Pinelands Wastewater produced approximately 1% of our 2023 consolidated operating revenues.

USA

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 2032. In addition to performing day-to-day service operations, USA is responsible for emergency responses and management of capital projects funded by Avalon.

USA operates the Borough of Highland Park, New Jersey's (Highland Park) water utility and sewer utility under a ten-year operations and maintenance contract expiring in 2030.

USA also provides water and wastewater services to several other New Jersey municipalities under contracts that are not regulated by a public utility commission as to rates and service.

Under a marketing agreement with HomeServe USA Corp. (HomeServe) expiring in 2031, USA offers residential customers in New Jersey and Delaware various 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 produced approximately 2% of our 2023 consolidated operating revenues.

White Marsh

White Marsh operates or maintains water and/or wastewater systems that serve approximately 4,300 service connections under 31 separate contracts. White Marsh also owns two commercial properties that are leased to Tidewater for its administrative office campus and its field operations center. White Marsh produced approximately 1% of our 2023 consolidated operating revenues.

Financial Information

Consolidated operating revenues, operating income and net income are as follows:

	(Thousands of Dollars) Years Ended December 31, 2023	2022	2021
Operating Revenues	$ 166,274	$ 162,434	$ 143,141
Operating Income	$ 39,223	$ 47,333	$ 33,211
Net Income	$ 31,524	$ 42,429	$ 36,543

Operating revenues were earned from the following sources:

	Years Ended December 31, 2023	2022	2021
Residential	52.1 %	52.3 %	54.3 %
Commercial	14.4	14.0	11.7
Industrial	7.0	6.9	6.3
Fire Protection	7.6	7.8	8.8
Contract Sales	11.5	11.6	10.2
Contract Operations	7.4	7.4	8.6
Other	0.0	0.0	0.1
Total	100.0 %	100.0 %	100.0 %

Water Supplies and Contracts

Our New Jersey and Delaware water supply systems are physically separate and are not interconnected. In New Jersey, the Pinelands System and Fortescue System are not interconnected with the Middlesex System or each other. We believe we have adequate sources of water supply to meet the current service requirements of our present customers in New Jersey and Delaware.

Middlesex System

Our Middlesex System produced approximately 13.8 billion gallons in 2023 from:

- The Carl J. Olsen Surface Water Treatment Plant (CJO Plant)-10.7 billion gallons;
- Twenty-seven Company-owned wells (ground water)-2.0 billion gallons; and
- The balance purchased from a non-affiliated water utility regulated by the New Jersey Board of Public Utilities (NJBPU) under an agreement which expires February 27, 2026. This agreement provides for minimum purchases of 3.0 million gallons per day (mgd) of treated water with provisions for additional purchases.

In November 2021, Middlesex temporarily ceased pumping from its Company-owned wells at the Park Avenue Wellfield Treatment Plant (Park Avenue Plant) in South Plainfield, New Jersey and alternate sources of supply were obtained in order to comply with new State of New Jersey water quality regulations relative to poly- and perfluoroalkyl substances, collectively referred to as PFAS, that became effective in 2021.

Prior to 2021, the Company began design for construction of an enhanced treatment process at the Park Avenue Plant to meet the expected PFAS water quality standards anticipated to be enacted by the State of New Jersey, which at that time were unknown as to their timing and extent. In June 2022, a portion of the enhanced treatment process was completed, placed into service and effectively treated the ground water in compliance with all state and federal drinking water standards. In June 2023, the Company completed the permanent construction of the entire Park Avenue Plant treatment upgrades and placed the upgrades into operation in full compliance with the new State of New Jersey PFAS water quality regulations.

The Middlesex System's distribution storage facilities are used to supply water to customers at times of peak demand, outages and emergencies.

The principal source of surface water for the Middlesex System is the Delaware & Raritan Canal, which is owned by the State of New Jersey and operated by the New Jersey Water Supply Authority (NJWSA). Middlesex is under contract with the NJWSA, which expires November 30, 2048, and provides for average purchases of 27.0 mgd, with a peak up to 47.0 mgd, of untreated water from the Delaware & Raritan Canal, augmented by the Round Valley/Spruce Run Reservoir System. The untreated surface water is pumped to, and treated at, the CJO Plant.

Water supply to customers of the Fortescue System is derived from two wells, which produced approximately 6.7 million gallons in 2023.

Tidewater System

Our Tidewater System produced approximately 2.9 billion gallons in 2023, primarily from 175 wells. Tidewater expects to submit applications to Delaware regulatory authorities for the approval of additional wells as growth, customer demand and water quality warrant. Tidewater augments its water production with annual purchases of up to 60.0 million gallons of treated water from the City of Dover, Delaware. Tidewater does not have a central water treatment facility for the over 470 separate communities it serves. As the number has grown, many of Tidewater's individual systems have been interconnected, forming several regional systems that are served by multiple water treatment facilities owned by Tidewater.

Pinelands Water System

Water supply to our Pinelands Water System is derived from four wells which produced approximately 134.7 million gallons in 2023. The aggregate pumping capacity of the four wells is 2.2 mgd.

Wastewater Facilities

Pinelands Wastewater System

The Pinelands Wastewater System discharges into the South Branch of the Rancocas Creek through a wastewater treatment plant that provides clarification, sedimentation, filtration and disinfection. The total capacity of the plant is 0.5 mgd, and the system treated approximately 94.8 million gallons in 2023.

Human Capital Management

The Company strives to attract and retain employees by offering competitive compensation and benefits along with career development and training opportunities in a safe, supportive and inclusive work environment. Our mission, our business philosophy and the manner in which we deliver value for our customers, our shareholders and our employees is inherent in what we, as an enterprise, profess to be our core values of Respect, Integrity, Growth, Honesty and Teamwork. Our employees' success is a key element of the Company's success.

Workforce

As of December 31, 2023, the Company had 355 employees. None of our employees are subject to a collective bargaining agreement. We believe our employee relations are positive.

Employee Compensation and Benefits

We offer comprehensive competitive employee compensation and benefit programs consistent with job functions, skill levels, experience, knowledge and geographic location. These programs are periodically independently evaluated by a nationally recognized consulting firm to gauge effectiveness and are benchmarked against industry peers and the overall markets in which we operate our businesses. Compensation increases and incentive compensation are based on merit, which is communicated to employees and documented in our bi-annual performance evaluation process. Benefits include a variety of programs to enhance employee overall physical, mental and financial health and well-being, including healthcare insurance, employer funded retirement savings plans, life insurance, disability insurance, accident insurance, tuition reimbursement, flu shots, wellness newsletters and webinars, flexible hybrid office and remote work capabilities, incentive programs for achieving fitness milestones, financial counseling, elder care assistance, substance abuse support and more.

Safety

The Company has implemented safety programs and management practices designed to promote a culture of safety to protect its employees. This includes required trainings for employees, as well as specific qualifications and certifications for certain operational employees. All employees have been empowered to report, and immediately stop, work which, in their personal judgement, is unsafe or is not consistent with our safety policies and procedures. They can take this action without fear of reprisal.

In response to the Coronavirus (COVID-19) pandemic, the Company continues to implement changes it determines are in the best interest of our employees and customers, as well as required to comply with government emergency orders and regulations. While the nature of our utility services business requires portions of our workforce to operate in the field and at treatment facilities, we employ and maintain a variety of processes to help ensure the safety of those employees and the public in light of the pandemic.

Employee Development and Training

The Company employs various training and other educational programs and has developed company-wide and project-specific training and educational programs, including tuition assistance for full-time employees enrolled in pre-approved undergraduate or graduate courses or professional licensing courses. All employees receive training to identify and report operational and financial risks, as well as risks to Company brand and reputation, which fosters a personal culture of accountability and reinforces our commitment to a safe and sustainable workplace. All employees receive cybersecurity training and other education regarding their use of sensitive data. Our Executive Management team and our Board of Directors continually assess succession plans, leadership development progress and policies and strategies regarding recruitment, retention, career development, diversity, equity and inclusion. Formalized succession planning strategies have been developed for key leadership positions.

Diversity, Equity & Inclusion (DEI)

The Company is committed to DEI based upon our belief that embracing DEI is consistent with our Company culture and benefits all stakeholders by maintaining a workforce with a variety of skills and perspectives as a result of their diverse backgrounds and experiences. The Company remains a signatory to CEO Action for Diversity and Inclusion, a business led initiative which encourages companies to cultivate environments that support dialogue on DEI, implement and expand bias education and training and engage boards of directors in the development and evaluation of inclusion and diversity strategies.

The Company is focused on recruitment and/or development of both external and internal candidates so that all prospective and current employees are provided an opportunity to advance their careers. We are intentional in our efforts to attract candidates from historically marginalized groups and seek a diverse pool of candidates for apprenticeships and internship opportunities. Statements on DEI and our Human Rights Policy can be found on our website. We continue to monitor the results of our DEI efforts and continually explore opportunities to further engage our employees and customers.

Competition

Our business in our franchised service areas is substantially free from direct competition for growth with other public utilities, municipalities and other entities. However, our ability to provide contract wholesale water supply and operations and maintenance services that are not under the jurisdiction of a state public utility commission is subject to competition from other public utilities, municipalities and other entities. Although Tidewater has been granted exclusive franchises for its existing community water systems, the ability to expand service areas can be affected by the Delaware Public Service Commission (DEPSC) awarding franchises to other regulated water utilities with whom we compete for such franchises and for projects.

Regulation

Our rates charged to customers for utility services, the quality of the services we provide and certain other matters are regulated by the NJBPU and DEPSC (collectively, the Public Utility Commissions).

Our USA, USA-PA and White Marsh subsidiaries are not regulated public utilities as related to rates and service quality. However, they are subject to federal and state environmental regulations with respect to water quality and wastewater effluent quality to the extent such services are provided.

We are subject to environmental and water quality regulation by the following regulatory agencies (collectively, the Government Environmental Regulatory Agencies):

- United States Environmental Protection Agency (USEPA);
- New Jersey Department of Environmental Protection (NJDEP) with respect to operations in New Jersey; and
- Delaware Department of Natural Resources and Environmental Control, the Delaware Department of Health and Social Services-Division of Public Health (DEDPH), and the Delaware River Basin Commission with respect to operations in Delaware.

In addition, our issuances of equity securities are subject to the prior approval of the NJBPU and require registration with the United States Securities and Exchange Commission. Our issuances of long-term debt securities are subject to the prior approval of the respective state Public Utility Commissions.

Regulation of Rates and Services

For regulated rate setting purposes, we account separately for our regulated utility operations to facilitate independent rate setting by the applicable Public Utility Commissions.

In determining our regulated utility rates, the respective Public Utility Commissions consider the revenue, expenses and utility infrastructure used and useful in providing service to the public. Rate determinations by the respective Public Utility Commissions do not guarantee achievement by our regulated utility companies of specific rates of return for our regulated utility operations. Thus, we may not achieve the rates of return authorized by the Public Utility Commissions. In addition, there can be no assurance that any future rate increases will be granted or, if granted, that they will be in the amounts requested.

Middlesex Rate Matters

In February 2024, Middlesex's petition to the NJBPU, filed in May 2023, seeking permission to increase its base water rates was concluded, based on a negotiated settlement that is expected to increase annual operating revenues by $15.4 million effective March 1, 2024. The approved tariff rates were designed to recover increased operating costs as well as a return on invested capital of $563.1 million, based on an authorized return on common equity of 9.6%. Middlesex has made capital infrastructure investments to ensure prudent upgrade and replacement of its utility assets to support continued regulatory compliance, resilience and overall quality of service. Net proceeds from the settlement of Middlesex's 3M Company (3M) lawsuit were used to recover costs for the construction of the Park Avenue Plant PFAS treatment upgrades, including depreciation and carrying costs. The rate case settlement will result in the reclassification of $48.3 million from Regulatory Liabilities to Contributions in Aid of Construction in the March 31, 2024 balance sheet. The Company will also record in the first quarter of 2024 the recovery of $0.7 million and $2.4 million of prior year depreciation and carrying costs, respectively, as well as the recovery of $1.4 million of prior year costs which were associated with the interim solution to comply with the Notice, all of which were approved in the rate case settlement For further information on the 3M settlement agreement, see *Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations*, *Regulatory Notice of Non-Compliance* and *Regulatory Matters*.

In January 2024, the NJBPU approved Middlesex's petition for the proposed cost recovery of its Lead Service Line Replacement (LSLR) Plan and cost recovery of project costs associated with replacing Middlesex customer-owned lead service lines. Replacement of Middlesex and Middlesex customer-owned lead service lines is required by the New Jersey LSLR Law. Under this legislation, the costs associated with replacing customer-owned lead service lines are recoverable through future customer surcharges. Cost recovery for replacing Company-owned lead service lines are recoverable through traditional base rate case filings. The current estimates for replacement of Middlesex and Middlesex customer-owned lead service lines are approximately $46 million to $77 million over a nine-year period.

In October 2023, the NJBPU approved Middlesex's petition for a Distribution System Improvement Charge (DSIC) Foundation Filing, which is a prerequisite to implementing a DSIC rate that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements to their water distribution system made between base rate proceedings. Middlesex is authorized to recover DSIC revenues up to five percent (5%) of total revenues established in Middlesex's 2021 base rate proceeding, or approximately $5.5 million. Semi-annually, beginning in April 2024, the Company must file for a change in its DSIC rate seeking recovery for DSIC-eligible investments made during the period. DSIC rates remain in effect until Middlesex's next base rate case increase subsequent to the March 1, 2024 increase. Under the terms of the Foundational Filing, the Company is required to file a base rate petition before November 2026.

In September 2022, the NJBPU approved Middlesex's Emergency Relief Motion to reset its Purchased Water Adjustment Clause (PWAC) tariff rate to recover additional costs of $2.7 million for the purchase of treated water from a non-affiliated water utility. A PWAC is a rate mechanism that allows for recovery of increased purchased water costs between base rate case filings. The increase, effective October 1, 2022, was on an interim basis and subject to refund with interest, pending final resolution of this matter, which the NJBPU provided in August 2023. In connection with the full recovery of the $2.7 million of additional costs, Middlesex reset its PWAC rate to zero in October 2023.

In December 2021, Middlesex's petition to the NJBPU seeking permission to increase its base water rates was concluded, based on a negotiated settlement, resulting in an expected increase in annual operating revenues of $27.7 million. The approved tariff rates were designed to recover increased operating costs, as well as a return on invested capital of $513.5 million, based on an authorized return on common equity of 9.6%. The increase was implemented in two phases with $20.7 million of the increase effective January 1, 2022 and the remaining $7.0 million effective January 1, 2023. As part of the negotiated settlement, the PWAC was reset to zero.

Tidewater Rate Matters

In December 2023, the DEPSC approved Tidewater's application to implement a new DSIC. Effective January 1, 2024, Tidewater implemented a DSIC rate of 3.71%, which is expected to generate revenue of approximately $1.3 million annually. A Delaware DISC is subject to a semi-annual reset with an overall maximum rate of 7.5%.

In October 2023, the DEPSC issued an Order that made a temporary base rate reduction permanent. The initial DEPSC order required Tidewater to reduce its base rates charged to general metered and private fire customers by 6.0%, effective for service rendered on and after September 1, 2022. The rate reduction was ordered as a result of Tidewater earning in excess of its authorized return, and resulted in reduced annual revenues of approximately $2.1 million in 2023.

In March 2021, Tidewater was notified by the DEPSC that it had determined Tidewater's earned rate of return exceeded the rate of return authorized by the DEPSC. Consequently, Tidewater reset its DSIC rate to zero effective April 1, 2021 and refunded approximately $1.0 million to customers primarily in the form of an account credit for DSIC revenue previously billed between April 1, 2020 and March 31, 2021.

Pinelands Rate Matters

In April 2023, Pinelands Water and Pinelands Wastewater concluded their base rate case matters when the NJBPU approved a combined $1.0 million increase in annual base rates, effective April 15, 2023. The requests were necessitated by capital infrastructure investments the companies have made as well as increased operations and maintenance costs.

Southern Shores Rate Matters

Effective January 1, 2020, the DEPSC approved the renewal of a multi-year agreement for water service to a 2,200 unit condominium community we serve in Sussex County, Delaware. Under the agreement, current rates were to remain in effect until December 31, 2024, unless there are unanticipated capital expenditures or regulatory related changes in operating expenses exceeding certain thresholds during this time period. In 2022, capital expenditures did exceed the established threshold and rates were increased by 5.39%, effective January 1, 2023. Beginning in 2025 and thereafter, inflation-based rate increases cannot exceed the lesser of the regional Consumer Price Index or, 3%. Inflation based increases are in addition to the threshold rate increases. This agreement expires on December 31, 2029.

Future Rate Filings

Management monitors the need for rate relief for our regulated entities on an ongoing basis. When capital improvements and/or increases in operation, maintenance or other costs indicate a need for rate relief, base rate increase requests are filed with the respective Public Utility Commissions.

Regulatory Service Matters

Twin Lakes Utilities, LLC (Twin Lakes) provides water services to approximately 115 residential customers in Shohola, Pennsylvania. Pursuant to the Pennsylvania Public Utility Code, Twin Lakes filed a petition requesting the Pennsylvania Public Utilities Commission (PAPUC) to order the acquisition of Twin Lakes by a capable public utility. The PAPUC assigned an Administrative Law Judge (ALJ) to adjudicate the matter and submit a recommended decision (Recommended Decision) to the PAPUC. As part of this legal proceeding the PAPUC also issued an Order in January 2021 appointing a large Pennsylvania based investor-owned water utility as the receiver (the Receiver Utility) of the Twin Lakes system until the petition is fully adjudicated by the PAPUC. In November 2021, the PAPUC issued an Order affirming the ALJ's Recommended Decision, ordering the Receiver Utility to acquire the Twin Lakes water system and for Middlesex, the parent company of Twin Lakes, to submit $1.7 million into an escrow account within 30 days. Twin Lakes immediately filed a Petition For Review (PFR) with the Commonwealth Court of Pennsylvania (the Commonwealth Court) seeking reversal and vacation of the escrow requirement on the grounds that it violates the Pennsylvania Public Utility Code as well as the United States Constitution. In addition, Twin Lakes filed an emergency petition for stay of the PAPUC Order pending the Commonwealth Court's review of the merits arguments contained in Twin Lakes' PFR. In December 2021, the Commonwealth Court granted Twin Lakes' emergency petition, pending its review. In August 2022, the Commonwealth Court issued an opinion upholding PAPUC's November 2021 Order in its entirety. In September 2022, Twin Lakes filed a Petition For Allowance of Appeal (Appeal Petition) to the Supreme Court of Pennsylvania seeking reversal of the Commonwealth Court's decision to uphold the escrow requirement on the grounds that the Commonwealth Court erred in failing to address Twin Lakes' claims that because the $1.7 million escrow requirement placed on Middlesex violated Middlesex's constitutional rights, Middlesex's refusal to submit this escrow payment would jeopardize the relief Twin Lakes was otherwise entitled to in the appointment of the Receiver Utility. In March 2023, the Supreme Court of Pennsylvania issued a decision denying Twin Lakes' Appeal Petition without addressing this claim on the merits. As a result of the Pennsylvania Courts' failure to address Twin

Lakes' claim, Middlesex subsequently filed a Complaint with the United States District Court for the Middle District of Pennsylvania to address the issue of whether the PAPUC's Order violated Middlesex's rights under the United States Constitution. On January 18, 2024, the District Court issued an Order dismissing Middlesex's Complaint without addressing the issue of whether the PAPUC's Order violated Middlesex's rights under the United States Constitution. On January 31, 2024, Middlesex filed a Notice of Appeal of the District Court's decision with the United States Court of Appeals for the Third Circuit.

The financial results, total assets and financial obligations of Twin Lakes are not material to Middlesex.

Water and Wastewater Quality and Environmental Regulations

Government environmental regulatory agencies regulate our operations in New Jersey and Delaware with respect to water supply, treatment and distribution systems and the quality of the water. They also regulate our operations with respect to wastewater collection, treatment and disposal.

Regulations relating to water quality require us to perform tests to ensure our water meets state and federal quality requirements. In addition, government environmental regulatory agencies continuously review current regulations governing the limits of certain organic compounds found in the water as byproducts of the treatment process. We participate in industry-related research to identify technologies that may reduce the level of organic, inorganic and synthetic compounds found in water. The cost to water utilities to comply with any proposed water quality standards depends in part on the limits set in the regulations and on the method selected to treat the water to the required standards. We regularly test our water to determine compliance with government environmental regulatory agencies' water quality standards.

In September 2021, the NJDEP issued a Notice of Non-Compliance (Notice) to Middlesex based on self-reporting by Middlesex that the level of Perfluorooctanoic Acid (PFOA) in water treated at its Park Avenue Plant in South Plainfield, New Jersey exceeded a standard promulgated in a NJDEP regulation that became effective in 2021. Middlesex was required by the regulation to notify its affected customers and complied within the required Notice period in November 2021.

The Notice further required the Company to take any action necessary to comply with the new standard by September 7, 2022. Consequently, in November 2021, the Company implemented an interim solution to meet the Notice requirements, which included putting the Park Avenue Wellfield Treatment Plant in off-line status and obtaining alternate sources of supply. In June 2022, the Company accelerated the in-service date for a portion of the enhanced treatment project based on engineering analysis that allowed a restart of the Park Avenue Wellfield Treatment Plant to ensure continued compliance with all state and federal drinking water standards.

On September 13, 2022, the Company entered into an Administrative Consent Order (ACO) with the NJDEP, which required the Company to take whatever actions necessary to achieve and maintain compliance with applicable regulations. As prescribed in the ACO, the Company was to issue periodic public notifications until the ACO was closed.

In June 2023, the Company completed the permanent construction of the entire Park Avenue Plant treatment upgrades and placed the upgrades into operation in full compliance with the NJDEP PFOA standards. In October 2023, the Company received confirmation from the NJDEP that it has complied with all requirements of the ACO and consequently, the ACO has been closed.

In addition to the enhanced groundwater treatment process for PFOA, we treat the groundwater supplies in our Middlesex System with chlorination for primary disinfection purposes and use air stripping for removal of volatile organic compounds.

Surface water treatment in our Middlesex System is by conventional treatment; coagulation, sedimentation and filtration. The treatment process includes pH adjustment, ozone and chlorination for disinfection, and corrosion control for the distribution system.

Treatment of groundwater in our Tidewater System is by chlorination for disinfection purposes and, in some cases, pH adjustment and filtration for nitrate and iron removal and granular activated carbon filtration for organics removal. Chloramination is used for final disinfection at Southern Shores.

Treatment of groundwater in the Pinelands Water and Fortescue Systems (primary disinfection only) is performed at individual well sites.

Treatment of wastewater in the Pinelands Wastewater System includes the use of rotating biological contactors.

The NJDEP and DEDPH monitor our activities and review the results of water quality tests that are performed for adherence to applicable regulations. Other applicable regulations include the Lead, Copper and Lead Service Line Rules, the Federal Surface Water Treatment Rule and the Federal Total Coliform Rule and regulations for maximum contaminant levels established for various volatile organic compounds.

The Company must comply with various environmental laws and regulations promulgated by the USEPA, NJDEP and other governmental agencies, including the Toxic Catastrophe Prevention Act, the Spill Prevention, Control, and Countermeasure Rule and the Discharge Prevention Program of the New Jersey Spill Compensation and Control Act.

Seasonality

Customer demand for our water during the warmer months is generally greater than other times of the year due primarily to additional consumption of water in connection with irrigation systems, swimming pools, cooling systems and other outside water use. Throughout the year, and particularly during typically warmer months, demand may vary with temperature and rainfall timing and overall levels. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the customer demand for our water may decrease and therefore, adversely affect our revenues.

Management

In May 2023, President and Chief Executive Officer, Dennis W. Doll announced a plan to retire upon turning age 65. On January 23, 2024, the Company named Nadine Leslie as its new President and Chief Executive Officer effective March 1, 2024. Ms. Leslie will also be appointed to the Board of Directors effective March 1, 2024. Mr. Doll will remain Chairman of the Company's Board of Directors through the expiration of his current term as a Director as of the May 21, 2024 Annual Meeting of Shareholders.

This table lists information concerning our executive management team in 2023:

Name	Age	Principal Position(s)
Dennis W. Doll	65	President, Chief Executive Officer and Chairman of the Board of Directors
A. Bruce O'Connor	65	Senior Vice President, Treasurer and Chief Financial Officer
G. Christian Andreasen, Jr.	64	Vice President-Enterprise Engineering
Robert K. Fullagar	57	Vice President-Operations
Lorrie B. Ginegaw	48	Vice President-Human Resources
Jay L. Kooper	51	Vice President-General Counsel and Secretary
Georgia M. Simpson	50	Vice President-Information Technology and Chief Technology Officer
Bernadette M. Sohler	63	Vice President-Corporate Affairs
Bruce E. Patrick	55	President-Tidewater
Robert J. Capko	50	Corporate Controller and Principal Accounting Officer

Dennis W. Doll – Mr. Doll joined the Company as Executive Vice President in November 2004 and was named President and Chief Executive Officer, and a Director of Middlesex, effective January 1, 2006. In May 2010, he was elected Chairman of the Board, also serving as Chairman of the Boards of the Company's subsidiary companies. He is a Past President of the National Association of Water Companies and past Chairman of the Board of the New Jersey Utilities Association, representing the state's electric, gas, water and telecommunications industries. He is a past Chairman of the Board of The Water Research Foundation where he continues to serve as a non-Trustee member of the Audit Committee. He has also served as a Director and member of the Executive Committee of the Board of Directors of the American Water Works Association. He presently serves as Treasurer and member of the Board of Trustees of Court Appointed Special Advocates of Middlesex County, NJ serving the needs of children living in foster care.

A. Bruce O'Connor – Mr. O'Connor, a Certified Public Accountant, joined the Company in 1990 and was named Vice President and Chief Financial Officer in 1996 and Treasurer in 2014. On January 1, 2019, Mr. O'Connor was appointed Senior Vice President of Middlesex. Mr. O'Connor is also the principal financial officer and a Director of all Middlesex subsidiaries.

G. Christian Andreasen, Jr. – Mr. Andreasen, a licensed professional engineer, joined the Company in 1982, was named Assistant Vice President-Enterprise Engineering in January 2019 and promoted to Vice President-Enterprise Engineering in July 2019. He is President and a Director of Pinelands Water and Pinelands Wastewater. Mr. Andreasen serves as a Member and Vice Chair of the NJDEP's Water Supply Advisory Council.

Robert K. Fullagar – Mr. Fullagar, a licensed professional engineer, joined the Company in 1997, was named Assistant Vice President-Operations in January 2019 and promoted to Vice President-Operations in July 2019. He is President and a Director of USA-PA, USA and Twin Lakes. Mr. Fullagar serves as Sector Chair of the New Jersey Infrastructure Advisory Committee and is a Member of the NJDEP's Licensed Operator Advisory Committee.

Lorrie B. Ginegaw – Ms. Ginegaw joined Tidewater in 2004 and in 2007 was promoted to Director of Human Resources for Middlesex. In March 2012, Ms. Ginegaw was named Vice President-Human Resources. Prior to joining the Company, Ms. Ginegaw worked in various human resources positions in the healthcare and transportation/logistics industries. Ms. Ginegaw serves as a volunteer director on the Board of the New Jersey Utilities Association.

Jay L. Kooper – Mr. Kooper joined the Company in 2014 as Vice President and General Counsel and serves as Secretary for the Company and all subsidiaries. Prior to joining the Company, Mr. Kooper held various positions in private and public entities as well as in private law practice, representing electric, gas, water, wastewater, telephone and cable companies as well as municipalities and private clients before 17 state public utility commissions and legislatures, federal agencies and federal and state appellate courts. Mr. Kooper serves as a volunteer director on selected non-profit utility industry-related Boards including the National Association of Water Companies (current Director and Chairman of the New Jersey Chapter) and the New Jersey State Bar Association's Public Utility Law Section (current Consultor and Past Chairman) and on other non-profit boards based in New Jersey, including as President of Temple B'Nai Abraham in Livingston, New Jersey and as a Director of the Crohn's and Colitis Foundation's New Jersey Chapter.

Georgia M. Simpson – Ms. Simpson joined the Company in 2009, was named Assistant Vice President-Information Technology in January 2019 and promoted to Vice President- Information Technology in July 2019. In April 2022, Ms. Simpson was named Chief Technology Officer. Prior to joining the Company, Ms. Simpson held various Information Technology positions and has gained an extensive array of technical and business computer certifications. Ms. Simpson serves as a member of the Delaware Cyber Security Advisory Council, the Society for Information Management, New Jersey chapter and the Project Management Institute, New Jersey chapter.

Bernadette M. Sohler – Ms. Sohler joined the Company in 1994 after having served in several marketing and public relations management positions in the financial services industry. She was named Director of Communications in 2004 and promoted to Vice President-Corporate Affairs in March 2007 and also serves as Vice President of USA. Ms. Sohler is a volunteer director on area Chambers of Commerce and several other non-profit Boards supporting public safety and the arts. She is a past director of the National Association of Water Companies and former Chair of the New Jersey Utilities Association's Communications Committee.

Bruce E. Patrick – Mr. Patrick, a licensed professional engineer, joined Tidewater in February 2002 as Vice President of Engineering. He was promoted to Vice President and General Manager in April 2012, Executive Vice President in April 2023, and President in December 2023. Mr. Patrick has extensive experience in regulatory compliance, permitting, planning and design. Prior to joining Tidewater, he served as Kent County, Delaware Public Works Director and County Engineer where he had overall responsibility for the County's regional wastewater facilities. Mr. Patrick also held prior positions with the Delaware Department of Natural Resources and Environmental Control as well as the Delaware Division of Public Health.

Robert J. Capko – Mr. Capko, a Certified Public Accountant, joined the Company in 2009 as Corporate Controller. On March 28, 2023, Mr. Capko was appointed Principal Accounting Officer of Middlesex. Mr. Capko is also a Director and Treasurer of Tidewater and White Marsh and Controller of USA, USA-PA, Pinelands Water and Pinelands Wastewater. Prior to joining Middlesex, Mr. Capko was an Audit Senior Manager with Deloitte & Touche LLP, with a focus on publicly traded regulated utilities including several regulated public utility clients subject to the jurisdiction of the NJBPU.

ITEM 1A. RISK FACTORS.

Operational Risks

Weather conditions and overuse of underground aquifers may interfere with our sources of water, demand for water services and our ability to supply water to customers.

Our ability to meet current and future water demands of our customers depends on the availability of an adequate supply of water. Unexpected conditions may interfere with our water supply sources. Drought and overuse of underground aquifers may limit the availability of ground and/or surface water. Freezing weather may also contribute to water transmission interruptions caused by water main breakage. Any interruption in our water supply could cause a reduction in our revenue and profitability. These factors may adversely affect our ability to supply water in sufficient quantities to our customers. Governmental drought restrictions may result in decreased customer demand for water services and can adversely affect our revenue and earnings.

Our water sources or water service provided to customers may become contaminated by naturally-occurring or man-made compounds and events. This may cause disruption in services and impose operational and regulatory enforcement costs upon us to restore the water to required levels of quality as well as may damage our reputation and cause private litigation claims against us.

Our sources of water or water in our distribution systems may become contaminated by naturally-occurring or man-made compounds or other events. In the event that any portion of our water supply sources or water distribution systems is contaminated, we may need to interrupt service to our customers until we are able to remediate the contamination or substitute the flow of water from an uncontaminated water source through existing interconnections with other water purveyors or through our transmission and distribution systems, where possible. We may also incur significant costs in treating any contaminated water, or remediating the effects on our treatment and distribution systems, through the use of our current treatment facilities, or development of new treatment methods. Our inability to substitute water supply from an uncontaminated water source, or to adequately treat the contaminated water supply in a cost-effective manner, may reduce our revenues or increase our expenses and make us less profitable.

We may be unable to recover costs associated with treating water supplies through rates or, recovery of these costs may not occur in a timely manner. In addition, we could be subject to claims for damages arising from government enforcement actions or legal actions arising out of interruption of service or perceived human exposure to hazardous substances in our drinking water and water supplies. Such costs could adversely affect our financial results.

Contamination of the water supply or the water service provided to our customers could result in substantial injury or damage to our customers, employees or others and we could be exposed to substantial claims and litigation, which are inherently subject to uncertainties and are potentially subject to unfavorable regulatory and/or legal actions. Negative impacts to our profitability and/or our reputation may occur even if we are not responsible for the contamination or the consequences arising out of human exposure to contamination or hazardous substances in the water supplies. Pending or future claims against us could have a material adverse impact on our financial condition, results of operations and cash flows.

The necessity for ongoing physical and technological security has resulted, and may continue to result, in increased operating costs.

Because of physical and technological threats to the health and security of the United States of America, we employ procedures to review and modify security measures. We provide ongoing training and communications to our employees about threats to our water supply, our assets and related systems and our employees' personal safety. We have incurred, and will continue to incur, costs for security measures in efforts to protect against such risks.

Climate variability may cause weather volatility in the future, which may impact water usage and related revenue or, may require additional expenditures to reduce risk associated with any increasing storm, flood, drought or other weather occurrences.

Increased climate variability may cause increased precipitation and flooding, increased frequency and severity of storms and other weather events, potential degradation of water quality, decreases in available water supply, changes in water usage patterns and disruptions in service. Because of the uncertainty of weather volatility related to climate variability, we cannot predict its potential impact on our financial condition, results of operations, cash flows and liquidity. Although some or all potential expenditures and costs with respect to our regulated businesses could be recovered through rates we charge to our customers, there can be no assurance that the NJBPU or the DEPSC would authorize recovery of such costs, in whole or in part.

Regulatory Risks

Our revenue and earnings depend on the rates we charge our customers. We cannot raise utility rates in our regulated businesses without petitioning the appropriate Public Utility Commissions. If these agencies modify, delay or deny our petition, our revenues will not increase and our earnings will decline unless we are able to reduce costs without degrading service quality.

The NJBPU regulates our public utility companies in New Jersey with respect to rates and charges for service, classification of accounts, awards of new service territory, acquisitions, financings and other matters. That means, for example, that we cannot raise the utility rates we charge to our customers without first petitioning the NJBPU and navigating a lengthy administrative process. Similarly, the DEPSC regulates our public utility companies in Delaware. We cannot provide assurance as to when we will request approval for any such matter, nor can we predict whether these Public Utility Commissions will approve, deny or reduce the amount of such requests.

Certain costs are not completely within our control. The failure to obtain any rate increase would prevent us from increasing our revenues and, unless we are able to reduce costs without degrading service quality, would result in reduced earnings.

We are subject to environmental laws and regulations, including water quality and wastewater effluent quality regulations, as well as other state and local regulations. Compliance with those laws and regulations requires us to incur costs and we are subject to fines or other sanctions for non-compliance.

Government environmental regulatory agencies regulate our operations in New Jersey and Delaware with respect to water supply, treatment and distribution systems and the quality of water. Government environmental regulatory agencies also regulate our operations in New Jersey and Delaware with respect to wastewater collection, treatment and disposal.

Government environmental regulatory agencies' regulations relating to water quality require us to perform expanded types of testing to ensure our water meets state and federal water quality requirements. We are subject to USEPA regulations under the Federal Safe Drinking Water Act and under the Federal Clean Water Act regarding wastewater services. Regulations under the Safe Drinking Water Act include the Lead and Copper Rule, the maximum contaminant levels established for various volatile organic compounds, the Federal Surface Water Treatment Rule and the Total Coliform Rule. There are also similar NJDEP regulations for our New Jersey water systems. The NJDEP and DEDPH monitor our activities and review the results of water quality tests we perform for adherence to applicable regulations. In addition, Government Environmental Regulatory Agencies are continually reviewing regulations governing the limits of certain organic compounds found in the water as byproducts of treatment.

We are also subject to regulations related to fire protection services in New Jersey and Delaware. In New Jersey there is no state-wide fire protection regulatory agency. However, New Jersey regulations exist as to the size of piping required regarding the provision of fire protection services. In Delaware, fire protection is regulated statewide by the Office of State Fire Marshal.

The cost of compliance with the water and wastewater effluent quality standards depends in part on the limits set in the regulations and on the methods selected to comply with these standards. If new or more restrictive standards are imposed, the cost of compliance could increase and therefore, have an adverse impact on our revenues and results of operations if we cannot recover those costs through the rates we charge our customers. The cost of compliance with fire protection requirements could also increase and make us less profitable if we cannot recover those costs through our rates charged to our customers.

The Company must comply with various environmental laws and regulations promulgated by the USEPA, NJDEP and other governmental agencies, including the Toxic Catastrophe Prevention Act, the Spill Prevention, Control, and Countermeasure Rule and the Discharge Prevention Program of the New Jersey Spill Compensation and Control Act. If we fail to comply with environmental or other laws and regulations to which our business is subject, we could be fined or subject to other sanctions, which could adversely impact our business or results of operations.

Financial Risks

We depend upon our ability to raise money in the capital markets to finance some of the costs of complying with laws and regulations, including environmental laws and regulations or to pay for some of the costs of improvements to or the expansion of our utility system assets. Our regulated utility companies cannot issue debt or equity securities without prior regulatory approval.

We require financing from external sources to fund the ongoing capital program for the improvement in our utility system assets and for planned expansion of those systems. We expect to spend approximately $226 million for capital projects through 2026. We must obtain prior approval from our economic regulators to sell debt or equity securities to raise capital for these projects. If sufficient capital is not available, or the cost of capital is too high, or if the regulatory authorities deny our petition to sell debt or equity securities, we may not be able to meet the costs of complying with environmental laws and regulations or the costs of improving and expanding our utility system assets to the level we believe operationally prudent. This may result in the imposition of fines from environmental regulators or restrictions on our operations which could curtail our ability to upgrade or replace utility system assets.

We face competition from other utilities and service providers which might hinder our growth opportunities and mitigate our future profitability.

We face risks of competition from other utilities or other entities authorized by federal, state or local agencies to expand rate-regulated or contracted utility services. Once a state utility regulator grants a franchise to a public utility to serve a specific territory, that utility effectively has an exclusive right to service that territory. Although a new franchise offers some protection against competitors, the pursuit of franchises is often competitive, particularly in Delaware, where new franchises may be awarded to utilities based upon competitive negotiation. Competing entities have challenged, and may challenge in the future, our applications for new franchises. Also, third parties entering into agreements to operate municipal utility systems may adversely affect the management of our long-term agreements to supply water or wastewater services on a contract basis to those municipalities, which could adversely affect our financial results.

We have short-term and long-term contractual obligations for water, wastewater and storm water system operation and maintenance under which we may incur costs in excess of payments received.

USA-PA and USA operate and maintain water and wastewater systems for three New Jersey municipalities under 10-year contracts expiring in 2028, 2030 and 2032, respectively. These contracts do not protect us against incurring costs in excess of revenues we earn pursuant to the contracts. There can be no absolute assurance we will not experience losses resulting from these contracts. Losses under these contracts, or our failure or inability to perform or renew such agreements, may have a material adverse effect on our financial condition and results of operations.

Capital market conditions and key assumptions may adversely impact the value of our postretirement benefit plan assets and liabilities.

Market factors can adversely affect the rate of return on assets held in trusts to satisfy our future postretirement benefit obligations, as well as negatively affect interest rates, which impacts the discount rates used in the determination of our postretirement benefit actuarial valuations. In addition, changes in demographics, such as increases in life expectancy assumptions, can increase future postretirement benefit obligations. Any negative impact to these factors, either individually or a combination thereof, may have a material adverse effect on our financial condition and results of operations.

An element of our growth strategy is the acquisition of water and wastewater assets, operations, contracts or companies. Any pending or future acquisitions we decide to undertake will involve risks.

The acquisition and/or operation of water and wastewater systems is an element of our growth strategy. This strategy depends on identifying suitable opportunities that meet our risk/reward profile and reaching mutually agreeable terms with acquisition candidates or contract parties. Further, acquisitions may result in dilution in the value of our equity securities, incurrence of debt and contingent liabilities and fluctuations in financial results. In addition, the assets, operations, contracts or companies we acquire may not achieve the revenues and profitability projected.

Our ability to achieve organic customer growth in our market area is dependent on the residential building market. New housing starts and home sale closings are one element that impacts our rate of growth and therefore, may not meet our expectations.

We expect our revenues to increase from customer growth for our regulated water operations as a result of anticipated construction, sale and close of new housing units. If housing starts decline, or do not increase as we have projected, or home sales closing cycle times increase as a result of economic conditions or otherwise, the timing and extent of our organic revenue growth may not meet our expectations, our deferred project costs may not produce revenue-generating projects in the timeframes anticipated and our financial results could be negatively impacted.

There can be no assurance we will continue to pay dividends in the future or, if dividends are paid, that they will be in amounts similar to past dividends.

We have paid dividends on our common stock each year since 1912 and have increased the amount of dividends paid each year since 1973. Our earnings, financial condition, capital requirements, applicable regulations and other factors, including the timeliness and adequacy of rate increases, will determine both our ability to pay dividends and the amount of those dividends. There can be no assurance we will continue to pay dividends in the future or, if dividends are paid, that they will be in amounts similar to past dividends.

If we are unable to pay the principal and interest on our indebtedness as it comes due or we default under certain other provisions of our loan documents, our indebtedness could be accelerated and our results of operations and financial condition could be adversely affected.

Our ability to pay the principal and interest on our indebtedness as it comes due will depend upon our current and future performance. Our performance is affected by many factors, some of which are beyond our control.

We believe cash generated from operations and, if necessary, borrowings under existing credit facilities, will be sufficient to enable us to make our debt payments as they become due. If, however, we do not generate sufficient cash, we may be required to refinance our obligations or sell additional equity, which may be on terms that are less favorable than we desire.

No assurance can be given that any refinancing or sale of equity will be possible when needed, or that we will be able to negotiate acceptable terms. In addition, our failure to comply with certain provisions contained in our trust indentures and loan agreements relating to our outstanding indebtedness could lead to a default under these documents, which could result in an acceleration of our indebtedness.

Our business is subject to seasonal fluctuations, which could affect demand for our water service and our revenues.

Demand for our water during the warmer months is generally greater than during colder months due primarily to additional consumption of water in connection with irrigation systems, swimming pools, cooling systems and other outdoor water use. Throughout the year, and particularly during typically warmer months, demand may vary with temperature and rainfall levels. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the demand for our water may decrease and adversely affect our revenues.

General economic conditions may materially and adversely affect our financial condition and results of operations.

Adverse economic conditions could negatively impact our customers' water usage demands, particularly the level of water usage demand by our commercial and industrial customers in our Middlesex System. If water demand by our commercial and industrial customers in our Middlesex System decreases, our financial condition and results of operations could be negatively impacted until completion of a subsequent base rate filing.

The current concentration of our business in central New Jersey and in Delaware makes us susceptible to adverse developments in local regulatory, economic, demographic, competitive and weather conditions.

Our Middlesex System provides water services to customers located primarily in eastern Middlesex County, New Jersey. Water service is provided under wholesale contracts to the Townships of Edison, East Brunswick and Marlboro, the Borough of Highland Park, the Old Bridge Municipal Utilities Authority and the City of Rahway. We also provide water services to customers in the State of Delaware. Our revenues and operating results are therefore subject to local regulatory, economic, demographic, competitive and weather conditions in a relatively concentrated geographic area. A change in any of these conditions could make it more costly for us to conduct our business.

We are subject to anti-takeover measures that may be used to discourage, delay or prevent changes of control that might benefit non-management shareholders.

Subsection 10A of the New Jersey Business Corporation Act, known as the New Jersey Shareholders Protection Act, applies to us. The Shareholders Protection Act deters merger proposals, tender offers or other attempts to effect changes in control that are not approved by our Board of Directors. In addition, we have a classified Board of Directors, which means only a portion of the Director population is elected each year. A classified Board can make it more difficult for an acquirer to gain control of the Company by voting its candidates onto the Board of Directors and may also deter merger proposals and tender offers. Our Board of Directors also has the ability, subject to obtaining NJBPU approval, to issue one or more series of preferred stock having such number of shares, designation, preferences, voting rights, limitations and other rights as the Board of Directors may fix. This could be used by the Board of Directors to discourage, delay or prevent an acquisition the Board of Directors determines is not in the best interest of the common shareholders.

We identified material weaknesses in our internal controls which, if not remediated appropriately or timely, could result in loss of investor confidence and adversely impact our stock price.

Internal controls related to the operation of technology systems are critical to maintaining adequate internal control over financial reporting. During the fourth quarter of 2023, management identified a material weakness in internal control related to ineffective information technology general controls (ITGCs) in the areas of user access and change management over certain information technology (IT) systems that support the Company's financial reporting processes. Certain of those controls were found to be deficient because of a lack of sufficient IT control processes designed to prevent or detect unauthorized changes in applications and data in selected IT environments. In December 2023, management implemented various auditing and monitoring solutions that provide greater transparency into changes made within our IT systems. These control solutions are supported by a timely review process that focuses on the proper authorization and approval of IT system changes. Due to the timing of implementing the solutions, the controls implemented did not operate over a sufficient time period to adequately test and validate the remediation and reassess other ITGCs, which may require further remediation actions. In addition, there were ineffective controls related to income tax accounting for a non-routine transaction, which management has identified as a material weakness in internal controls over financial reporting.

Therefore, management concluded that our internal control over financial reporting was not effective as of December 31, 2023. Until remediation measures are completed, fully tested and determined effective, we will not be able to conclude that the material weaknesses have been remediated. If we are unable to determine that our remediation measures are effective or otherwise remediate the material weaknesses, or are otherwise unable to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process and report financial information accurately, and to prepare financial statements within required time periods, could be adversely affected, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affecting investor confidence in our financial statements and adversely impacting our stock price.

General Risks

We rely on our information technology systems to help manage our operations.

Our information technology systems require periodic modifications, upgrades and/or replacement which subject us to costs and risks including potential disruption of our internal control structure, substantial unanticipated capital expenditures, additional operating expenses, retention of sufficiently skilled personnel and other risks in transitioning to new systems or integrating new systems. A failure to modify, upgrade or replace our information technology systems could have an adverse impact on our business. In addition, challenges implementing new technology systems may cause disruptions in our business operations and have an adverse effect on our business operations.

Our information technology systems may be subject to physical and cyber attacks.

We rely on our computer, information and communications technology systems in connection with the operation of our business, especially with respect to customer service and billing, accounting and, in some cases, the monitoring and operation of our operating facilities. Our computer and communications systems and operations could be damaged or interrupted by natural disasters, cyber-attacks, power loss and internet, telecommunications or data network failures or acts of war or terrorism or similar events or disruptions. Any of these or other events could cause service interruption, delays and loss of critical data or, impede aspects of operations and therefore, adversely affect our financial results.

Cyber-attacks could result in the loss, or compromise, of customer, financial or operational data, disruption of billing, collections or normal field service activities, disruption of electronic monitoring and control of operational systems and delays in financial reporting and other management functions. Possible impacts associated with a cyber-incident may include remediation costs related to lost, stolen, or compromised data, repairs to data processing systems, increased cyber security protection costs, adverse effects on our compliance with regulatory and environmental laws and regulations, including standards for drinking water, litigation and reputational damage.

We depend significantly on the technical and management services of our team, and the departure of any of certain persons could cause our operating results to temporarily be short of our expectations.

Our success depends significantly on the continued individual and collective contributions of our team. If we lose the services of certain members of our team, or are unable to attract and retain qualified personnel in key roles, our operating results could be negatively impacted.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. CYBERSECURITY

Cybersecurity Program

The Company's cybersecurity program is an integral element of the Company's overarching strategic plan. The robustness of the cybersecurity initiatives directly impact the realization of the Company's mission, vision, and goals. Aligned with the National Institute of Standards and Technology Cyber Security Framework, the Company employs a comprehensive "defense-in-depth" strategy, deploying multiple security measures to safeguard its operational environment and data integrity systems.

The Company continually evaluates and refines its cybersecurity program in response to key factors such as evolving threat landscapes, program maturation, gap analysis, and guidance from external security consultants. The Company's cybersecurity program relies on three key pillars: People, Process and Technology (PPT) to deliver a robust cybersecurity program. The cybersecurity program includes various aspects of PPT, including, but not limited to:

- **Technology:** Encryption, threat management, backups, monitoring, investigative support utilizing artificial intelligence embedded tools;
- **Identity and Access Control Management Tools:** Multi-factor authentication, monitoring and alerting of privilege account access;
- **Cybersecurity Processes:** Vulnerability scanning, penetration testing, and periodic assessments conducted by external security consultants;
- **Incident Response Training:** Regularly assessed incident response preparedness through various incident response and disaster recovery exercises; and
- **Cyber Risk Awareness and Training:** Frequent simulation exercises to heighten awareness of cybersecurity threats and educate our user community on preventative measures and reporting protocols. All employees participate in required periodic training with respect to cybersecurity risk and risk mitigation.

Our Chief Technology Officer (CTO), with over 25 years of experience in various disciplines of information technology, oversees the cybersecurity program. Reporting to the Chief Executive Officer, the CTO provides regular briefs to the Board of Directors (the Board) and executive management, informing them about prevention, detection, mitigation, and remediation of cybersecurity incidents, as well as ongoing risks and threats.

In our industry, the continuous functioning of information systems is of the utmost importance. Leveraging information technology systems, we collect, process and safeguard sensitive data and utilize automated tools to operate our plants.

Identified as a critical risk factor, cybersecurity threats encompass potential hazards such as malicious code, employee misconduct, advanced persistent threats, fraud, and phishing attacks. These risks have the potential to lead to information technology system failures, threat to water supply, or compromise of sensitive information.

Our cybersecurity program aims to protect the uninterrupted availability of critical information technology resources. Regular assessments, conducted both internally and by third parties, evaluate our program against industry standards, including the National Institute of Standards and Technology Cybersecurity Standard and the Risk Management Framework.

Although we have not experienced cybersecurity breaches or incidents that have significantly impacted our financial condition, results of operations, or business strategy, the effectiveness of our measures to prevent, detect, mitigate, or recover is based on currently known threats and recovery methods. There is no guarantee that cybersecurity breaches or incidents will not impact our business operations, strategy, financial condition, or operations.

The ever-evolving landscape of cybersecurity threats introduces ongoing challenges. The Company recognizes the increasing frequency and sophistication of these threats. Despite implementing measures to secure operational and technology systems and fostering a culture of continuous improvement, the dynamic nature of cyber-attacks and vulnerabilities implies that these defenses may not be foolproof.

Cybersecurity Risk Management Program and Strategy

Cybersecurity risk management strategy is an integral component of our operations and our overall risk management process. Recognizing the dynamic nature of cybersecurity threats, we have implemented a comprehensive risk management program that aims to identify, assess, and mitigate potential risks. Our strategy involves a proactive approach, incorporating preventative measures, continuous monitoring, and adaptive response mechanisms. We prioritize the safeguarding of our operational network environment, sensitive data, including confidential business information and personal details of our customers and employees. Regular assessments conducted both internally and by third parties ensure our cybersecurity program aligns with industry standards. In addition to a dedicated cybersecurity team, we employ a defense-in-depth strategy, utilizing multiple security measures to protect our information technology system. Collaboration with third-party experts, industry peers and ongoing training initiatives ensures our cybersecurity strategy remains robust and responsive to evolving threats. We understand the importance of maintaining a vigilant and adaptive stance in the ever-evolving landscape of cybersecurity to safeguard our business operations, financial stability, and as a direct result, our overall success.

Key elements of our cybersecurity risk mitigation approach are comprised of:

- A dedicated cybersecurity team;
- Collaboration with a third-party managed detection and response company for 24/7 monitoring and response;
- Cybersecurity insurance to cover a portion of losses and damages resulting from cyber-attacks or security breaches;
- An incident response team that is comprised of various departments required for an effective response;
- Conducting periodic drills and exercises, including industry collaborations and participation from the executive team;
- Continuous information security awareness training and phishing simulation exercises;
- Regular security assessments to address evolving risks and threats;
- Deployment of automation solutions to strengthen detection and response capabilities; and

- Utilizing services offered by the United States Department of Homeland Security to assist with resiliency planning.

Third-Party Relationships
The Company utilizes partners and third-party service providers to help deliver safe and reliable water and wastewater services across its regulated operations. In connection with these relationships, we perform due diligence, cyber risk scoring, cybersecurity related contractual obligations, and periodic reviews of third-party control environments to ensure alignment with the Company's risk exposure, business requirements, and risk tolerances.

We extend our cybersecurity focus to third-party service providers by evaluating and monitoring their cybersecurity risks. High-risk vendors undergo continuous monitoring, and we maintain contractual agreements that mandate our third-party providers' commitment to managing cybersecurity risks, providing incident notifications, and being subject to cybersecurity audits.

Cybersecurity Governance
The Corporate Governance and Nominating Committee of the Board is tasked with overseeing cybersecurity risk. Management, including the CTO, provides regular reports to the Board covering aspects such as risks, threats, the evolving threat landscape, enhancements to the cybersecurity program, and the preparedness of internal responses.

ITEM 2. PROPERTIES.

Utility Plant

The water utility plant in our systems consists of source of supply, pumping, water treatment, transmission and distribution, general facilities and all appurtenances, including all connecting pipes.

The wastewater utility plant in our systems consist of pumping, treatment, collection mains, general facilities and all appurtenances, including all connecting pipes.

We believe our water and wastewater utility plant facilities are sufficient for the operations of the Company.

Middlesex System

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

Water is withdrawn from the Delaware & Raritan Canal at New Brunswick, New Jersey through our intake and pumping station, located on state-owned land bordering the canal. Water is transported through two raw water pipelines for treatment and distribution at our CJO Plant in Edison, New Jersey.

The CJO Plant includes chemical storage and chemical feed equipment, two dual rapid mixing basins, four upflow clarifiers which are also called superpulsators, three ozone contactors, twelve rapid filters containing gravel, sand and anthracite for water treatment and a steel washwater tank. The CJO Plant also includes a computerized Supervisory Control and Data Acquisitions system to monitor and control the CJO Plant and the water supply and distribution system in the Middlesex System. There is a State of New Jersey certified on-site laboratory capable of performing bacteriological, chemical, process control and advanced instrumental chemical sampling and analysis. The firm design capacity of the CJO Plant is 55 mgd (60 mgd maximum capacity). The five electric motor-driven, vertical turbine pumps presently installed have an aggregate capacity of 85 mgd.

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

The transmission and distribution system is comprised of 746 miles of mains and includes 24,300 feet of 48-inch concrete transmission main and 23,400 feet of 42-inch ductile iron transmission main connecting the CJO Plant to our distribution pipe network and related storage facilities. Also included are a 58,600 foot transmission main and a 38,800 foot transmission main, augmented with a long-term, non-exclusive agreement with East Brunswick to transport water through the East Brunswick system to several of our other contract customers.

The Middlesex System's storage facilities consist of a 10 million gallon reservoir at the CJO Plant, 5 million gallon and 2 million gallon reservoirs in Edison and a 2 million gallon reservoir at the Park Avenue Plant.

In New Jersey, we own the properties on which the Middlesex System's 27 wells are located, the properties on which our storage tanks are located as well as the property where the CJO Plant is located. We own our operations center located at 1500 Ronson Road, Iselin, New Jersey, consisting of a 27,000 square foot office building, 16,500 square foot maintenance facility and a 1.96 acre equipment and materials storage and staging yard. We lease 29,036 square feet of commercial office space adjacent to the Ronson Road complex. The leased space, which is under contract through 2028, houses our corporate administrative functions including executive, accounting, customer service and billing, engineering, human resources, information technology and legal.

Tidewater System

The Tidewater System is comprised of 85 production plants that vary in pumping capacity from 46,000 gallons per day to 4.4 mgd. Water is transported to our customers through 917 miles of transmission and distribution mains. Storage facilities include 48 tanks, with an aggregate capacity of 9.9 million gallons. The Delaware office property, located on an eleven-acre parcel owned by White Marsh, consists of two office buildings totaling approximately 17,000 square feet. In addition, Tidewater maintains a field operations center servicing its largest service territory in Sussex County, Delaware. The operations center is located on a 2.9 acre parcel owned by White Marsh, and consists of three buildings totaling approximately 12,000 square feet.

Pinelands Water System

Pinelands Water owns well site and storage properties in Southampton Township, New Jersey. The Pinelands Water storage facility is a 1.3 million gallon standpipe. Water is transported to our customers through 18 miles of transmission and distribution mains.

Pinelands Wastewater System

Pinelands Wastewater owns a 12 acre site on which its 0.5 mgd capacity wastewater treatment plant and connecting pipes are located. Its wastewater collection system is comprised of approximately 24 miles of sewer lines.

Fortescue System

The Fortescue System includes two well sites, which are located in Downe Township, Cumberland County, New Jersey. Water is transported to its customers through our 4.2 mile distribution system.

USA-PA, USA and White Marsh

Our non-regulated subsidiaries, namely USA-PA, USA and White Marsh, do not own utility plant property.

ITEM 3. LEGAL PROCEEDINGS.

In September 2021, the NJDEP issued a Notice to Middlesex based on self-reporting by Middlesex that the level of PFOA in water treated at its Park Avenue Plant in New Jersey exceeded a recently promulgated NJDEP standard effective in 2021. Neither the NJDEP nor Middlesex characterized this exceedance as an acute health emergency. However, Middlesex was required to notify its affected customers and the Company complied in due course. Water currently being delivered to customers is in compliance with all USEPA and NJDEP drinking water standards, including the newly established water quality standard for PFOA.

In 2021, the Company was served with two PFOA-related class action lawsuits seeking restitution for medical, water filter replacement and other claimed related costs. These lawsuits are in the early stages of the legal process and their ultimate resolution cannot be predicted at this time. The following summarizes the legal complaints brought against Middlesex related to this matter:

Vera et al. v. Middlesex Water Company - On October 29, 2021, a complaint was filed in the Superior Court of New Jersey, Middlesex County seeking restitution, equitable and injunctive relief for the costs of (1) seeking medical advice; (2) installing home water filters; (3) purchasing bottled water; and (4) court-supervised medical monitoring/testing going forward. On November 19, 2021, a first amended complaint was filed together with motions for Class Certification and Injunctive Relief. On December 17, 2021, the parties entered into a Stipulation where it was agreed that Plaintiff's motion for injunctive relief would be withdrawn. On February 16, 2022, Middlesex filed a Motion To Dismiss Plaintiffs' complaint for: (1) failure to include an indispensable party, 3M, whom Middlesex claims is the source of the PFOA in the Company's wells; and (2) failure to state legally cognizable claims in support of all of the counts set forth in the complaint. Plaintiff's motion for Class Certification and further discovery was postponed pending the outcome of Middlesex's Motion To Dismiss. On April 21, 2022, the Judge granted Vera's Motion for Class Certification and granted in part and denied in part Middlesex's Motion to Dismiss. On May 4, 2022, the Company impleaded 3M as a third-party defendant in this lawsuit. On July 6, 2022, the Company filed a Motion to Remove this case from New Jersey Superior Court to the United States District Court for the District of New Jersey. Vera challenged Middlesex's Motion To Remove at the United States District Court for the District of New Jersey in an attempt to remand the case back to the Superior Court of New Jersey. On March 21, 2023, the United States District Court for the District of New Jersey issued an order remanding the case back to the Superior Court of New Jersey. Discovery is underway in this matter. On August 29, 2023, the Company executed a settlement agreement with 3M to resolve a lawsuit related to perfluoroalkyl substances in which Middlesex and 3M agreed to enter into joint mediation to resolve this and another PFOA-related class action lawsuit against Middlesex and 3M seeking restitution for medical, water replacement and other claimed related costs. A mediation session among the parties was held on November 17, 2023. The Superior Court of New Jersey has set a deadline of February 29, 2024 for the parties to submit a final settlement agreement with the Court should the parties be able to reach a settlement.

Lonsk et al. v. Middlesex Water Company and 3M Company - On November 9, 2021, a complaint was filed in the United States District Court, District of New Jersey seeking Class Certification and restitution, equitable and injunctive relief for the costs of (1) seeking medical advice; (2) installing home water filters; (3) purchasing bottled water; and (4) all other claimed related costs. On December 23, 2021, the parties agreed to postpone the filing date of Middlesex's and 3M's answers to the complaint to January 14, 2022 at the earliest. This filing date was subsequently further postponed to March 1, 2022. On March 4, 2022, Middlesex filed a Motion to Dismiss Plaintiffs' complaint. On April 15, 2022, Plaintiffs filed an Amended Complaint. On July 7, 2022, this case was reassigned to a new trial judge at the United States District Court for the District of New Jersey. On October 31, 2022, the trial judge in this matter dismissed Middlesex's and 3M's motions to dismiss the Plaintiffs' complaint and Middlesex and 3M filed answers to Plaintiffs' amended complaint on November 21, 2022. On August 29, 2023 the Company executed a settlement agreement with 3M to resolve a lawsuit related to perfluoroalkyl substances in which Middlesex and 3M agreed to enter into a joint mediation, scheduled for November 2023, to resolve this and another PFOA-related class action lawsuit against Middlesex and 3M seeking restitution for medical, water replacement and other claimed related costs. Discovery in this case is currently underway and continues. A mediation session among the parties was held on November 17, 2023. The Superior Court of New jersey has set a deadline of March 4, 2024 for the parties to submit a final settlement agreement with the Court should the parties be able to reach a settlement.

For further discussion of the 3M settlement and the case above, see *Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, Regulatory Notice of Non-Compliance.*

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

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The Company’s common stock is traded on the NASDAQ Stock Market, LLC, under the symbol MSEX. As of December 31, 2023, there were 1,717 holders of record.

The Company has paid dividends on its common stock each year since 1912. The payment of future dividends is contingent upon the future earnings of the Company, its financial condition and other factors deemed relevant by the Board of Directors at its discretion.

If four or more quarterly dividends are in arrears, the preferred shareholders, as a class, are entitled to elect two members to the Board of Directors in addition to Directors elected by holders of the common stock. In the event dividends on the preferred stock are in arrears, no dividends may be declared or paid on the common stock of the Company.

The Company issues shares of its common stock in connection with its Middlesex Water Company Investment Plan (the Investment Plan), a direct share purchase and dividend reinvestment plan for the Company’s common stock. Since the inception of the Investment Plan and its predecessor plan, the Company has periodically replenished the level of authorized shares in the plans. Currently, 0.7 million shares remain registered with the SEC and available for issuance to participants under the Investment Plan. The Company raised approximately $12.1 million through the issuance of shares under the Investment Plan during 2023.

On March 1, 2023, the Company began offering shares of its common stock for purchase at a 3% discount to participants in the Investment Plan. The discount offering ended December 1, 2023. The discount applied to all common stock purchases made under the Investment Plan during that time period, whether by optional cash payment or by dividend reinvestment.

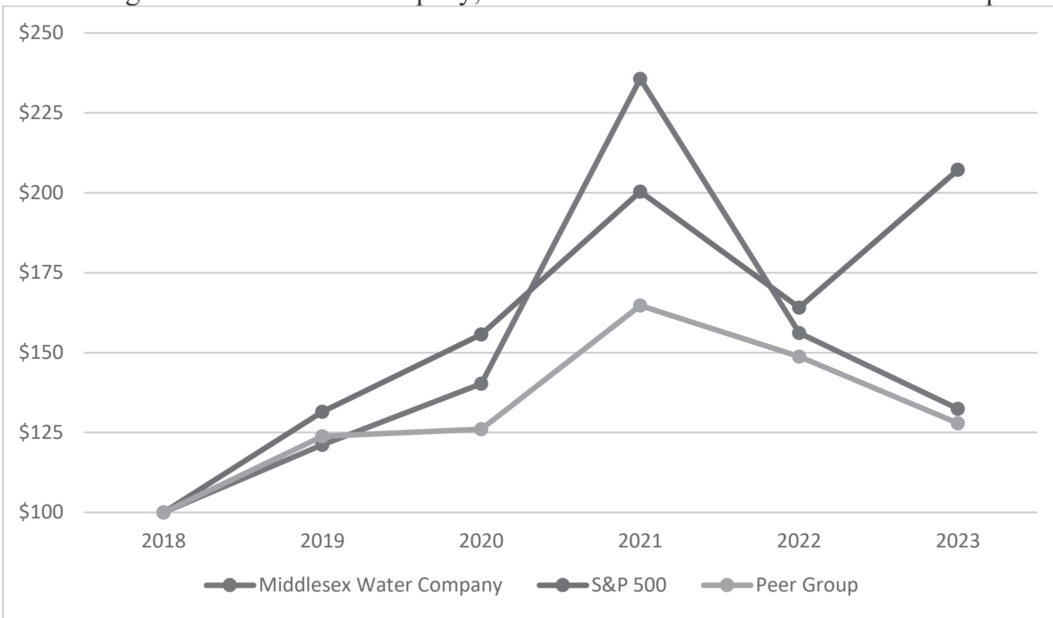
The Company maintains a long-term incentive compensation plan for certain management employees where awards are made in the form of restricted common stock. Shares issued in connection with this plan are subject to forfeiture by the employee in the event of termination of employment for any reason within five years of the award, other than as a result of retirement at normal retirement age, death, disability or change in control. The maximum number of shares authorized for award under this plan is 0.3 million shares, of which approximately 75% remain available for future issuance.

The Company maintains a stock plan for its independent members of the Board of Directors as a component of their compensation. In 2023, shares of the Company’s common stock valued at $0.4 million were granted and issued to the Independent Directors. The maximum number of shares authorized for grant under this plan is 0.1 million. Approximately 42% of the authorized shares remain available for future issuance.

Set forth below is a graph comparing the yearly change in the cumulative total return (which includes reinvestment of dividends) of a $100 investment for the Company’s common stock, a peer group of investor-owned water utilities, and the S&P 500 Stock Index for the period of five years commencing December 31, 2018. The S&P 500 Stock Index measures the stock performance of 500 large companies listed on stock exchanges in the United States.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Among Middlesex Water Company, the S&P 500 Stock Index and a Peer Group*



* Peer group includes American States Water Company, Artesian Resources Corp., California Water Service Group, Global Water Resources Inc, SJW Corp., York Water Company and Middlesex.

	2018	2019	2020	2021	2022	2023
Middlesex Water Company	100.00	121.14	140.27	235.68	156.10	132.41
S&P 500 Stock Index	100.00	131.49	155.68	200.37	164.08	207.21
Peer Group	100.00	123.86	126.00	164.71	148.74	127.88

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the Company's consolidated financial statements and related notes.

Operations

Middlesex Water Company (Middlesex or the Company) has operated as a water utility in New Jersey since 1897 and in Delaware through our wholly-owned subsidiary, Tidewater Utilities, Inc. (Tidewater), since 1992. We are in the business of collecting, treating and distributing water for domestic, commercial, municipal, industrial and fire protection purposes. We operate water and wastewater systems under contract for governmental entities and private entities primarily in New Jersey and Delaware and also provide regulated wastewater services in New Jersey. We are regulated by state public utility commissions as to rates charged to customers for water and wastewater services, as to the quality of water and wastewater services we provide and as to certain other matters in the states in which our regulated subsidiaries operate. 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 public utilities as related to rates and services quality. All municipal or commercial entities whose utility operations are managed by these entities however, are subject to environmental regulation at the federal and state levels.

Our principal 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 sales under contract to municipalities in central New Jersey with a total population of over 0.2 million. Our Fortescue System 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 59,000 retail customers in New Castle, Kent and Sussex Counties, Delaware. Tidewater's subsidiary, White Marsh, services approximately 4,300 customers in Kent and Sussex Counties through various operations and maintenance contracts.

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 response and management of capital projects funded by Perth Amboy.

USA operates the Borough of Avalon, New Jersey's (Avalon) water utility, sewer utility and storm water system under a 10-year operations and maintenance contract expiring in 2032. USA also operates the Borough of Highland Park, New Jersey's (Highland Park) water and wastewater systems under a 10-year operations and maintenance contract expiring in 2030. In addition to performing day-to-day service operations, USA is responsible for emergency response and management of capital projects funded by Avalon and Highland Park. Under a marketing agreement with HomeServe USA Corp. (HomeServe) expiring in 2031, USA offers residential customers in New Jersey and Delaware water and wastewater related services and 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.

Middlesex President and Chief Executive Officer Retirement Announcement and Replacement

In May 2023, President and Chief Executive Officer, Dennis W. Doll announced a plan to retire upon turning age 65. On January 23, 2024, the Company named Nadine Leslie as its new President and Chief Executive Officer effective March 1, 2024. Ms. Leslie will also be appointed to the Board of Directors effective March 1, 2024. Mr.

Doll will remain Chairman of the Company's Board of Directors through the expiration of his current term as a Director as of the May 21, 2024 Annual Meeting of Shareholders.

Regulatory Notice of Non-Compliance

In September 2021, the New Jersey Department of Environmental Protection (NJDEP) issued a Notice of Non-Compliance (Notice) to Middlesex based on self-reporting by Middlesex that the level of Perfluorooctanoic Acid (PFOA) in water treated at its Park Avenue Wellfield Treatment Plant (Park Avenue Plant) in South Plainfield, New Jersey exceeded a standard promulgated in a NJDEP regulation that became effective in 2021. Middlesex was required by the regulation to notify its affected customers and complied within the required Notice period in November 2021.

The Notice further required the Company to take any action necessary to comply with the new standard by September 7, 2022. Consequently, in November 2021, the Company implemented an interim solution to meet the Notice requirements, which included putting the Park Avenue Wellfield Treatment Plant in off-line status and obtaining alternate sources of supply. In June 2022, the Company accelerated the in-service date for a portion of the enhanced treatment project based on engineering analysis that allowed a restart of the Park Avenue Wellfield Treatment Plant to ensure continued compliance with all state and federal drinking water standards.

In September 2022, the Company entered into an Administrative Consent Order (ACO) with the NJDEP, which required the Company to take whatever actions necessary to achieve and maintain compliance with applicable regulations. As prescribed in the ACO, the Company was to issue periodic public notifications until the ACO was closed.

In June 2023, the Company completed the permanent construction of the entire Park Avenue Plant treatment upgrades and placed the upgrades into operation in full compliance with the NJDEP PFOA standards. In October 2023, the Company received confirmation from the NJDEP that it has complied with all requirements of the ACO and consequently, the ACO has been closed.

The Company had previously initiated a lawsuit against 3M Company (3M), in connection with the Company's claim that 3M introduced perfluoroalkyl substances (commonly known as "PFAS"), which include PFOA, into the Company's water supply at its Park Avenue Plant.

On August 29, 2023, Middlesex and 3M executed a settlement agreement (the Settlement Agreement) to resolve the lawsuit. The Settlement Agreement provides that:

- 3M will pay $93.2 million in two installments, one payment of $23.3 million received in December 2023 and one payment of $69.9 million in July 2024. Middlesex is obligated to pay 30% of the proceeds received plus reimbursable out-of-pocket legal expenses to its lawyers as legal fees, or $29.5 million in total;
- Proceeds received from the Settlement Agreement are being used to mitigate the impact of the increase in Middlesex's customer rates approved by the NJBPU and to be implemented March 1, 2024 (for further discussion of Middlesex's base rate increase, see *Rates, Middlesex* below);
- Middlesex, by nature of its status as a U.S. water purveyor impacted by PFAS, was automatically included in a Multi-District Litigation Settlement before the United States District Court for the District of South Carolina in which 3M and other companies (Non-3M Companies) are participants. Middlesex agreed as part of the Settlement Agreement to remain a member of the plaintiff class in order to be eligible to obtain future additional compensation from 3M and the Non-3M Companies for any future remediation which may be required of its water treatment facilities; and
- Middlesex and 3M agreed to enter into a joint mediation, which occurred in November 2023, to resolve two PFOA-related class action lawsuits against Middlesex seeking restitution for medical, water replacement and other claimed related costs. Both Middlesex and 3M are defendants in these lawsuits. These lawsuits remain in the legal process and their ultimate resolution is not known at this time.

Capital Construction Program

The Company's multi-year capital construction program 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 $75 million in 2024 in connection with this plan for projects that include, but are not limited to:

- Replacement of approximately 17,200 linear feet of cast iron 6" water main in the Port Reading and Carteret sections of Woodbridge, New Jersey;
- Replacement of control room and electrical distribution equipment at our The Carl J. Olsen Surface Water Treatment Plant (CJO Plant);
- Supply and storage improvements and installation of emergency generators at several of our Tidewater facilities;
- Construction of residual removal equipment and chemical feed improvements, pumps and a surge mitigation tank as well as other improvements and upgrades at our Park Avenue Plant;
- Upgrades and improvements to our Enterprise Resource Planning System; and
- Various water main replacements and improvements.

Strategy for Growth

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

- Invest in projects, products and services that complement our core water and wastewater competencies;
- 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; and
- Operation of municipal and industrial water and wastewater systems on a contract basis which meet our risk profile.

Rates

Middlesex - In February 2024, Middlesex's petition to the NJBPU, filed in May 2023, seeking permission to increase its base water rates was concluded, based on a negotiated settlement that is expected to increase annual operating revenues by $15.4 million effective March 1, 2024. The approved tariff rates were designed to recover increased operating costs as well as a return on invested capital of $563.1 million, based on an authorized return on common equity of 9.6%. Middlesex has made capital infrastructure investments to ensure prudent upgrade and replacement of its utility assets to support continued regulatory compliance, resilience and overall quality of service. Net proceeds from the 3M Settlement Agreement were used to recover costs for the construction of the Park Avenue Plant PFAS treatment upgrades, including depreciation and carrying costs. The rate case settlement will result in the reclassification of $48.3 million from Regulatory Liabilities to Contributions in Aid of Construction in the March 31, 2024 balance sheet. The Company will also record in the first quarter of 2024 the recovery of $0.7 million and $2.4 million of prior year depreciation and carrying costs, respectively, as well as the recovery of $1.4 million of prior year costs which were associated with the interim solution to comply with the Notice, all of which were approved in the rate case settlement. For further information on the 3M Settlement Agreement, see *Regulatory Notice of Non-Compliance* above**.**

In January 2024, the NJBPU approved Middlesex's petition for the proposed cost recovery of its Lead Service Line Replacement (LSLR) Plan and cost recovery of project costs associated with replacing Middlesex customer-owned lead service lines. Replacement of Middlesex and Middlesex customer-owned lead service lines is required by the New Jersey LSLR Law. Under this legislation, the costs associated with replacing customer-owned lead service lines are recoverable through future customer surcharges. Cost recovery for replacing Company-owned lead service lines are recoverable through traditional base rate case filings. The current estimates for replacement of Middlesex and Middlesex customer-owned lead service lines are approximately $46 million to $77 million over a nine-year period.

In October 2023, the NJBPU approved Middlesex's petition for a Distribution System Improvement Charge (DSIC) Foundation Filing, which is a prerequisite to implementing a DSIC rate that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements to their water distribution system made between base rate proceedings. Middlesex is authorized to recover DSIC revenues up to five percent (5%) of total revenues established in Middlesex's 2021 base rate proceeding, or approximately $5.5 million. Semi-annually, beginning in April 2024, the Company must file for a change in its DSIC rate seeking recovery for DSIC-eligible investments made during the period. DSIC rates remain in effect until Middlesex's next base rate case increase subsequent to the March 1, 2024 increase. Under the terms of the Foundational filing, the Company is required to file a base rate petition before November 2026.

In September 2022, the NJBPU approved Middlesex's Emergency Relief Motion to reset its Purchased Water Adjustment Clause (PWAC) tariff rate to recover additional costs of $2.7 million for the purchase of treated water from a non-affiliated water utility. A PWAC is a rate mechanism that allows for recovery of increased purchased water costs between base rate case filings. The increase, effective October 1, 2022, was on an interim basis and subject to refund with interest, pending final resolution of this matter, which the NJBPU provided in August 2023. In connection with the full recovery of the $2.7 million of additional costs, Middlesex reset its PWAC rate to zero in October 2023.

In December 2021, Middlesex's petition to the NJBPU seeking permission to increase its base water rates was concluded, based on a negotiated settlement, resulting in an expected increase in annual operating revenues of $27.7 million. The approved tariff rates were designed to recover increased operating costs, as well as a return on invested capital of $513.5 million, based on an authorized return on common equity of 9.6%. The increase was implemented in two phases with $20.7 million of the increase effective January 1, 2022 and the remaining $7.0 million effective January 1, 2023. As part of the negotiated settlement, the PWAC was reset to zero.

Tidewater - In December 2023, the DEPSC approved Tidewater's application to implement a new DSIC. Effective January 1, 2024, Tidewater implemented a DSIC rate of 3.71%, which is expected to generate revenue of approximately $1.3 million annually. A Delaware DISC is subject to a semi-annual reset with an overall maximum rate of 7.5%.

In October 2023, the DEPSC issued an Order that made a temporary base rate reduction permanent. The initial DEPSC order required Tidewater to reduce its base rates charged to general metered and private fire customers by 6.0%, effective for service rendered on and after September 1, 2022. The rate reduction was ordered as a result of Tidewater earning in excess of its authorized return, and resulted in reduced annual revenues of approximately $2.1 million in 2023.

In March 2021, Tidewater was notified by the DEPSC that it had determined Tidewater's earned rate of return exceeded the rate of return authorized by the DEPSC. Consequently, Tidewater reset its DSIC rate to zero effective April 1, 2021 and refunded approximately $1.0 million to customers primarily in the form of an account credit for DSIC revenue previously billed between April 1, 2020 and March 31, 2021.

Pinelands - In April 2023, Pinelands Water and Pinelands Wastewater concluded their base rate case matters when the NJBPU approved a combined $1.0 million increase in annual base rates, effective April 15, 2023. The requests were necessitated by capital infrastructure investments the companies have made as well as increased operations and maintenance costs.

Southern Shores - Effective January 1, 2020, the DEPSC approved the renewal of a multi-year agreement for water service to a 2,200 unit condominium community we serve in Sussex County, Delaware. Under the agreement, current rates were to remain in effect until December 31, 2024, unless there are unanticipated capital expenditures or regulatory related changes in operating expenses exceeding certain thresholds during this time period. In 2022, capital expenditures did exceed the established threshold and rates were increased by 5.39% effective January 1, 2023. Beginning in 2025 and thereafter, inflation-based rate increases cannot exceed the lesser of the regional

Consumer Price Index or 3%. Inflation based increases are in addition to the threshold rate increases. The agreement expires on December 31, 2029.

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). Weather patterns which can result in lower customer demand for water may occur in 2024. As operating costs are anticipated to increase in 2024 in a variety of categories, 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.

Our investments in system infrastructure continue to grow significantly and our operating costs are anticipated to increase in 2024 and 2025 in a variety of categories. These factors, among others, may require base rate increase requests filings by Tidewater, Pinelands Water and Pinelands Wastewater later in 2024.

Overall, organic residential customer growth continues in our Tidewater system (approximately 4% in 2023). However, current and evolving economic market conditions may challenge that growth.

Builders and developers in Tidewater's service areas are experiencing lower home starts and longer home sales closing cycles due to supply chain issues, which may be further affected by inflationary trends on housing construction materials and mortgage interest rates.

The Company has projected to spend approximately $226 million for the 2024-2026 capital investment program, including approximately $15 million for replacement of a thirty inch main in our Middlesex System, $9 million for LSLR compliance in the Middlesex System, $34 million on the RENEW Program, which is our ongoing initiative to replace water mains in the Middlesex System, $6 million for evaluation of PFAS treatment at our CJO Plant and $7 million for control room and electrical distribution equipment at our CJO Plant.

Operating Results by Segment

The Company has two operating segments, Regulated and Non-Regulated. Our Regulated segment contributed approximately 93%, 93% and 91% of total revenues for the years ended December 31, 2023, 2022 and 2021, respectively, and approximately 92%, 93% and 93% of net income for the years ended December 31, 2023, 2022 and 2021, respectively . The discussion of the Company's results of operations is on a consolidated basis and includes significant factors by subsidiary. The segments in the tables included below are comprised of the following companies: Regulated- Middlesex, Tidewater, Pinelands and Southern Shores; Non-Regulated- USA, USA-PA, and White Marsh.

Results of Operations for 2023 as Compared to 2022

	(In Millions) Years Ended December 31,					
	2023			2022		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	$154.0	$12.3	$166.3	$150.6	$11.8	$162.4
Operations and maintenance expenses	74.8	8.4	83.2	70.8	8.3	79.1
Depreciation expense	24.9	0.3	25.2	22.8	0.2	23.0
Other taxes	18.5	0.2	18.7	18.0	0.2	18.2
Gain on Sale of Subsidiary	-	-	-	5.2	-	5.2
Operating income	35.8	3.4	39.2	44.2	3.1	47.3
Other income (expense), net	6.3	0.2	6.5	7.4	0.3	7.7
Interest expense	13.1	-	13.1	9.4	-	9.4
Income taxes	(0.1)	1.1	1.0	2.0	1.2	3.2
Net income	$29.1	$2.5	$31.6	$40.2	$2.2	$42.4

Operating Revenues

Operating revenues for the year ended December 31, 2023 increased $3.8 million from the same period in 2022 due to the following factors:

- Middlesex System revenues increased by $4.2 million due to the implementation of the final phase of the 2021 base rate case increase on January 1, 2023 and the PWAC rate increase offset by lower weather-driven demand across all customer classes (for further discussion of Middlesex's 2021 base and PWAC rate increases, see *Rates, Middlesex* above);
- Tidewater System revenues decreased by $0.9 million due to a DEPSC ordered rate reduction in September 2022, lower customer connection fees and lower weather-driven customer demand partially offset by an increase in customers (for further information on the Tidewater rate reduction, see *Rates, Tidewater* above*)*;
- Pinelands System revenues increased $0.2 million due to the implementation of a base rate increase effective April 15, 2023 (for further discussion of Pinelands 2023 base rate increase, see *Rates, Pinelands* above) ; and
- Non-regulated revenues increased $0.3 million, primarily due to higher supplemental contract services.

Operation and Maintenance Expense

Operation and maintenance expenses for the year ended December 31, 2023 increased $4.0 million from the same period in 2022 due to the following factors:

- Variable production costs increased $2.9 million primarily due to weather-driven changes in water quality and higher chemical prices;
- Outside service costs rose by $0.9 million primarily due to production instrumentation calibration activities;
- Labor cost increased $0.7 million due to wage increases;
- Bad debt expense increased $0.4 million due to higher anticipated customer receivable write-offs;
- Non-regulated expenses increased $0.2 million due to additional billable supplemental service expenses;
- Lower weather-related main break activity in our Middlesex System during the winter months resulted in $0.8 million of decreased non-labor costs; and
- All other operation and maintenance expense categories decreased $0.3 million.

Depreciation

Depreciation expense for the year ended December 31, 2023 increased $2.2 million from the same period in 2022 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the year ended December 31, 2023 increased $0.5 million from the same period in 2022 primarily due to higher revenue related taxes on increased revenues in our Middlesex system.

Gain on Sale of Subsidiary

Middlesex recognized a $5.2 million gain on the sale of its regulated Delaware wastewater subsidiary in January 2022.

Other Income, net

Other Income, net for the year ended December 31, 2023 decreased $1.2 million from the same period in 2022 primarily due to lower actuarially-determined retirement benefit plans non-service benefit.

Interest Charges

Interest charges for the year ended December 31, 2023 increased $3.8 million from the same period in 2022 due to higher average debt outstanding and higher average interest rates in 2023 as compared to 2022.

Income Taxes

Income taxes for the year ended December 31, 2023 decreased by $2.2 million from the same period in 2022, primarily due to greater income tax benefits associated with increased repair expenditures on tangible property in the Middlesex System and lower pretax income due to gain on the sale of a subsidiary in 2022.

Net Income and Earnings Per Share

Net income for the year ended December 31, 2023 decreased $10.9 million as compared with the same period in 2022. Basic earnings per share were $1.77 and $2.40 for the years ended December 31, 2023 and 2022, respectively. Diluted earnings per share were $1.76 and $2.39 for the years ended December 31, 2023 and 2022, respectively.

Results of Operations for 2022 as Compared to 2021

	Years Ended December 31,					
	2022			2021		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	$150.6	$11.8	$162.4	$130.8	$12.3	$143.1
Operations and maintenance expenses	70.8	8.3	79.1	65.4	8.3	73.7
Depreciation expense	22.8	0.2	23.0	20.9	0.2	21.1
Other taxes	18.0	0.2	18.2	14.9	0.2	15.1
Gain on Sale of Subsidiary	5.2	-	5.2	-	-	-
Operating income	44.2	3.1	47.3	29.6	3.6	33.2
Other income (expense), net	7.4	0.3	7.7	5.6	0.3	5.9
Interest expense	9.4	-	9.4	8.1	-	8.1
Income taxes	2.0	1.2	3.2	(6.7)	1.2	(5.5)
Net income	$40.2	$2.2	$42.4	$33.8	$2.7	$36.5

Operating Revenues

Operating revenues for the year ended December 31, 2022 increased $19.3 million from the same period in 2021 due to the following factors:

- Middlesex System revenues increased by $21.6 million due to the approved 2022 base rate and PWAC rate increases and higher weather driven demand across all customer classes (for further discussion of Middlesex's 2021 base rate and PWAC rate increases see *Rates, Middlesex* above);
- Tidewater System revenues increased $0.9 million due to additional customers and a one-time customer credit issued in 2021 partially offset by a DEPSC ordered 2022 rate reduction (for further information on the one-time credit and rate reduction, see *Rates, Tidewater* above);
- The sale of our regulated Delaware wastewater subsidiary in January 2022 reduced revenues by $2.7 million;
- Non-regulated revenues decreased $0.4 million, primarily due to lower supplemental contract services; and
- All other revenue categories decreased $0.1 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the year ended December 31, 2022 increased $5.4 million from the same period in 2021 due to the following factors:

- Labor cost increased $1.5 million due to wage increases;
- Variable production costs increased $1.2 million primarily due to increased production, weather-driven changes in water quality and higher chemical prices;
- Costs for employee benefits increased $1.0 million due to market fluctuations in the cash surrender value of life insurance policies and higher health insurance premiums;
- Higher weather-related main break activity in our Middlesex system during the winter months resulted in $0.6 million of additional non-labor costs;
- Equipment repairs and maintenance costs increased by $0.5 million;
- Transportation expenses increased $0.3 million due to higher fuel prices;
- Costs associated with the NJDEP PFOA customer notification process resulted in $0.2 million of additional expense (for further information on this matter, see *Regulatory Notice of Non-Compliance* above); and
- All other operation and maintenance expense categories increased $0.1 million.

Depreciation

Depreciation expense for the year ended December 31, 2022 increased $1.9 million from the same period in 2021 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the year ended December 31, 2022 increased $3.0 million from the same period in 2021 primarily due to higher revenue related taxes on increased revenues in our Middlesex system.

Gain on Sale of Subsidiary

Middlesex recognized a $5.2 million gain on the sale of its regulated Delaware wastewater subsidiary in January 2022.

Other Income, net

Other Income, net for the year ended December 31, 2022 increased $1.8 million from the same period in 2021 primarily due to higher actuarially-determined retirement benefit plans non-service benefit partially offset by lower AFUDC resulting from a reduced level of capital projects under construction.

Interest Charges

Interest charges for the year ended December 31, 2022 increased $1.3 million from the same period in 2021 due to higher average debt outstanding and higher average interest rates in 2022 as compared to 2021 .

Income Taxes

Income taxes for the year ended December 31, 2022 increased by $8.7 million from the same period in 2021, primarily due to income taxes on the gain on the sale of a subsidiary and the expiration of income tax benefits associated with the adoption of Internal Revenue Service tangible property regulations as Middlesex was required by the NJBPU to account for the benefit of adopting these regulations over 48 months beginning in 2018. Partially offsetting these increases were greater income tax benefits associated with increased repair expenditures on tangible property in the Middlesex system.

Net Income and Earnings Per Share

Net income for the year ended December 31, 2022 increased $5.9 million as compared with the same period in 2021. Basic earnings per share were $2.40 and $2.08 for the years ended December 31, 2022 and 2021, respectively. Diluted earnings per share were $2.39 and $2.07 for the years ended December 31, 2022 and 2021, respectively (for further discussion of Middlesex's 2022 rate increase, see *Rates, Middlesex* above).

Liquidity and Capital Resources

Cash Flows from Operating Activities

Cash flows from operating activities are largely influenced by four factors: weather, adequate and timely rate increases, effective cost management and customer growth. The effect of those factors on net income is discussed in the Results of Operations section above.

For the year ended December 31, 2023, cash flows from operating activities decreased $8.6 million to $52.8 million. The decrease in cash flows from operating activities primarily resulted from lower net income and higher interest payments.

Increases in certain operating costs impact our liquidity and capital resources. We continually monitor the need for timely rate filing to minimize the lag between the time we experience increased operating costs and capital expenditures and the time we receive appropriate rate relief. There can be no assurances however that our regulated subsidiaries' respective utility commissions will approve base water and/or wastewater rate increase requests in whole or in part or when the decisions will be rendered.

Cash Flows from Investing Activities

For the year ended December 31, 2023, cash flows used in investing activities increased $2.0 million to $90.2 million, which was attributable to cash received from the sale of Middlesex's regulated wastewater subsidiary in January 2022 partially offset by lower utility plant expenditures.

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

Cash Flows from Financing Activities

For the year ended December 31, 2023, cash flows provided by financing activities increased $8.8 million to $36.0 million. The increase in cash flows provided by financing activities is due to an increase in net borrowings and higher proceeds from the issuance of common stock under the Investment Plan partially offset by increased common stock dividend payments.

For further discussion on the Company's short-term and long-term debt, see "*Sources of Liquidity*" below.

Capital Expenditures and Commitments

To fund our capital program, we use internally generated funds, short-term and long-term debt borrowings, proceeds from sales of common stock under the Investment Plan and, when market conditions are favorable, proceeds from sales to the public of our common stock.

The table below summarizes our estimated capital expenditures for the years 2024-2026.

	(Millions)			
	2024	**2025**	**2026**	**2024-2026**
Distribution/Network System	$ 43	$ 55	$ 50	$ 148
Production System	23	18	11	52
Information Technology (IT) Systems	3	2	3	8
Other	6	6	6	18
Total Estimated Capital Expenditures	$ 75	$ 81	$ 70	$ 226

Our estimated capital expenditures for the items listed above are primarily comprised of the following:

- Distribution/Network System - Includes projects associated with replacement, installation and relocation of water mains and service lines and wastewater collection systems, construction of water storage tanks, installation and replacement of hydrants, meters and meter pits and the RENEW Program. RENEW is our ongoing initiative to replace water mains in the Middlesex System. In connection with RENEW, we expect to spend approximately $11 million in each of 2024 and 2025, and $12 million in 2026.
- Production System - Includes projects associated with our treatment plants, including approximately $2.0 million of expenditures for PFAS treatment upgrades and $6.8 million for replacement of existing motor control center and electrical distribution equipment in our Middlesex system, and $3.6 million of various treatment projects in our Tidewater system in 2024.
- Information Technology (IT) Systems - Includes further upgrade of our enterprise resource planning system and hardware and software purchases for other IT systems.
- Other - Includes purchase of transportation equipment, tools, furniture, laboratory equipment, security systems and other general infrastructure needs including improvements to field and inventory management facilities in Iselin, New Jersey.

The actual amount and timing of capital expenditures is dependent on the need for replacement of existing infrastructure, customer growth, residential new home construction and sales, project scheduling and continued refinement of project scope and costs.

To pay for our capital program in 2024, we estimate we will utilize some or all of the following:

- Internally generated funds;
- Short-term borrowings, as needed, through $140 million of available lines of credit with several financial institutions. As of December 31, 2023, $42.8 million was outstanding under these lines of credit (see discussion under "*Sources of Liquidity-Short-term Debt*" below);
- Proceeds from the Delaware State Revolving Fund (SRF) Program. SRF programs provide low cost financing for projects meeting certain water quality and system improvement benchmarks (see discussion under "*Sources of Liquidity-Long-term Debt*" below);
- Proceeds from other long-term borrowings (see discussion under "*Sources of Liquidity-Long-term Debt*" below); and
- Proceeds from common stock sales through the Middlesex Water Company Investment Plan (the Investment Plan) (see discussion under "*Sources of Liquidity-Common Stock*" below).

Sources of Liquidity

Short-term Debt - In January 2022, the Company increased available lines of credit from $110 million to $140 million. The outstanding borrowings under the credit lines at December 31, 2023 were $42.8 million, at a weighted average interest rate of 6.50%.

The weighted average daily amounts of borrowings outstanding under the credit lines and the weighted average interest rates on those amounts were $35.7 million and $28.9 million at 6.13% and 3.34 % for the years ended December 31, 2023 and 2022, respectively.

Long-term Debt - Subject to regulatory approval, the Company periodically issues long-term debt to fund investments in utility plant. To the extent possible and fiscally prudent, the Company finances qualifying capital projects under SRF loan programs in New Jersey and Delaware. These government programs provide financing at interest rates 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) and submit requisitions for cost reimbursements over the life of the construction period. 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. As a result of revised project funding priority ranking for the NJIB SRF Program, the Company has no current projects in the NJIB SRF program. However, it is seeking to have Middlesex's LSLR Project added to the qualified list in order to borrow under the NJIB SRF program.

Under the Delaware SRF program, borrowers typically 1) enter into a long-term note agreement for a term not to exceed twenty years, 2) submit requisitions for cost reimbursements during the construction period for up to two years after the agreement is executed and 3) as the proceeds are received from the requisitions, Tidewater records a corresponding debt obligation amount.

In April 2023, Middlesex received approval from the NJBPU to borrow up to $300.0 million from the New Jersey SRF Program, the New Jersey Economic Development Authority, private placement and other financial institutions as needed through December 31, 2025. The Company may issue debt securities in a series of one or more transaction offerings to help fund Middlesex's multi-year capital construction program.

In March 2023, Middlesex closed on a $40.0 million, 5.24% private placement of First Mortgage Bonds (FMBs) with a 2043 maturity date designated as Series 2023A. Proceeds were used to reduce the Company's outstanding balances under its bank lines of credit.

In May 2022, Middlesex repaid its two outstanding NJIB construction loans by issuing FMBs to the NJIB under two loan agreements. The total amount of FMBs issued is $52.2 million and designated as Series 2022A ($16.2 million) and Series 2022B ($36.0 million). The interest rate on the Series 2022A bond is zero and the interest rate on the Series 2022B bond ranges between 2.7% and 3.0%. The final maturity date for both FMBs is August 1, 2056, with scheduled debt service payments over the life of these loans.

In November 2021, Middlesex closed on a $19.5 million, 2.79% private placement of FMBs with a 2041 maturity date designated as Series 2021A. Proceeds were used to reduce the Company's outstanding balances under its lines of credit.

In June 2021, Middlesex received approval from the NJBPU to redeem up to $45.5 million of outstanding FMBs, specifically Series RR ($22.5 million) and Series SS ($23.0 million), and issue replacement FMBs at an overall lower cost of debt. In November 2021, Middlesex closed on a $45.5 million, 2.90% private placement of FMBs, designated as Series 2021B with a 2051 maturity date to effectuate the redemptions.

In May 2023, Tidewater closed on a $20.0 million loan from CoBank, ACB (CoBank) with an interest rate of 5.71% and a 2033 maturity date and fully drew all funds by June 30, 2023. Proceeds from the loan were used to pay off Tidewater's outstanding balances under its bank lines of credit and for other general corporate purposes.

In April 2023, Tidewater closed on three DEPSC-approved Delaware SRF loans totaling $10.2 million, all at interest rates of 2.0% with maturity dates in 2043 and 2044. These loans are for the construction, relocation, improvement, and/or interconnection of transmission mains. Tidewater has drawn a total of $6.1 million through December 31, 2023 and expects that the requisitions will continue through mid-2025.

In December 2021, Tidewater closed on a DEPSC-approved $5.0 million Delaware SRF loan at an interest rate of 2.0%. The loan was for construction of a one million gallon elevated storage tank. Through December 31, 2023, Tidewater has drawn a total of $4.8 million and expects that the requisitions will continue through the first quarter of 2024. The final maturity date on the loan is 2044.

In September 2021, Tidewater completed its $20 million secured borrowing with CoBank, at an interest rate of 3.94% and a 2046 maturity date. Proceeds from the loan were used to pay off its outstanding balances under its bank lines of credit.

In July 2023, Pinelands Water and Pinelands Wastewater closed on $3.9 million and $3.6 million CoBank amortizing mortgage type loans, respectively, with an interest rate of 6.17% and a final maturity date of 2043 for each loan. Proceeds were used to pay off outstanding intercompany loans with Middlesex and for ongoing capital projects.

Substantially all of the utility plant of the Company is subject to the lien of its mortgage, which includes debt service and capital ratio covenants. The Company is in compliance with all of its mortgage covenants

Common Stock - The Company issues shares of its common stock in connection with the Investment Plan, a direct share purchase and dividend reinvestment plan for the Company's common stock. The Company raised approximately $12.1 million through the issuance of shares under the Investment Plan during 2023. In May 2023, Middlesex received approval from the NJBPU to increase the number of authorized shares under the Investment Plan by 0.7 million shares. Currently, 0.7 million shares remain registered with the United States Securities and Exchange Commission and available for issuance to participants under the Investment Plan. On March 1, 2023, the Company began offering shares of its common stock for purchase at a 3% discount to participants in the Investment Plan. The discount offering ended December 1, 2023. The discount applied to all common stock purchases made under the Investment Plan during that time period, whether by optional cash payment or by dividend reinvestment.

In order to fully fund the ongoing capital investment program and maintain a balanced capital structure required for a regulated water utility, Middlesex may offer for sale additional shares of its common stock. The amount, the timing and the sales method of the common stock is dependent on the timing of the construction expenditures, the level of additional debt financing and financial market conditions. Common stock offerings will occur as needed to maintain a balanced capital structure as we continue on a parallel path with future debt offerings.

In April 2023, Middlesex received approval from the NJBPU to issue and sell up to 1.0 million shares of its common stock, without par value, through December 31, 2025. 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 above in "Long-term Debt", the NJBPU also approved the debt funding component of the financing plan.

Contractual Obligations

In the course of normal business activities, the Company enters into a variety of contractual obligations and commercial commitments. Some result in direct obligations on the Company's balance sheet while others are commitments, some firm and some based on uncertainties, which are disclosed in the Company's consolidated financial statements.

The table below presents our known contractual obligations for the periods specified as of December 31, 2023.

	Payment Due by Period (Millions of Dollars)				
	Total	Less than 1 Year	2-3 Years	4-5 Years	More than 5 Years
Long-term Debt	$ 365	$ 8	$ 15	$ 14	$ 328
Note Payable	43	43	-	-	-
Interest on Long-Term Debt	260	12	24	23	201
Purchased Water Contracts	97	7	11	7	72
Commercial Office Leases	6	1	2	2	1
TOTAL	$ 771	$ 71	$ 52	$ 46	$ 602

The table above does not reflect any anticipated cash payments for retirement benefit plan obligations. The effect on the timing and amount of these payments resulting from potential changes in actuarial assumptions and returns on plan assets cannot be estimated. In 2023, the Company contributed $1.3 million to its retirement benefit plans and expects to contribute approximately $1.8 million in 2024.

We do not currently have, nor have we ever had, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements, or for other contractually narrow or limited purposes. In addition, we do not engage in trading activities involving non-exchange traded contracts.

Critical Accounting Policies and Estimates

The application of accounting policies and standards often requires the use of estimates, assumptions and judgments. The Company regularly evaluates these estimates, assumptions and judgments, including those related to the calculation of pension and other retirement benefits, unbilled revenues, and the recoverability of certain assets, including regulatory assets. The Company bases its estimates, assumptions and judgments on historical experience and current operating environment. Changes in any of the variables that are used for the Company's estimates, assumptions and judgments may lead to significantly different financial statement results.

Our critical accounting policies and estimates are set forth below.

Regulatory Accounting

We maintain our books and records in accordance with accounting principles generally accepted in the United States of America. Middlesex and certain of its subsidiaries are subject to regulation in the states in which they operate. Those companies are required to maintain their accounts in accordance with regulatory authorities' rules and guidelines, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance in the Financial Accounting Standards Board Accounting Standards Codification Topic 980 *Regulated Operations* (Regulatory Accounting).

In accordance with Regulatory Accounting, costs and obligations are deferred if it is probable that these items will be recognized for rate-making purposes in future rates. Accordingly, we have recorded costs and obligations, which will be amortized over various future periods. Any change in the assessment of the probability of rate-making treatment would require us to change the accounting treatment of the deferred item. We have no reason to believe any of the deferred items that are recorded will be treated differently by the regulators in the future.

Revenues

Revenues from our regulated customers, which include amounts billed quarterly to residential customers and monthly to industrial, commercial, fire-protection and wholesale customers, also include unbilled amounts based upon estimated usage from the date of the last meter reading to the end of the accounting period. While actual usage for customers may differ from the estimate, we believe the overall total estimate of consumption and revenue for the fiscal period will not differ materially from actual consumption.

Retirement Benefit Plans

We maintain a noncontributory defined benefit pension plan (Pension Plan) which covers all currently active employees hired prior to April 1, 2007. In addition, the Company maintains an unfunded supplemental plan for certain executive officers.

The Company has a retirement benefit plan other than pensions (Other Benefits Plan) for substantially all of its retired employees. Employees hired after March 31, 2007 are not eligible to participate in the Other Benefits Plan. Coverage includes healthcare and life insurance.

The costs for providing retirement benefits are dependent upon numerous factors, including actual plan experience and assumptions of future experience. Future retirement benefit plan obligations and expense will depend on future investment performance, changes in future discount rates and various other demographic factors related to the population participating in the Company's retirement benefit plans, all of which can change significantly in future years.

The primary assumptions used for determining future retirement benefit plans' obligations and costs, which are reviewed and revised as needed each year, are as follows:

- Discount Rate - calculated based on market rates for long-term, high-quality corporate bonds specific to the expected duration of our Pension Plan and Other Benefits Plan's liabilities;
- Compensation Increase - based on management projected future employee compensation increases;
- Long-Term Rate of Return - determined based on expected returns from our asset allocation for our Pension Plan and Other Benefits Plan assets;
- Mortality - The Company utilizes the Society of Actuaries' mortality table (Pri-2012) (Mortality Improvement Scale MP-2021); and
- Healthcare Cost Trend Rate - based on management projected future healthcare costs.

The discount rate, compensation increase rate and long-term rate of return used to determine future obligations of our retirement benefit plans as of December 31, 2023 are as follows:

	Pension Plan	Other Benefits Plan
Discount Rate	4.79%	4.79%
Compensation Increase	3.00%	3.00%
Long-term Rate of Return	7.00%	7.00%

For the 2023 valuation, costs and obligations for our Other Benefits Plan assumed an 7.5% annual rate of increase in the per capita cost of covered healthcare benefits in 2024 with the annual rate of increase declining 0.5% per year for 2025-2030, resulting in an annual rate of increase in the per capita cost of covered healthcare benefits of 4.5% by year 2030.

The following is a sensitivity analysis for certain actuarial assumptions used in determining projected benefit obligations (PBO) and expenses for our retirement benefit plans:

Pension Plan

Actuarial Assumptions	**Estimated Increase/ (Decrease) on PBO (000s)**	**Estimated Increase/ (Decrease) on Expense (000s)**
Discount Rate 1% Increase	$ (9,903)	$ (604)
Discount Rate 1% Decrease	12,086	992

Other Benefits Plan

Actuarial Assumptions	**Estimated Increase/ (Decrease) on PBO (000s)**	**Estimated Increase/ (Decrease) on Expense (000s)**
Discount Rate 1% Increase	$ (3,440)	$ (552)
Discount Rate 1% Decrease	4,286	180
Healthcare Cost Trend Rate 1% Increase	3,264	499
Healthcare Cost Trend Rate 1% Decrease	(2,676)	(696)

Recent Accounting Standards

See Note 1(r) of the Notes to Consolidated Financial Statements for a discussion of recent accounting pronouncements.

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT 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, variable rate 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 2024 to 2059. Over the next twelve months, approximately $7.8 million of the current portion of existing long-term debt instruments will mature. The Company manages its interest rate risk related to existing variable-rate short-term debt by limiting our variable rate exposure. Applying a hypothetical change in the rate of interest charged by 10% on those fixed- and variable-rate 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 the market price variations of debt and equity securities. Changes to the Company's retirement benefit plan assets' value can impact the Company's retirement benefit plan expense, funded status and future minimum funding requirements. Risk is mitigated through our ability to recover retirement benefit plan costs through customer rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Middlesex Water Company:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets and consolidated statements of capital stock and long-term debt of Middlesex Water Company (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of income, common stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, because of the effect of the material weaknesses described below on the achievement of the objectives of the control criteria, the Company has not maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in the accompanying Management's Report on Internal Control Over Financial Reporting appearing under Item 9A:

> There were ineffective information technology general controls (ITGCs) in the areas of user access and change management over certain information technology (IT) systems that support the Company's financial reporting processes. As a result, automated and manual process controls dependent on those ITGCs were also not effective.
>
> There were ineffective controls related to income tax accounting for a non-routine transaction.

We considered the material weaknesses in determining the nature, timing, and extent of audit tests applied in our audit of the 2023 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

<u>Income Tax Accounting for Non-Routine Transaction</u>

Critical Audit Matter Description

As described in Notes 1 and 2 to the consolidated financial statements, the Company executed a non-routine litigation settlement agreement in 2023. Management estimated and recorded the income tax effects of this non-routine transaction.

We identified management’s assessment, accounting and financial statement presentation and disclosure of income taxes for this non-routine transaction as a critical audit matter. Auditing management’s assessment, accounting, presentation and disclosure required a high degree of judgment and subjectivity and the use of individuals with specialized knowledge.

How We Addressed the Matter in Our Audit

The primary procedures we performed to address this critical audit matter included:

- Testing the effectiveness of controls relating to income taxes, including controls over the determination of the accounting and presentation for the non-routine transaction.
- Testing management's process for determining the accounting for income taxes. Due to the non-routine nature of the transaction, we evaluated the appropriateness of the facts and circumstances relating to the transaction and the applicable tax regulations and financial reporting requirements.
- Utilizing internal tax specialists to assist in evaluating the appropriateness of the income tax accounting impact from the significant non-routine transaction and in assessing the presentation and disclosure in the consolidated financial statements.
- Evaluating whether the amounts and assumptions used in the calculation were reasonable.

/s/ Baker Tilly US, LLP

We have served as the Company's auditor since 2006.

Philadelphia, Pennsylvania
February 29, 2024

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

	Years Ended December 31,		
	2023	**2022**	**2021**
Operating Revenues	**$ 166,274**	$ 162,434	$ 143,141
Operating Expenses:			
Operations and Maintenance	**83,113**	79,096	73,671
Depreciation	**25,194**	23,029	21,109
Other Taxes	**18,744**	18,208	15,150
Total Operating Expenses	**127,051**	120,333	109,930
Gain on Sale of Subsidiary	**-**	5,232	-
Operating Income	**39,223**	47,333	33,211
Other Income (Expense):			
Allowance for Funds Used During Construction	**2,433**	2,314	2,653
Other Income (Expense), net	**4,052**	5,389	3,305
Total Other Income, net	**6,485**	7,703	5,958
Interest Charges	**13,143**	9,367	8,114
Income before Income Taxes	**32,565**	45,669	31,055
Income Taxes	**1,041**	3,240	(5,488)
Net Income	**31,524**	42,429	36,543
Preferred Stock Dividend Requirements	**120**	120	120
Earnings Applicable to Common Stock	**$ 31,404**	$ 42,309	$ 36,423
Earnings per share of Common Stock:			
Basic	**$ 1.77**	$ 2.40	$ 2.08
Diluted	**$ 1.76**	$ 2.39	$ 2.07
Average Number of Common Shares Outstanding :			
Basic	**17,732**	17,597	17,492
Diluted	**17,847**	17,712	17,607

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS		December 31, 2023	December 31, 2022
UTILITY PLANT:	Water Production	$ **303,791**	$ 249,153
	Transmission and Distribution	**809,862**	735,138
	General	**100,593**	97,581
	Construction Work in Progress	**19,636**	53,570
	TOTAL	**1,233,882**	1,135,442
	Less Accumulated Depreciation	**235,540**	214,891
	UTILITY PLANT - NET	**998,342**	920,551
CURRENT ASSETS:	Cash and Cash Equivalents	**2,390**	3,828
	Accounts Receivable, net of allowance for uncollectible accounts of $2,137 and $2,326, respectively	**18,172**	16,018
	Litigation Settlement Receivable	**69,872**	-
	Unbilled Revenues	**9,297**	8,659
	Materials and Supplies (at average cost)	**6,972**	6,177
	Prepayments	**1,833**	2,624
	TOTAL CURRENT ASSETS	**108,536**	37,306
OTHER ASSETS:	Operating Lease Right of Use Asset	**3,185**	3,826
	Preliminary Survey and Investigation Charges	**1,932**	2,806
	Regulatory Assets	**90,694**	90,046
	Non-utility Assets - Net	**11,522**	11,207
	Employee Benefit Plans	**21,779**	8,689
	Other	**62**	19
	TOTAL OTHER ASSETS	**129,174**	116,593
	TOTAL ASSETS	$ **1,236,052**	$ 1,074,450

CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock, No Par Value	$ **246,764**	$ 233,054
	Retained Earnings	**176,227**	167,274
	TOTAL COMMON EQUITY	**422,991**	400,328
	Preferred Stock	**2,084**	2,084
	Long-term Debt	**358,153**	290,280
	TOTAL CAPITALIZATION	**783,228**	692,692
CURRENT LIABILITIES:	Current Portion of Long-term Debt	**7,740**	17,462
	Notes Payable	**42,750**	55,500
	Accounts Payable	**27,618**	24,847
	Litigation Settlement Payable	**6,237**	-
	Accrued Taxes	**10,535**	12,162
	Accrued Interest	**3,138**	2,535
	Unearned Revenues and Advanced Service Fees	**1,390**	1,365
	Other	**4,421**	3,988
	TOTAL CURRENT LIABILITIES	**103,829**	117,859
COMMITMENTS AND CONTINGENT LIABILITIES (Note 4)			
OTHER LIABILITIES:	Customer Advances for Construction	**21,313**	21,382
	Lease Obligations	**3,063**	3,706
	Accumulated Deferred Income Taxes	**88,736**	77,783
	Regulatory Liabilities	**113,021**	46,734
	Other	**592**	919
	TOTAL OTHER LIABILITIES	**226,725**	150,524
CONTRIBUTIONS IN AID OF CONSTRUCTION		**122,270**	113,375
	TOTAL CAPITALIZATION AND LIABILITIES	$ **1,236,052**	$ 1,074,450

See Notes to Consolidated Financial Statements.

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

	Years Ended December 31, 2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	**$ 31,524**	$ 42,429	$ 36,543
Adjustments to Reconcile Net Income to			
Net Cash Provided by Operating Activities:			
Depreciation and Amortization	**29,442**	27,475	26,799
Provision for Deferred Income Taxes	**(5,599)**	(5,334)	(10,989)
Equity Portion of Allowance for Funds Used During Construction (AFUDC)	**(1,458)**	(1,387)	(1,505)
Cash Surrender Value of Life Insurance	**(300)**	401	(136)
Stock Compensation Expense	**2,214**	1,630	1,338
Gain on Sale of Subsidiary	**-**	(5,232)	-
Changes in Assets and Liabilities:			
Accounts Receivable	**(2,154)**	(707)	(742)
Unbilled Revenues	**(638)**	(1,386)	(208)
Materials & Supplies	**(795)**	(819)	(246)
Prepayments	**791**	256	6
Accounts Payable	**2,771**	3,722	(9,318)
Accrued Taxes	**(1,627)**	3,541	(1,517)
Accrued Interest	**603**	549	(151)
Employee Benefit Plans	**(1,340)**	(4,266)	(2,645)
Unearned Revenue & Advanced Service Fees	**25**	35	75
Other Assets and Liabilities	**(677)**	454	(4,276)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**52,782**	61,361	33,028
CASH FLOWS FROM INVESTING ACTIVITIES:			
Utility Plant Expenditures, Including AFUDC of $975 in 2023, $927 in 2022 and $1,148 in 2021	**(90,179)**	(91,335)	(79,378)
Proceeds from Sale of Subsidiary	**-**	3,122	-
NET CASH USED IN INVESTING ACTIVITIES	**(90,179)**	(88,213)	(79,378)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Redemption of Long-term Debt	**(17,463)**	(7,423)	(52,691)
Proceeds from Issuance of Long-term Debt	**75,812**	2,662	86,595
Net Short-term Bank Borrowings	**(12,750)**	42,500	11,000
Deferred Debt Issuance Expense	**(131)**	(624)	(994)
Common Stock Issuance Expense	**(10)**	(32)	-
Payment of Grantee Withholding Taxes in Exchange for Restricted Stock	**(619)**	-	-
Proceeds from Issuance of Common Stock	**12,115**	10,335	3,837
Payment of Common Dividends	**(22,441)**	(20,810)	(19,373)
Payment of Preferred Dividends	**(120)**	(120)	(120)
Construction Advances and Contributions-Net	**1,566**	659	11,225
NET CASH PROVIDED BY FINANCING ACTIVITIES	**35,959**	27,147	39,479
NET CHANGES IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**(1,438)**	295	(6,871)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	**3,828**	3,533	10,404
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	**$ 2,390**	$ 3,828	$ 3,533
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:			
Utility Plant received as Construction Advances and Contributions	**$ 7,259**	$ 6,252	$ 4,750
Long-term Debt Deobligation	**$ -**	$ -	$ 64
Non-Cash Consideration for Sale of Subsidiary	**$ -**	$ 2,100	$ -
Litigation Settlement Receivable	**$ 69,872**	$ -	$ -
Litigation Settlement Payable	**$ 6,237**	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Cash Paid During the Year for:			
Interest	**$ 12,762**	$ 9,251	$ 8,546
Interest Capitalized	**$ 975**	$ 927	$ 1,148
Income Taxes	**$ 2,962**	$ 3,230	$ 3,335

See Notes to Consolidated Financial Statements.

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

		December 31, 2023		December 31, 2022
Common Stock, No Par Value				
Shares Authorized - 40,000				
Shares Outstanding - 2023 - 17,821; 2022 - 17,642	**$**	**246,764**	$	233,054
Retained Earnings		**176,227**		167,274
TOTAL COMMON EQUITY	**$**	**422,991**	$	400,328
Cumulative Preferred Stock, No Par Value:				
Shares Authorized - 120				
Shares Outstanding - 20				
Convertible:				
Shares Outstanding, $7.00 Series - 10	**$**	**1,005**	$	1,005
Nonredeemable:				
Shares Outstanding, $7.00 Series - 1		**79**		79
Shares Outstanding, $4.75 Series - 10		**1,000**		1,000
TOTAL PREFERRED STOCK	**$**	**2,084**	$	2,084
Long-term Debt:				
First Mortgage Bonds, 0.00%-5.50%, due 2024-2059	**$**	**278,374**	$	252,269
Amortizing Secured Notes, 3.94%-7.05%, due 2028-2046		**69,724**		44,918
State Revolving Trust Notes, 2.00%-4.03%, due 2025-2044		**16,638**		9,200
SUBTOTAL LONG-TERM DEBT		**364,736**		306,387
Add: Premium on Issuance of Long-term Debt		**6,529**		6,873
Less: Unamortized Debt Expense		**(5,372)**		(5,518)
Less: Current Portion of Long-term Debt		**(7,740)**		(17,462)
TOTAL LONG-TERM DEBT	**$**	**358,153**	$	290,280

See Notes to Consolidated Financial Statements.

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

	Common Stock Shares		Common Stock Amount		Retained Earnings		Total
Balance at January 1, 2021	17,473	$	217,451	$	128,757	$	346,208
Net Income	-	$	-	$	36,543	$	36,543
Dividend Reinvestment & Common Stock Purchase Plan	40		3,837		-		3,837
Restricted Stock Award - Net - Employees	6		350		-		350
Stock Award - Board Of Directors	3		281		-		281
Cash Dividends on Common Stock ($1.108 per share)	-		-		(19,373)		(19,373)
Cash Dividends on Preferred Stock	-		-		(120)		(120)
Balance at December 31, 2021	17,522	$	221,919	$	145,807	$	367,726
Net Income	-	$	-	$	42,429	$	42,429
Dividend Reinvestment & Common Stock Purchase Plan	114		10,335		-		10,335
Restricted Stock Award - Net - Employees	3		520		-		520
Stock Award - Board Of Directors	3		280		-		280
Cash Dividends on Common Stock ($1.1825 per share)	-		-		(20,810)		(20,810)
Cash Dividends on Preferred Stock	-		-		(120)		(120)
Common Stock Issuance Expenses	-		-		(32)		(32)
Balance at December 31, 2022	17,642	$	233,054	$	167,274	$	400,328
Net Income	-	$	-	$	31,524	$	31,524
Dividend Reinvestment & Common Stock Purchase Plan	167		12,115		-		12,115
Restricted Stock Award - Net - Employees	7		1,235		-		1,235
Stock Award - Board Of Directors	5		360		-		360
Cash Dividends on Common Stock ($1.2625 per share)	-		-		(22,441)		(22,441)
Cash Dividends on Preferred Stock	-		-		(120)		(120)
Common Stock Issuance Expenses	-		-		(10)		(10)
Balance at December 31, 2023	**17,821**	**$**	**246,764**	**$**	**176,227**	**$**	**422,991**

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Organization, Summary of Significant Accounting Policies and Recent Developments

(a) Organization - Middlesex Water Company (Middlesex or the Company) is the parent company and sole shareholder of Tidewater Utilities, Inc. (Tidewater), 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.

Middlesex has operated as a water utility in New Jersey since 1897 and in Delaware, through our wholly-owned subsidiary, Tidewater, since 1992. We are in the business of collecting, treating, distributing and selling water for domestic, commercial, municipal, industrial and fire protection purposes. We also operate New Jersey municipal water, wastewater and storm water systems under contract and provide unregulated water and wastewater services in New Jersey and Delaware through our subsidiaries. Our rates charged to customers for water and wastewater services, the quality of services we provide and certain other matters are regulated in New Jersey and Delaware by the New Jersey Board of Public Utilities (NJBPU) and the Delaware Public Service Commission (DEPSC), respectively. Our USA, USA-PA and White Marsh subsidiaries are not regulated utilities.

(b) Principles of Consolidation – 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. Other financial investments in which the Company holds a 50% or less voting interest and cannot exercise control over the operation and policies of the investments are accounted for under the equity method of accounting. Under the equity method of accounting, the Company records its investment interests in Non-Utility Assets and its percentage share of the earnings or losses of the investees in Other Income (Expense).

(c) System of Accounts – The Company's regulated utilities maintain their accounts in accordance with the Uniform System of Accounts prescribed by the NJBPU and DEPSC.

(d) Regulatory Accounting - We maintain our books and records in accordance with accounting principles generally accepted in the United States of America. Middlesex and certain of its subsidiaries, which account for 93% of Operating Revenues and 99% of Total Assets, are subject to regulation in the state in which they operate. Those companies are required to maintain their accounts in accordance with regulatory authorities' rules and guidelines, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance provided in Accounting Standards Codification (ASC) 980, *Regulated Operations*.

In accordance with ASC 980, *Regulated Operations*, costs and obligations are deferred if it is probable that these items will be recognized for rate-making purposes in future rates. Accordingly, we have recorded costs and obligations, which will be amortized over various future periods. Any change in the assessment of the probability of rate-making treatment will require us to change the accounting treatment of the deferred item. We have no reason to believe any of the deferred items that are recorded will be treated differently by the regulators in the future. For additional information, see Note 2 – *Rate and Regulatory Matters*.

(e) Retirement Benefit Plans - We maintain a noncontributory defined benefit pension plan (Pension Plan), which covers all active employees who were hired prior to April 1, 2007, as well as a defined contribution plan in which all employees are eligible to participate. In addition, the Company maintains an unfunded supplemental plan for certain of its executive officers. The Company has a retirement benefit plan other than pensions (Other Benefits Plan) for substantially all of its retired employees. Employees hired after March 31, 2007 are not eligible to participate in this plan. Coverage includes healthcare and life insurance.

The Company's costs for providing retirement benefits are dependent upon numerous factors, including actual plan experience and assumptions of future experience. Retirement benefit plan obligations and expense are determined based on investment performance, discount rates and various other demographic factors related to the population participating in the Company's retirement benefit plans, all of which can change significantly in future years. For more information on the Company's Retirement Benefit Plans, see Note 7 – *Employee Benefit Plans*.

(f) Utility Plant – Utility Plant is stated at original cost as defined for regulatory purposes. Property accounts are charged with the cost of betterments and major replacements of property. Cost includes direct material, labor and indirect charges for pension benefits and payroll taxes. The cost of labor, materials, supervision and other expenses incurred in making repairs and minor replacements and in maintaining the properties is charged to the appropriate expense accounts. At December 31, 2023, there was no event or change in circumstance that would indicate that the carrying amount of any long-lived asset was not recoverable.

(g) Depreciation – Depreciation is computed by each regulated member of the Company utilizing a rate approved by the applicable regulatory authority. The accumulated provision for depreciation is charged with the cost of property retired, less salvage. The following table sets forth the range of depreciation rates for the major utility plant categories used to calculate depreciation for the years ended December 31, 2023, 2022, and 2021. These rates have been approved by the NJBPU or DEPSC:

Source of Supply	1.15% - 3.44%	Transmission and Distribution (T&D):	
Pumping	2.00% - 5.39%	T&D – Mains	1.10% - 3.13%
Water Treatment	1.65% - 7.09%	T&D – Services	2.12% - 3.16%
General Plant	2.08% - 17.84%	T&D – Other	1.61% - 4.63%
Wastewater Collection	1.42% - 1.81%		

Non-regulated fixed assets consist primarily of office buildings, furniture and fixtures, and transportation equipment. These assets are recorded at original cost and depreciation is calculated based on the estimated useful lives, ranging from 3 to 42 years.

(h) Preliminary Survey and Investigation (PS&I) Costs – In the design of water and wastewater systems that the Company ultimately intends to construct, own and operate, certain expenditures are incurred to advance those project activities. These PS&I costs are recorded as deferred charges on the balance sheet as these costs are expected to be recovered through future rates charged to customers as the underlying project assets are placed into service as utility plant. If it is subsequently determined that costs for a project recorded as PS&I are not recoverable through rates charged to our customers, the applicable PS&I costs are recorded as Other Expense on the Statement of Income at that time.

(i) Customers' Advances for Construction (CAC) – Utility plant and/or cash advances are provided to the Company by customers, real estate developers and builders in order to extend utility service to their properties. These transactions are recorded as CAC. Contractual Refunds of CACs in the form of cash are made by the Company and are based on either additional operating revenues generated from new customers or, as new customers are connected to the respective system. After all refunds are made and/or contract terms have expired, any remaining balance is transferred to Contributions in Aid of Construction.

Contributions in Aid of Construction (CIAC) – CIAC include direct non-refundable contributions of utility plant and/or cash and the portion of CAC that becomes non-refundable.

In accordance with regulatory requirements, CAC and CIAC are not depreciated. In addition, these amounts reduce the investment base for purposes of setting rates.

(j) Allowance for Funds Used During Construction (AFUDC) - Middlesex and its regulated subsidiaries capitalize AFUDC, which represents the cost of financing projects during construction. AFUDC is added to the construction costs of individual projects exceeding specific cost and construction period thresholds established for each company and then depreciated with the utility plant direct costs over the underlying assets' estimated useful life. AFUDC is calculated using each company's weighted cost of debt and equity as approved in their most recent respective regulatory rate order. The AFUDC rates for the years ended December 31, 2022, 2021 and 2020 for Middlesex and Tidewater are as follows:

	2023	2022	2021
Middlesex	6.35%	6.35%	6.50%
Tidewater	7.92%	7.92%	7.92%

(k) Accounts Receivable – We record bad debt expense based on a variety of factors such as our customers' payment history, current economic conditions and trending reasonable and supportable forecasts on expected collectability of accounts receivable. The allowance for doubtful accounts was $2.1 million and $2.3 million as of December 31, 2023 and 2022, respectively. For the years ended December 31, 2023, 2022 and 2021, bad debt expense was $1.0 million, $0.5 million and $0.9 million, respectively. For the years ended December 31, 2023, 2022 and 2021, write-offs were $1.2 million, $0.7 million and $0.4 million, respectively.

(l) Revenues - 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 Company expects to be entitled in exchange for those goods and services.

The Company's regulated revenue results from tariff-based sales from the provision of water and wastewater services to residential, industrial, commercial, fire-protection and wholesale customers. Residential customers are billed quarterly while most industrial, commercial, fire-protection and wholesale customers are billed monthly. Payments by customers are due between 15 to 30 days after the invoice date. Revenue is recognized as the water and wastewater services are delivered to customers as well as from accrual of 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 the relevant service territories. Unearned Revenues and Advance Service Fees include fixed service charge billings in advance to Tidewater customers recognized as service is provided to the customer.

Non-regulated service contract revenues consist of base service fees as well as fees for additional billable services provided to customers. Fees 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. These contracts expire at various times through 2032 and contain remaining performance obligations for which the Company expects to recognize revenue in the future. These contracts also contain customary termination provisions.

Substantially all of the amounts included in operating revenues and accounts receivable are from contracts with customers. The Company records its 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) Years Ended December 31, 2023	2022	2021
Regulated Tariff Sales			
Residential	$ 86,581	$ 84,950	$ 77,699
Commercial	23,945	22,689	16,715
Industrial	11,586	11,152	8,990
Fire Protection	12,582	12,726	12,608
Wholesale	19,117	18,769	14,590
Non-Regulated Contract Operations	12,320	12,006	12,391
Total Revenue from Contracts with Customers	$ 166,131	$ 162,292	$ 142,993
Other Regulated Revenues	806	831	929
Other Non-Regulated Revenues	453	440	427
Inter-segment Elimination	(1,116)	(1,129)	(1,208)
Total Revenue	**$ 166,274**	**$ 162,434**	**$ 143,141**

(m) Unamortized Debt Expense and Premiums on Long-Term Debt - Unamortized Debt Expense and Premiums on Long-Term Debt, included on the consolidated balance sheet in long-term debt, are amortized over the lives of the related debt issues.

(n) Income Taxes - Middlesex files a consolidated federal income tax return for the Company and income taxes are allocated based on the separate return method. Certain income and expense items are accounted for in different time periods for financial reporting than for income tax reporting purposes. Deferred income taxes are provided on differences between the tax basis of assets and liabilities and the amounts at which they are carried in the consolidated financial statements. Investment tax credits have been deferred and are amortized over the estimated useful life of the related property. In the event that there are interest and penalties associated with income tax adjustments from income tax authority examinations, these amounts will be reported under interest expense and other expense, respectively. For more information on income taxes, see Note 3 – *Income Taxes*.

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

(p) Restricted Cash – Restricted cash includes cash proceeds from loan transactions entered into through government financing programs and are held in trusts for specific capital expenditures or debt service.

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

(r) Recent Accounting Pronouncements - There are no new adopted or proposed accounting guidance that the Company is aware of that could have a material impact on the Company's consolidated financial statements.

(s) Regulatory Notice of Non-Compliance – In September 2021, the New Jersey Department of Environmental Protection (NJDEP) issued a Notice of Non-Compliance (Notice) to Middlesex based on self-reporting by Middlesex that the level of Perfluorooctanoic Acid (PFOA) in water treated at its Park Avenue Wellfield Treatment Plant (Park Avenue Plant) in South Plainfield, New Jersey exceeded a NJDEP standard that became effective in 2021.

Prior to 2021, the Company began design for construction of an enhanced treatment process at the Park Avenue Plant to comply with the new standard prior to the regulation being enacted. Since completion was not expected until mid-2023, the Company implemented an interim solution to meet the Notice requirements.

In June 2022, a portion of the enhanced treatment process was completed, placed into service and is effectively treating the ground water in compliance with all state and federal drinking water standards.

In September 2022, the Company entered into an Administrative Consent Order (ACO) with the NJDEP with respect to the Notice, which voided any further notice regarding the fact that the permanent treatment solution was not in service by September 7, 2022 as required by the Notice. As prescribed in the ACO, the Company was to issue periodic public notifications until the ACO was closed.

In June 2023, the Company completed the permanent construction of the entire Park Avenue Plant treatment upgrades and placed the upgrades into operation in full compliance with the NJDEP PFOA standards. In October 2023, the Company received confirmation from the NJDEP that it has complied with all requirements of the ACO and consequently, the ACO has been closed.

The Company had previously initiated a lawsuit against 3M Company (3M), in connection with the Company's claim that 3M introduced perfluoroalkyl substances (commonly known as "PFAS"), which include PFOA, into the Company's water supply at its Park Avenue Plant.

On August 29, 2023, Middlesex and 3M executed a settlement agreement (the Settlement Agreement) to resolve the lawsuit. The Settlement Agreement provides that:

- 3M will pay $93.2 million in two installments, one payment of $23.3 million received in December 2023 and one payment of $69.9 million in July 2024. Middlesex is obligated to pay 30% of the proceeds received plus reimbursable out-of-pocket legal expenses to its lawyers as legal fees, or $29.5 million in total;
- Proceeds received from the Settlement Agreement are being used to mitigate the impact of the increase in Middlesex's customer rates approved by the NJBPU, which is to be implemented March 1, 2024 (for further discussion of Middlesex's base rate increase, see Note 2, *Rate Matters, Middlesex* below);
- Middlesex, by nature of its status as a U.S. water purveyor impacted by PFAS, was automatically included in a Multi-District Litigation Settlement before the United States District Court for the District of South Carolina in which 3M and other companies (Non-3M Companies) are participants. Middlesex agreed as part of the Settlement Agreement to remain a member of the plaintiff class in order to be eligible to obtain future additional compensation from 3M and the Non-3M Companies for any future remediation which may be required of its water treatment facilities; and
- Middlesex and 3M agreed to enter into a joint mediation which occurred November 2023, to resolve two PFOA-related class action lawsuits against Middlesex seeking restitution for medical, water replacement and other claimed related costs. Both Middlesex and 3M are defendants in these lawsuits. These lawsuits remain in the legal process and their ultimate resolution is not known at this time.

Note 2 - Rate and Regulatory Matters

Rate Matters

Middlesex – In February 2024, Middlesex's petition to the NJBPU, filed in May 2023, seeking permission to increase its base water rates was concluded, based on a negotiated settlement that is expected to increase annual operating revenues by $15.4 million effective March 1, 2024. The approved tariff rates were designed to recover increased operating costs as well as a return on invested capital of $563.1 million, based on an authorized return on common equity of 9.6%. Middlesex has made capital infrastructure investments to ensure prudent upgrade and replacement of its utility assets to support continued regulatory compliance, resilience and overall quality of service. Net proceeds from the 3M Settlement Agreement were used to recover costs for the construction of the Park Avenue Plant PFAS treatment upgrades, including depreciation and carrying costs. The rate case settlement will result in the reclassification of $48.3 million from Regulatory Liabilities to CIAC in the March 31, 2024 balance sheet. The Company will also record in the first quarter of 2024 the recovery of $0.7 million and $2.4 million of prior year depreciation and carrying costs, respectively, as well as the recovery of $1.4 million of prior year costs which were associated with the interim solution to comply with the Notice, all of which were approved in the rate case settlement. For further information on the 3M Settlement Agreement, see *Note 1(s) - Regulatory Notice of Non-Compliance* above.

In January 2024, the NJBPU approved Middlesex's petition for the proposed cost recovery of its Lead Service Line Replacement (LSLR) Plan and cost recovery of project costs associated with replacing Middlesex customer-owned lead service lines. Replacement of Middlesex and Middlesex customer-owned lead service lines is required by the New Jersey LSLR Law. Under this legislation, the costs associated with replacing customer-owned lead service lines are recoverable through future customer surcharges. Cost recovery for replacing Company-owned lead service lines are recoverable through traditional base rate case filings. The current estimates for replacement of Middlesex and Middlesex customer-owned lead service lines are approximately $46 million to $77 million over a nine-year period.

In October 2023, the NJBPU approved Middlesex's petition for a Distribution System Improvement Charge (DSIC) Foundation Filing, which is a prerequisite to implementing a DSIC rate that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements to their water distribution system made between base rate proceedings. Middlesex is authorized to recover DSIC revenues up to five percent (5%) of total revenues established in Middlesex's 2021 base rate proceeding, or approximately $5.5 million. Semi-annually, beginning in April 2024, the Company must file for a change in its DSIC rate seeking recovery for DSIC-eligible investments made during the period. DSIC rates remain in effect until Middlesex's next base rate case increase subsequent to the March 1, 2024 increase. Under the terms of the Foundational Filing, the Company is required to file a base rate petition before October 2026.

In September 2022, the NJBPU approved Middlesex's Emergency Relief Motion to reset its Purchased Water Adjustment Clause (PWAC) tariff rate to recover additional costs of $2.7 million for the purchase of treated water from a non-affiliated water utility. A PWAC is a rate mechanism that allows for recovery of increased purchased water costs between base rate case filings. The increase, effective October 1, 2022, was on an interim basis and subject to refund with interest, pending final resolution of this matter, which the NJBPU provided in August 2023. In connection with the full recovery of the $2.7 million of additional costs, Middlesex reset its PWAC rate to zero in October 2023.

In December 2021, Middlesex's petition to the NJBPU seeking permission to increase its base water rates was concluded, based on a negotiated settlement, resulting in an expected increase in annual operating revenues of $27.7 million. The approved tariff rates were designed to recover increased operating costs, as well as a return on invested capital of $513.5 million, based on an authorized return on common equity of 9.6%. The increase was implemented in two phases with $20.7 million of the increase effective January 1, 2022 and the remaining $7.0 million effective January 1, 2023. As part of the negotiated settlement, the PWAC was reset to zero.

Tidewater – In December 2023, the DEPSC approved Tidewater's application to implement a new DSIC. Effective January 1, 2024, Tidewater implemented a DSIC rate of 3.71%, which is expected to generate revenue of approximately $1.3 million annually. A Delaware DISC is subject to a semi-annual reset with an overall maximum rate of 7.5%.

In October 2023, the DEPSC issued an Order that made a temporary base rate reduction permanent. The initial DEPSC order required Tidewater to reduce its base rates charged to general metered and private fire customers by 6.0%, effective for service rendered on and after September 1, 2022. The rate reduction was ordered as a result of Tidewater earning in excess of its authorized return, and resulted in reduced annual revenues of approximately $2.1 million in 2023.

In March 2021, Tidewater was notified by the DEPSC that it had determined Tidewater's earned rate of return exceeded the rate of return authorized by the DEPSC. Consequently, Tidewater reset its DSIC rate to zero effective April 1, 2021 and refunded approximately $1.0 million to customers primarily in the form of an account credit for DSIC revenue previously billed between April 1, 2020 and March 31, 2021.

Pinelands – In April 2023, Pinelands Water and Pinelands Wastewater concluded their base rate case matters when the NJBPU approved a combined $1.0 million increase in annual base rates, effective April 15, 2023. The requests were necessitated by capital infrastructure investments the companies have made as well as increased operations and maintenance costs.

Southern Shores - Effective January 1, 2020, the DEPSC approved the renewal of a multi-year agreement for water service to a 2,200 unit condominium community we serve in Sussex County, Delaware. Under the agreement, current rates were to remain in effect until December 31, 2024, unless there are unanticipated capital expenditures or regulatory related changes in operating expenses exceeding certain thresholds during this time period. In 2022, capital expenditures did exceed the established threshold and rates were increased by 5.39%, effective January 1, 2023. Beginning in 2025 and thereafter, inflation-based rate increases cannot exceed the lesser of the regional Consumer Price Index or, 3%. Inflation based increases are in addition to the threshold rate increases. This agreement expires on December 31, 2029.

Twin Lakes Utilities, Inc. (Twin Lakes) - Twin Lakes provides water services to approximately 115 residential customers in Shohola, Pennsylvania. Pursuant to the Pennsylvania Public Utility Code, Twin Lakes filed a petition requesting the Pennsylvania Public Utilities Commission (PAPUC) to order the acquisition of Twin Lakes by a capable public utility. The PAPUC assigned an Administrative Law Judge (ALJ) to adjudicate the matter and submit a recommended decision (Recommended Decision) to the PAPUC. As part of this legal proceeding the PAPUC also issued an Order in January 2021 appointing a large Pennsylvania based investor-owned water utility as the receiver (the Receiver Utility) of the Twin Lakes system until the petition is fully adjudicated by the PAPUC. In November 2021, the PAPUC issued an Order affirming the ALJ's Recommended Decision, ordering the Receiver Utility to acquire the Twin Lakes water system and for Middlesex, the parent company of Twin Lakes, to submit $1.7 million into an escrow account within 30 days. Twin Lakes immediately filed a Petition For Review (PFR) with the Commonwealth Court of Pennsylvania (the Commonwealth Court) seeking reversal and vacation of the escrow requirement on the grounds that it violates the Pennsylvania Public Utility Code as well as the United States Constitution. In addition, Twin Lakes filed an emergency petition for stay of the PAPUC Order pending the Commonwealth Court's review of the merits arguments contained in Twin Lakes' PFR. In December 2021, the Commonwealth Court granted Twin Lakes' emergency petition, pending its review. In August 2022, the Commonwealth Court issued an opinion upholding PAPUC's November 2021 Order in its entirety. In September 2022, Twin Lakes filed a Petition For Allowance of Appeal (Appeal Petition) to the Supreme Court of Pennsylvania seeking reversal of the Commonwealth Court's decision to uphold the escrow requirement on the grounds that the Commonwealth Court erred in failing to address Twin Lakes' claims that because the $1.7 million escrow requirement placed on Middlesex violated Middlesex's constitutional rights, Middlesex's refusal to submit this escrow payment would jeopardize the relief Twin Lakes was otherwise entitled to in the appointment of the Receiver Utility. In March 2023, the Supreme Court of Pennsylvania issued a decision denying Twin Lakes' Appeal Petition without addressing this claim on the merits. As a result of the Pennsylvania Courts' failure to address Twin Lakes' claim, Middlesex subsequently filed a Complaint with the United States District Court for the Middle District of Pennsylvania to address the issue of whether the PAPUC's Order violated Middlesex's rights under the United States Constitution. On January 18, 2024, the District Court issued an Order dismissing Middlesex's Complaint without addressing the issue of whether the PAPUC's Order violated Middlesex's rights under the United States Constitution. On January 31, 2024, Middlesex filed a Notice of Appeal of the District Court's decision with the United States Court of Appeals for the Third Circuit. We are currently awaiting the Court's decision.

The financial results, total assets and financial obligations of Twin Lakes are not material to Middlesex.

Regulatory Matters

We have recorded certain costs as regulatory assets because we expect full recovery of, or are currently recovering, these costs in the rates we charge customers. These deferred costs have been excluded from rate base and, therefore, we are not earning a return on the unamortized balances. These items are detailed as follows:

	(Thousands of Dollars) December 31,		
Regulatory Assets	**2023**	**2022**	**Remaining Recovery Periods**
Retirement Benefits	$ -	$9,214	Various
Income Taxes	84,419	74,422	Various
Rate Cases, Tank Painting, and Other	6,275	6,410	2-10 years
Total	$90,694	$90,046	

Retirement benefits include pension and other retirement benefits that have been recorded on the Consolidated Balance Sheet in accordance with the guidance provided in ASC 715*, Compensation – Retirement Benefits.* These amounts represent obligations in excess of current funding (regulatory asset) or less than current funding (regulatory liability, which was $1.5 million as of December 31, 2023), which the Company believes will be fully recovered or refunded in rates set by the regulatory authorities.

The recovery period for income taxes is dependent upon when the temporary differences between the tax and book treatment of various items reverse.

The net proceeds available to Middlesex from the 3M Settlement Agreement, after excluding legal fees and estimated income taxes payable, $63.6 million, were recorded as a regulatory liability, as of December 31, 2023. For further information on the 3M Settlement Agreement, see *Rates, Note 1(s) - Regulatory Notice of Non-Compliance* and *Rate Matters, Middlesex* above.

The 2017 Tax Act reduced the statutory corporate federal income tax rate from 35% to 21%. The tariff rates charged to customers effective prior to 2018 in the Company's regulated companies include recovery of income taxes at the statutory rate in effect at the time those rates were approved by the respective state public utility commissions. As of December 31, 2023 and 2022, the Company has recorded regulatory liabilities of $28.2 million and $29.0 million, respectively for excess income taxes collected through rates due to the lower income tax rate under the 2017 Tax Act. These regulatory liabilities are overwhelmingly related to utility plant depreciation deduction timing differences, which are subject to Internal Revenue Service (IRS) normalization rules. The IRS rules limit how quickly the excess taxes attributable to accelerated taxes can be returned to customers. The current base rates for Middlesex and Pinelands customers became effective after 2017 and reflect the impact of the 2017 Tax Act on their revenue requirements.

The Company uses composite depreciation rates for its regulated utility assets, which is currently an acceptable method under generally accepted accounting principles and is widely used in the utility industry. Historically, under the composite depreciation method, the anticipated costs of removing assets upon retirement are provided for over the life of those assets as a component of depreciation expense. The Company recovers certain asset retirement costs through rates charged to customers as an approved component of depreciation expense. As of December 31, 2023 and 2022, the Company has approximately $19.7 million and $17.7 million, respectively, of expected costs of removal recovered currently in rates in excess of actual costs incurred as regulatory liabilities.

Note 3 – Income Taxes

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

	(Thousands of Dollars) Years Ended December 31,		
	2023	2022	2021
Income Tax at Statutory Rate	$ 6,839	$ 9,590	$ 6,521
Tax Effect of:			
Utility Plant Related	(1,495)	(1,106)	(1,290)
Tangible Property Repairs	(5,475)	(6,767)	(12,281)
State Income Taxes – Net	1,117	1,296	1,499
Other	55	227	63
Total Income Tax Expense (Benefit)	$ 1,041	$ 3,240	$ (5,488)

Income tax expense (benefit) is comprised of the following:

	(Thousands of Dollars) Years Ended December 31,		
	2023	2022	2021
Current:			
Federal	$ 2,952	$ 425	$ (8,247)
State	1,066	1,381	1,467
Deferred:			
Federal	(3,261)	1,242	933
State	348	260	431
Investment Tax Credits	(64)	(68)	(72)
Total Income Tax Expense (Benefit)	$ 1,041	$ 3,240	$ (5,488)

As part of Middlesex's March 2018 base water rate settlement with the NJBPU, Middlesex received approval for regulatory accounting treatment of income tax benefits associated with the adoption of tangible property regulations issued by the IRS (fully amortized as of March 31, 2022) as well as prospective recognition of the income tax benefits for the immediate deduction of repair costs on tangible property. This results in significant reductions in the Company's effective income tax rate, current income tax expense (benefit) and deferred income tax expense (benefit).

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

	(Thousands of Dollars) December 31, 2023	2022
Utility Plant Related	$ 84,330	$ 72,996
Customer Advances	(3,546)	(3,568)
Employee Benefits	7,100	7,380
Investment Tax Credits	240	304
Other	612	671
Total Accumulated Deferred Income Taxes	$ 88,736	$ 77,783

Note 4 - Commitments and Contingent Liabilities

Water Supply – Middlesex's agreement with the New Jersey Water Supply Authority (NJWSA) for the purchase of untreated water expires November 30, 2048. NJSWA provides for an average purchase of 27.0 million gallons a day (mgd), with a peak up to 47.0 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 NJBPU-regulated water utility for the purchase of treated water. This agreement, which expires February 27, 2026, provides for the minimum purchase of 3.0 mgd of treated water with provisions for additional purchases if needed.

Tidewater contracts with the City of Dover, Delaware to purchase treated water of up to 60.0 million gallons annually.

Purchased water costs are shown below:

	(Millions of Dollars) Years Ended December 31, 2023	2022	2021
Untreated	$ 3.2	$ 3.2	$ 3.3
Treated	5.3	3.9	3.6
Total Costs	$ 8.5	$ 7.1	$ 6.9

Leases - The Company determines if an arrangement is a lease at the inception of the lease. 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 $0.8 million for each of the years ended December 31, 2023, 2022 and 2021.

Information related to operating lease ROU assets is as follows:

	(In Millions) December 31, 2023	2022
ROU Asset at Lease Inception	$ 7.3	$ 7.3
Accumulated Amortization	(4.1)	(3.5)
Current ROU Asset	$ 3.2	$ 3.8

The Company's future minimum operating lease commitments as of December 31, 2023 are as follows:

	(In Millions) December 31, 2023
2024	0.8
2025	0.8
2026	0.9
2027	0.9
2028	0.9
Thereafter	0.9
Total Lease Payments	$ 5.2
Imputed Interest	(1.5)
Present Value of Lease Payments	3.7
Less Current Portion*	(0.6)
Non-Current Lease Liability	$ 3.1

*Included in Other Current Liabilities

Construction –The Company has projected to spend approximately $75 million in 2024, $81 million in 2025 and $70 million in 2026 on its construction program. As of December 31, 2023, the Company has entered into several contractual construction agreements that in total obligate it to expend an estimated $6.7 million in the future. The actual amount and timing of capital expenditures is dependent on the need for replacement of existing infrastructure, customer growth, residential new home construction and sales, project scheduling, supply chain issues and continued refinement of project scope and costs. There is no assurance that projected customer growth and residential new home construction and sales will occur.

Contingencies – Based on our operations in the heavily-regulated water and wastewater industries, the Company is routinely involved in disputes, claims, lawsuits and other regulatory and legal matters, including responsibility for fines and penalties relative to regulatory compliance. At this time, Management does not believe the final resolution of any such matters, whether asserted or unasserted, will have a material adverse effect on the Company's financial position, results of operations or cash flows. In addition, the Company maintains business insurance coverage that may mitigate the effect of any current or future loss contingencies.

PFOA Matter - In November 2021, the Company was served with two PFOA-related class action lawsuits seeking restitution for medical, water replacement and other related costs and economic damages. Middlesex and 3M agreed to enter into a joint mediation on these lawsuits (for further discussion of this matter, see *Note 1(s) Regulatory Notice of Non-Compliance*).

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

Note 5 – Short-term Borrowings

Information regarding the Company's short-term borrowings for the years ended December 31, 2023 and 2022 is summarized below:

	(In Millions) 2023	2022
Average Amount Outstanding	$ 35.7	$ 28.9
Weighted Average Interest Rate	6.13%	3.34%
Notes Payable at Year-End	$ 42.8	$ 55.5
Weighted Average Interest Rate at Year-End	6.50%	5.17%

The Company maintains bank lines of credit aggregating $140.0 million.

	(In Millions) As of December 31, 2023				Line of Credit
	Outstanding	Available	Maximum	Credit Type	Renewal Date
Bank of America	$ -	$ 60.0	$ 60.0	Uncommitted	January 24, 2025
PNC Bank	39.8	28.2	68.0	Committed	January 31, 2026
CoBank, ACB (CoBank)	3.0	9.0	12.0	Committed	May 20, 2026
	$ 42.8	$ 97.2	$ 140.0		

The maturity dates for the Notes Payable as of December 31, 2023 are extendable at the discretion of the Company.

The interest rates are set for borrowings under the Bank of America and PNC Bank lines of credit using the Secured Overnight Financing Rate (SOFR) and then adding a specific financial institution credit spread. The interest rate for borrowings under the CoBank line of credit are set weekly using CoBank's internal cost of funds index that is similar to the SOFR and adding a credit spread. There is no requirement for a compensating balance under any of the established lines of credit.

Note 6 - Capitalization

All the transactions discussed below related to the issuance of securities were approved by either the NJBPU or DEPSC, except where otherwise noted.

Common Stock

The Company issues shares of its common stock in connection with its Middlesex Water Company Investment Plan (the Investment Plan), a direct share purchase and dividend reinvestment plan for the Company's common stock. The Company raised approximately $12.1 million under the Investment Plan during 2023. On March 1, 2023, the Company began offering shares of its common stock for purchase at a 3% discount to participants in the Investment Plan. The discount offering ended December 1, 2023. The discount applied to all common stock purchases made under the Investment Plan during that time period, whether by optional cash payment or by dividend reinvestment. Since the inception of the Investment Plan and its predecessor plan, the Company has periodically replenished the level of authorized shares in the plans. In May 2023, Middlesex received approval from the NJBPU to increase the number of authorized shares under the Investment Plan by 0.7 million shares. Currently, 0.7 million shares remain registered with the United States Securities and Exchange Commission and available for issuance to participants under the Investment Plan.

In April 2023, Middlesex received approval from the NJBPU to issue and sell up to 1.0 million shares of its common stock, without par value, through December 31, 2025. 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 also approved the debt funding component of the financing plan.

The Company issues common shares under a restricted stock plan for certain management employees, which is described in Note 7 – *Employee Benefit Plans*.

The Company maintains a stock plan for its independent Directors as a component of outside members of the Board of Directors compensation. For the years ended December 31, 2023, 2022 and 2021, 4,608, 2,664 and 3,444 shares, respectively, of Middlesex common stock were granted and issued to the Company's independent Directors under the plan. The maximum number of shares authorized for grant under the plan is 100,000, of which 41,853 shares remain available for future awards.

In the event dividends on the preferred stock are in arrears, no dividends may be declared or paid on the common stock of the Company.

Preferred Stock

At December 31, 2023 and 2022, there were 120,000 shares of preferred stock authorized and less than 21,000 shares of preferred stock outstanding. There were no preferred stock dividends in arrears.

The Company may not pay any dividends on its common stock unless full cumulative dividends to the preceding dividend date for all outstanding shares of preferred stock have been paid or set aside for payment. If four or more quarterly dividends are in arrears, the preferred shareholders, as a class, are entitled to elect two members to the Board of Directors in addition to Directors elected by holders of the common stock. In addition, if Middlesex were to liquidate, holders of preferred stock would be paid back the stated value of their preferred shares before any distributions could be made to common stockholders.

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

Long-term Debt

Subject to regulatory approval, the Company periodically issues long-term debt to fund its investments in utility plant. To the extent possible and fiscally prudent, 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 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. 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. As a result of revised project funding priority ranking for the NJIB SRF Program, the Company has no current projects in the NJIB SRF program. However, it is seeking to have Middlesex's LSLR Project added to the qualified list in order to borrow under the NJIB SRF program.

Under the Delaware SRF program, borrowers 1) enter into a long-term note agreement for a term not to exceed twenty years, 2) submit requisitions for cost reimbursements during the construction period for up to two years after the agreement is executed and 3) as the proceeds are received from the requisitions, borrowers record a corresponding debt obligation amount.

In April 2023, Middlesex received approval from the NJBPU to borrow up to $300.0 million from the New Jersey SRF Program, the New Jersey Economic Development Authority, private placement and other financial institutions as needed through December 31, 2025. The Company may issue debt securities in a series of one or more transaction offerings to help fund Middlesex’s multi-year capital construction program.

In March 2023, Middlesex closed on a $40.0 million, 5.24% private placement of First Mortgage Bonds (FMBs) with a 2043 maturity date designated as Series 2023A. Proceeds were used to reduce the Company’s outstanding balances under its bank lines of credit.

In May 2022, Middlesex repaid its two outstanding NJIB construction loans by issuing FMBs to the NJIB under two loan agreements. The total amount of FMBs issued is $52.2 million and designated as Series 2022A ($16.2 million) and Series 2022B ($36.0 million). The interest rate on the Series 2022A bond is zero and the interest rate on the Series 2022B bond ranges between 2.7% and 3.0%. The final maturity date for both FMBs is August 1, 2056, with scheduled debt service payments over the life of these loans.

In November 2021, Middlesex closed on a $19.5 million, 2.79% private placement of FMBs with a 2041 maturity date designated as Series 2021A. Proceeds were used to reduce the Company’s outstanding balances under its lines of credit.

In June 2021, Middlesex received approval from the NJBPU to redeem up to $45.5 million of outstanding FMBs, specifically Series RR ($22.5 million) and Series SS ($23.0 million), and issue replacement FMBs at an overall lower cost of debt. In November 2021, Middlesex closed on a $45.5 million, 2.90% private placement of FMBs, designated as Series 2021B with a 2051 maturity date to effectuate the redemptions.

In May 2023, Tidewater closed on a $20.0 million loan from CoBank, ACB (CoBank) with an interest rate of 5.71% and a 2033 maturity date and fully drew all funds by June 30, 2023. Proceeds from the loan were used to pay off Tidewater’s outstanding balances under its bank lines of credit and for other general corporate purposes.

In April 2023, Tidewater closed on three DEPSC-approved Delaware SRF loans totaling $10.2 million, all at interest rates of 2.0% with maturity dates in 2043 and 2044. These loans are for the construction, relocation, improvement, and/or interconnection of transmission mains. Tidewater has drawn a total of $6.1 million through December 31, 2023 and expects that the requisitions will continue through mid-2025.

In December 2021, Tidewater closed on a DEPSC-approved $5.0 million Delaware SRF loan at an interest rate of 2.0%. The loan was for construction of a one million gallon elevated storage tank. Through December 31, 2023, Tidewater has drawn a total of $4.8 million and expects that the requisitions will continue through the first quarter of 2024. The final maturity date on the loan is 2044.

In September 2021, Tidewater completed its $20 million secured borrowing with CoBank, at an interest rate of 3.94% and a 2046 maturity date. Proceeds from the loan were used to pay off its outstanding balances under its lines of credit.

In July 2023, Pinelands Water and Pinelands Wastewater closed on $3.9 million and $3.6 million CoBank amortizing mortgage type loans, respectively, with an interest rate of 6.17% and a final maturity date of 2043 for each loan. Proceeds were used to pay off outstanding intercompany loans with Middlesex and for ongoing capital projects.

The aggregate annual principal repayment obligations as of December 31, 2023 for all long-term debt over the next five years and thereafter are shown below:

Year	(Millions of Dollars) Annual Maturities
2024	$ 7.7
2025	$ 7.6
2026	$ 7.4
2027	$ 7.2
2028	$ 6.9
Thereafter	$327.9

The weighted average interest rate on all long-term debt at December 31, 2023 and 2022 was 3.65% and 2.98%, respectively.

Substantially all of the utility plant of the Company is subject to the lien of its mortgage, which includes debt service and capital ratio covenants. The Company is in compliance with all of its mortgage covenants and restrictions.

Earnings Per Share

The following table presents the calculation of basic and diluted earnings per share (EPS) for the years ended December 31, 2023, 2022 and 2021. Basic EPS is computed on the basis of the weighted average number of shares outstanding. Diluted EPS assumes the conversion of the Convertible Preferred Stock $7.00 Series.

	(In Thousands, Except Per Share Amounts)					
	2023		2022		2021	
Basic:	Income	Shares	Income	Shares	Income	Shares
Net Income	$31,524	17,732	$42,429	17,597	$36,543	17,492
Preferred Dividend	(120)		(120)		(120)	
Earnings Applicable to Common Stock	$31,404	17,732	$42,309	17,597	$36,423	17,492
Basic EPS	$1.77		$2.40		$2.08	
Diluted:						
Earnings Applicable to Common Stock	$31,404	17,732	$42,309	17,597	$36,423	17,492
Convertible Preferred $7.00 Series Dividend	67	115	67	115	67	115
Adjusted Earnings Applicable to Common Stock	$31,471	17,847	$42,376	17,712	$36,490	17,607
Diluted EPS	$1.76		$2.39		$2.07	

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosure for financial instruments for which it is practicable to estimate that value. The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and notes payable approximate their respective fair values due to the short-term maturities of these instruments. The fair value of FMBs and SRF 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:

	(Thousands of Dollars) At December 31,			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FMBs	$133,374	$131,745	$147,269	$138,756

It was not practicable to estimate the fair value on our outstanding long-term debt for which there is no quoted market price and there is not an active trading market. For details, including carrying value, interest rate and due date on these series of long-term debt, please refer to those series of long-term debt titled "Amortizing Secured Notes" and "State Revolving Trust Notes" on the Consolidated Statements of Capital Stock and Long-Term Debt. The carrying amount of these instruments was $231.3 million and $159.1 million at December 31, 2023 and 2022, respectively. Customer advances for construction have carrying amounts of $21.3 million and $21.4 million at December 31, 2023 and 2022, 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 7 - 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 can participate in a defined contribution profit sharing plan that provides an annual contribution at the discretion of the Company, based upon a percentage of the participants' annual paid compensation. In order to be eligible for contribution, the eligible employee must be employed by the Company on December 31st of the year to which the contribution relates. The Company maintains an unfunded supplemental plan for a limited number of its executive officers. The Accumulated Benefit Obligation for the Company's Pension Plan at December 31, 2023 and 2022 was $83.7 million and $79.4 million, respectively.

Other Benefits

The Company's 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.

Regulatory Treatment of Over/Underfunded Retirement Obligations

Because the Company is subject to rate regulation in the states in which it operates, it is required to maintain its accounts in accordance with the regulatory authority's rules and guidelines, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance of ASC 980, *Regulated Operations*. Based on prior regulatory practice, and in accordance with the guidance in ASC 980, *Regulated Operations*, the Company records underfunded Pension Plan and Other Benefits Plan obligation costs, which otherwise would be recognized in Other Comprehensive Income under ASC 715, *Compensation – Retirement Benefits*, as a Regulatory Asset, and expects to recover those costs in rates charged to customers.

The Company uses a December 31 measurement date for all of its employee benefit plans. The tables below set forth information relating to the Company's Pension Plan and Other Benefits Plan for 2023 and 2022.

	(Thousands of Dollars)			
	Pension Plan		Other Benefits Plan	
	Years Ended December 31,			
	2023	2022	2023	2022
Change in Projected Benefit Obligation:				
Beginning Balance	$ 87,788	$ 113,710	$ 32,909	$ 49,396
Service Cost	1,551	2,362	391	799
Interest Cost	4,270	3,042	1,608	1,325
Actuarial (Gain) Loss	1,966	(27,850)	(5,968)	(17,761)
Benefits Paid	(3,722)	(3,476)	(940)	(850)
Ending Balance	$ 91,853	$ 87,788	$ 28,000	$ 32,909

	(Thousands of Dollars)			
	Pension Plan		Other Benefits Plan	
	Years Ended December 31,			
	2023	2022	2023	2022
Change in Fair Value of Plan Assets:				
Beginning Balance	$ 84,828	$ 100,750	$ 44,029	$ 50,668
Actual Return on Plan Assets	10,840	(14,346)	4,323	(6,639)
Employer Contributions	400	1,900	940	850
Benefits Paid	(3,722)	(3,476)	(940)	(850)
Ending Balance	$ 92,346	$ 84,828	$ 48,352	$ 44,029
Funded Status	$ 494	$ (2,960)	$ 20,352	$ 11,120

	(Thousands of Dollars)			
	Pension Plan		Other Benefits Plan	
	As of December 31,			
	2023	2022	2023	2022
Amounts Recognized in the Consolidated Balance Sheets consist of:				
Current Liability	$ 933	$ 529	$ -	$ -
Noncurrent Liability (Asset)	(1,427)	2,431	(20,352)	(11,120)
Net Liability (Asset) Recognized	$ (494)	$ 2,960	$ (20,352)	$ (11,120)

	(Thousands of Dollars)					
	Pension Plan			Other Benefits Plan		
	Years Ended December 31,					
	2023	2022	2021	2023	2022	2021
Components of Net Periodic Benefit Cost						
Service Cost	$ 1,551	$ 2,362	$ 2,696	$ 391	$ 799	$ 917
Interest Cost	4,270	3,042	2,706	1,608	1,325	1,236
Expected Return on Plan Assets	(5,865)	(7,041)	(6,225)	(3,082)	(3,547)	(3,142)
Amortization of Net Actuarial Loss (Gain)	658	1,674	2,868	(191)	-	527
Net Periodic Benefit Cost*	$ 614	$ 37	$ 2,045	$ (1,274)	$ (1,423)	$ (462)

*Service cost is included in Operations and Maintenance expense on the consolidated statements of income; all other amounts are included in Other Income (Expense), net.

Amounts that are expected to be amortized from Regulatory Assets into Net Periodic Benefit Cost in 2024 are as follows:

	(Thousands of Dollars)	
	Pension Plan	Other Benefits Plan
Actuarial Loss (Gain)	$153	$(1,098)

The discount rate and compensation increase rate for determining our postretirement benefit plans' benefit obligations and costs as of and for the years ended December 31, 2023, 2022 and 2021, respectively, are as follows:

	Pension Plan			Other Benefits Plan		
	2023	2022	2021	2023	2022	2021
Weighted Average Assumptions:						
Expected Return on Plan Assets	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Discount Rate for:						
Benefit Obligation	4.79%	4.98%	2.72%	4.79%	4.98%	2.72%
Benefit Cost	4.98%	2.72%	2.37%	4.98%	2.72%	2.37%
Compensation Increase for:						
Benefit Obligation	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Benefit Cost	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

The compensation increase assumption for the Other Benefits Plan is attributable to life insurance provided to qualifying employees upon their retirement. The insurance coverage will be determined based on the employee's base compensation as of their retirement date.

The Company utilizes the Society of Actuaries' mortality table (Pri-2012) (Mortality Improvement Scale MP2021).

For the 2023 valuation, costs and obligations for our Other Benefits Plan assumed a 7.5% annual rate of increase in the per capita cost of covered healthcare benefits in 2023 with the annual rate of increase declining 0.5% per year for 2024-2029, resulting in an annual rate of increase in the per capita cost of covered healthcare benefits of 4.5% by year 2030.

A one-percentage point change in assumed healthcare cost trend rates would have the following effects on the Other Benefits Plan:

	(Thousands of Dollars) 1 Percentage Point	
	Increase	**Decrease**
Effect on Current Year Service and Interest Costs	$ 308	$ (246)
Effect on Projected Benefit Obligation	$ 3,264	$ (2,676)

The following benefit payments, which reflect expected future service, are expected to be paid:

	(Thousands of Dollars)	
Year	**Pension Plan**	**Other Benefits Plan**
2024	$ 5,078	$ 1,181
2025	5,457	1,310
2026	5,444	1,377
2027	5,522	1,417
2028	5,638	1,445
2029-2033	29,349	8,104
Totals	$ 56,488	$ 14,834

Benefit Plans Assets

The allocation of plan assets at December 31, 2023 and 2022 by asset category is as follows:

	Pension Plan			Other Benefits Plan		
Asset Category	**2023**	**2022**	**Target**	**2023**	**2022**	**Target**
Equity Securities	58.1%	53.6%	55%	60.9%	55.2%	43%
Debt Securities	39.6%	40.9%	38%	36.1%	24.7%	50%
Cash	0.7%	3.9%	2%	3.0%	20.1%	2%
Real Estate/Commodities	1.6%	1.6%	5%	0.0%	0.0%	5%
Total	100.0%	100.0%		100.0%	100.0%	

Two outside investment firms each manage a portion of the Pension Plan asset portfolio. One of those investment firms also manages the Other Benefits Plan asset portfolio. Quarterly meetings are held between the Company's Pension Committee of the Board of Directors and the investment managers to review their performance and asset allocation. If the actual asset allocation is outside the targeted range, the Pension Committee reviews current market conditions and advice provided by the investment managers to determine the appropriateness of rebalancing the portfolio.

The objective of the Company is to maximize the long-term return on retirement plan assets, relative to a reasonable level of risk, maintain a diversified investment portfolio and maintain compliance with the Employee Retirement Income Security Act of 1974. The expected long-term rate of return is based on the various asset categories in which plan assets are invested and the current expectations and historical performance for these categories.

Fair Value Measurements

Accounting guidance provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in accessible active markets.
- Level 2 – Inputs to the valuation methodology that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Certain investments in cash and cash equivalents, equity securities, and commodities are valued based on quoted market prices in active markets and are classified as Level 1 investments. Certain investments in cash and cash equivalents, equity securities and fixed income securities are valued using prices received from pricing vendors that utilize observable inputs and are therefore classified as Level 2 investments.

The following tables present Middlesex's Pension Plan assets measured and recorded at fair value within the fair value hierarchy:

	(Thousands of Dollars) As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 71,236	$ -	$ -	$ 71,236
Money Market Funds	663	-	-	663
Common Equity Securities	12,544	-	-	12,544
Corporate Bonds	5,091	-	-	5,091
Agency/US Debt	1,854	-	-	1,854
Sovereign/Non-US Debt	958	-	-	958
Total Investments	$ 92,346	$ -	$ -	$ 92,346

	(Thousands of Dollars) As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 71,559	$ -	$ -	$ 71,559
Money Market Funds	3,271	-	-	3,271
Common Equity Securities	9,998	-	-	9,998
Total Investments	$ 84,828	$ -	$ -	$ 84,828

The following tables present Middlesex's Other Benefits Plan assets measured and recorded at fair value within the fair value hierarchy:

	(Thousands of Dollars) As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 29,437	$ -	$ -	$ 29,437
Money Market Funds	1,429	-	-	1,429
Agency/US/State/Municipal Debt	-	17,486	-	17,486
Total Investments	$ 30,866	$ 17,486	$ -	$ 48,352

	(Thousands of Dollars) As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 23,660	$ -	$ -	$ 23,660
Money Market Funds	8,623	-	-	8,623
Agency/US/State/Municipal Debt	-	10,592	-	10,592
Other	1,154	-	-	1,154
Total Investments	$ 33,437	$ 10,592	$ -	$ 44,029

Benefit Plans Contributions

For the Pension Plan, Middlesex made total cash contributions of $0.4 million in 2023 and expects to make approximately $0.9 million of cash contributions in 2024.

For the Other Benefits Plan, Middlesex made total cash contributions of $0.9 million in 2023 and expects to make approximately $0.9 million of cash contributions in 2024.

401(k) Plan

The Company maintains a 401(k) defined contribution plan, which covers substantially all employees with more than 1,000 hours of service. Under the terms of the Plan, the Company matches 100% of a participant's contributions, which do not exceed 1% of a participant's compensation, plus 50% of a participant's contributions exceeding 1%, but not more than 6%. The Company's matching contribution was $0.8 million, $0.7 million and $0.7 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Employees hired after March 31, 2007 are not eligible to participate in the Pension Plan and are generally eligible to participate in a discretionary profit sharing plan administered through the 401(k) plan. In December each year, the Board of Directors may approve that a stated percentage of eligible compensation be contributed to the account of the employee participant in the first quarter of the following year. For those employees still actively employed on December 31, 2023 or retired during the current year, the Company will fund a discretionary contribution of $0.9 million before April 1, 2024, which represents 5.0% of eligible 2023 compensation. For the years ended December 31, 2022 and 2021, the Company made qualifying discretionary contributions totaling $0.9 million and $0.8 million, respectively.

Stock-Based Compensation

The Company maintains a long-term incentive compensation plan for certain management employees where awards are made in the form of restricted common stock. Shares of restricted stock issued under the plan are subject to forfeiture by the employee in the event of termination of employment for any reason within five years of the award other than as a result of retirement at normal retirement age, death, disability or change in control. The maximum number of shares authorized for award under the plan is 300,000 shares, of which approximately 75% remain available for issuance.

The Company recognizes compensation expense at fair value for the plan awards in accordance with ASC 718, *Compensation – Stock Compensation*. Compensation expense is determined by the market value of the stock on the date of the award and is being amortized over the expected vesting period.

The following table presents awarded but not yet vested share information for the plan:

	Shares(thousands)	Unearned Compensation (thousands)	Weighted Average Granted Price
Balance, January 1, 2021	86	$ 1,837	
Granted	15	1,151	$ 79.02
Vested	(18)	-	
Amortization of Compensation expense	-	(1,057)	
Balance, December 31, 2021	83	1,931	
Granted	11	1,151	$ 105.17
Vested	(17)		
Amortization of Compensation expense	-	(1,350)	
Balance, December 31, 2022	77	1,732	
Granted	15	1,165	$ 77.63
Vested	(18)	-	
Amortization of Compensation expense	-	(1,854)	
Balance, December 31, 2023	**74**	**$ 1,043**	

Note 8 – 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. 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 the states of New Jersey and Delaware with respect to utility service 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.

Operation by Segments	(Thousands of Dollars) Years Ended December 31, 2023	2022	2021
Revenues:			
Regulated	$ 154,617	$ 151,117	$ 131,531
Non – Regulated	12,773	12,446	12,818
Inter-segment Elimination	(1,116)	(1,129)	(1,208)
Consolidated Revenues	$ 166,274	$ 162,434	$ 143,141
Operating Income:			
Regulated	$ 35,820	$ 44,257	$ 29,577
Non – Regulated	3,403	3,076	3,634
Consolidated Operating Income	$ 39,223	$ 47,333	$ 33,211
Depreciation:			
Regulated	$ 24,931	$ 22,783	$ 20,897
Non – Regulated	263	246	212
Consolidated Depreciation	$ 25,194	$ 23,029	$ 21,109
Other Income, Net:			
Regulated	$ 6,637	$ 7,898	$ 6,112
Non – Regulated	214	279	279
Inter-segment Elimination	(366)	(474)	(433)
Consolidated Other Income, Net	$ 6,485	$ 7,703	$ 5,958
Interest Expense:			
Regulated	$ 13,508	$ 9,833	$ 8,529
Non – Regulated	-	7	17
Inter-segment Elimination	(365)	(473)	(432)
Consolidated Interest Expense	$ 13,143	$ 9,367	$ 8,114
Income Taxes:			
Regulated	$ (146)	$ 2,084	$ (6,723)
Non – Regulated	1,187	1,156	1,235
Consolidated Income Taxes	$ 1,041	$ 3,240	$ (5,488)
Net Income:			
Regulated	$ 29,094	$ 40,229	$ 33,849
Non – Regulated	2,430	2,200	2,694
Consolidated Net Income	$ 31,524	$ 42,429	$ 36,543
Capital Expenditures:			
Regulated	$ 90,047	$ 91,054	$ 79,195
Non – Regulated	132	281	183
Total Capital Expenditures	$ 90,179	$ 91,335	$ 79,378

	(Thousands of Dollars)	
	As of December 31, 2023	As of December 31, 2022
Assets:		
Regulated	1,235,549	$ 1,079,180
Non – Regulated	8,068	6,999
Inter-segment	(7,565)	(11,729)
Consolidated Assets	$ 1,236,052	$ 1,074,450

Note 9 - Quarterly Data - Unaudited

Financial information for each quarter of 2023 and 2022 is as follows:

	(Thousands of Dollars, Except per Share Data)				
2023	**1st**	**2nd**	**3rd**	**4th**	**Total**
Operating Revenues	$ 38,156	$ 42,801	$ 46,715	$ 38,602	$ 166,274
Operating Income	7,490	10,669	12,822	8,242	39,223
Net Income	5,868	9,901	9,990	5,765	31,524
Basic Earnings per Share	$ 0.33	$ 0.56	$ 0.56	$ 0.32	$ 1.77
Diluted Earnings per Share	$ 0.33	$ 0.55	$ 0.56	$ 0.32	$ 1.76
Common Dividend Per Share	$ 0.3125	$ 0.3125	$ 0.3125	$ 0.3250	$ 1.2625
High/Low Common Stock Price	$72.64/$90.56	$66.51/$84.38	$65.37/$84.35	$61.34/$73.47	

2022	**1st**	**2nd**	**3rd**	**4th**	**Total**
Operating Revenues	$ 36,196	$ 39,683	$ 47,732	$ 38,823	$ 162,434
Gain on Sale of Subsidiary	5,232	-	-	-	5,232
Operating Income	12,523	10,088	16,575	8,147	47,333
Net Income	12,100	8,868	14,291	7,170	42,429
Basic Earnings per Share	$ 0.69	$ 0.50	$ 0.81	$ 0.40	$ 2.40
Diluted Earnings per Share	$ 0.68	$ 0.50	$ 0.81	$ 0.40	$ 2.39
Common Dividend Per Share	$ 0.2900	$ 0.2900	$ 0.2900	$ 0.3125	$ 1.1825
High/Low Common Stock Price	$94.56/$121.10	$75.77/$108.27	$77.08/$96.19	$74.20/$95.82	

The information above, in the opinion of the Company, includes all adjustments consisting only of normal recurring accruals necessary for a fair presentation of such amounts. The business of the Company is subject to seasonal fluctuation with the peak period usually occurring during the summer months. The quarterly earnings per share amounts above may differ slightly from previous filings due to the effects of rounding.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES

(1) 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.

As required by Rule 13a-15 under 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 for the year ended December 31, 2023. Based upon that evaluation, the Company's Chief Executive Officer and the Company's Chief Financial Officer concluded that:

a) The following changes in internal control over financial reporting occurred during the year ended December 31, 2023 that has materially affected, or are reasonably likely to materially affect, internal control over financial reporting:

   In December 2023, management implemented various auditing and monitoring solutions that provide greater transparency into changes made within our information technology (IT) systems. These control solutions are supported by a timely review process that focuses on the proper authorization and approval of IT system changes.

b) Our disclosure controls and procedures were not effective as of December 31, 2023 due to the material weaknesses described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

   As the IT material weakness was recently determined to exist, the remediation actions described in paragraph (1) a) above were completed in December 2023. However, the implemented controls did not operate over a sufficient time period to adequately test and validate the remediation and reassess other information technology general controls (ITGCs), which may require further remediation actions.

   In addition, there were ineffective internal controls related to income tax accounting for a non-routine transaction.

   Management has determined that such material weaknesses still exist as of December 31, 2023.

(2) **Management's Report on Internal Control Over Financial Reporting**

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13A-15(f) and 15d-15(f). Middlesex's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors of adequate preparation and fair presentation of the published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the adequacy of financial statement preparation and presentation. Middlesex's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013 framework).

Subsequent to the issuance of the Company’s consolidated financial statements for the year ended December 31, 2022 which were included in Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022, originally filed with the United States Securities and Exchange Commission on February 24, 2023, the Company’s independent registered public accounting firm, Baker Tilly US, LLP (Baker Tilly), conducted a routine internal quality review of its integrated audit of the Company’s 2022 consolidated financial statements and internal control over financial reporting as of December 31, 2022. As a result of this review, Baker Tilly re-examined the Company’s ITGCs in the areas of user access and change management over certain IT systems that support the Company’s financial reporting processes. Certain of those controls were found to be deficient because of a lack of sufficient IT control processes designed to prevent or detect unauthorized changes in applications and data in selected IT environments. It has therefore been concluded that automated and manual process controls dependent on ITGCs were not effective. These ineffective controls create a possibility that material misstatements in financial reporting processes and financial statement accounts in our consolidated financial statements will not be prevented or detected on a timely basis. As the material weakness was recently determined to exist, certain remediation actions were completed in December 2023. Various auditing and monitoring solutions have been implemented that provide greater transparency into changes made within our IT systems. These control solutions are supported by a timely review process that focuses on the proper authorization and approval of IT system changes. Due to the timing of the implementation of the solutions, the controls implemented did not operate over a sufficient time period to adequately test and validate the remediation and reassess other ITGCs, which may require further remediation actions.

In addition, there were ineffective internal controls related to income tax accounting for a non-routine transaction.

Management has determined that such material weaknesses exist as of December 31, 2023.

Notwithstanding the identified material weakness referred to above, management, including our principal executive officer and principal financial officer, believe that the financial statements contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 fairly present, in all material respects, the financial condition, results of operations and cash flows of the Company for all periods presented in accordance with accounting principles generally accepted in the United States of America.

While the Audit Committee of our Board of Directors and Company management will closely monitor the remediation efforts, until the remediation efforts discussed in this section are complete, tested and determined effective, we will not be able to conclude that the material weakness has been remediated.

Middlesex’s independent registered public accounting firm (PCAOB ID 23) has audited the effectiveness of our internal control over financial reporting as of December 31, 2023 as stated in their report dated as of February 29, 2024, which is included herein.

/s/ Dennis W. Doll	/s/ A. Bruce O’Connor
Dennis W. Doll	A. Bruce O’Connor
President and	Senior Vice President, Treasurer and
Chief Executive Officer	Chief Financial Officer

Iselin, New Jersey
February 29, 2024

ITEM 9B. OTHER INFORMATION.

(a) None.

(b) Insider Trading Arrangements and Policies - During the three months ended December 31, 2023, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K."

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information with respect to Directors of Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

Information regarding the Executive Officers of Middlesex Water Company is included under Item 1. in Part I of this Annual Report.

ITEM 11. EXECUTIVE COMPENSATION.

This Information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2023 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

1. The following Financial Statements and Supplementary Data are included in Part II- Item 8. of this Annual Report:

   Consolidated Balance Sheets at December 31, 2023 and 2022.

   Consolidated Statements of Income for each of the three years in the period ended December 31, 2023.

   Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2023.

   Consolidated Statements of Capital Stock and Long-term Debt as of December 31, 2023 and 2022.

   Consolidated Statements of Common Stockholders' Equity for each of the three years in the period ended December 31, 2023.

   Notes to Consolidated Financial Statements.

2. <u>Financial Statement Schedules</u>

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

3. <u>Exhibits</u>

   See Exhibit listing immediately following the signature page.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

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

MIDDLESEX WATER COMPANY

By: /s/ Dennis W. Doll
Dennis W. Doll
President and Chief Executive Officer

Date: February 29, 2024

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 29, 2024.

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

By: /s/ Robert J. Capko
Robert J. Capko
Corporate Controller
(Principal Accounting Officer)

By: /s/ Dennis W. Doll
Dennis W. Doll
Chairman of the Board, President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Joshua Bershad, M.D.
Joshua Bershad, M.D.
Director

By: /s/ James F. Cosgrove Jr.
James F. Cosgrove Jr.
Director

By: /s/ Kim C. Hanemann
Kim C. Hanemann
Director

By: /s/ Steven M. Klein
Steven M. Klein
Director

By: /s/ Amy B. Mansue
Amy B. Mansue
Director

By: /s/ Vaughn L. McKoy
Vaughn L. McKoy
Director

By: /s/ Ann L. Noble
Ann L. Noble
Director

By: /s/ Walter G. Reinhard
Walter G. Reinhard
Director

EXHIBIT INDEX

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

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
3.1	The Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the Year ended December 31, 1998.		
3.2	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on June 20, 1997, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.		
3.3	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on May 27, 1998, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998.		
3.4	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on June 10, 1998, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998.		
3.5	Certificate of Correction of Middlesex Water Company filed with the State of New Jersey on April 30, 1999, filed as Exhibit 3.3 to the Company's Annual Report on Form 10-K/A-2 for the year ended December 31, 2003.		
3.6	Certificate of Amendment to the Restated Certificate of Incorporation of Middlesex Water Company, filed with the State of New Jersey on February 17, 2000, filed as Exhibit 3.4 to the Company's Annual Report on Form 10-K/A-2 for the year ended December 31, 2003.		
3.7	Certificate of Amendment to the Restated Certificate of Incorporation of Middlesex Water Company, filed with the State of New Jersey on June 5, 2002, filed as Exhibit 3.5 to the Company's Annual Report on Form 10-K/A-2 for the year ended December 31, 2003.		
3.8	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on June 19, 2007, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed April 30, 2010.		
3.9	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on September 4, 2019, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed September 6, 2019.		
3.10	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on September 19, 2019, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed September 23, 2019.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
3.11	By-laws of the Company, as amended, filed as Exhibit 4.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.		
3.12	Amendments to the by-laws of the Company, included as Exhibit 3(ii) to the Company's Current Report on Form 8-K dated November 22, 2017.		
4.1	Form of Common Stock Certificate.	2-55058	2(a)
10.1	Water Service Agreement, dated February 28, 2006, between the Company and Elizabethtown Water Company, filed as Exhibit 10 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.		
10.2	Mortgage, dated April 1, 1927, between the Company and Union County Trust Company, as Trustee, as supplemented by Supplemental Indentures, dated as of October 1, 1939 and April 1, 1949.	2-15795	4(a)-4(f)
10.3	Supplemental Indenture, dated as of July 1, 1964 and June 15, 1991, between the Company and Union County Trust Company, as Trustee.	33-54922	10.4-10.9
10.4	Agreement for a Supply of Water, dated as of July 27, 2011, between the Company and the Old Bridge Municipal Utilities Authority, filed as Exhibit No. 10.4 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.		
10.5	Water Supply Agreement, dated as of July 14, 1987, between the Company and the Marlboro Township Municipal Utilities Authority, as amended.	33-31476	10.13
*10.6 (1)	Water Purchase Contract, dated as of October 24, 2023, between the Company and the New Jersey Water Supply Authority.		
10.7	Treatment and Pumping Agreement, dated October 1, 2014, between the Company and the Township of East Brunswick, filed as Exhibit No. 10.7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2016.		
10.8	Water Supply Agreement, dated June 4, 1990, between the Company and Edison Township.	33-54922	10.24
10.9	Agreement for a Supply of Water, dated January 1, 2006, between the Company and the Borough of Highland Park, filed as Exhibit No. 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.		
10.9(a)	Amendment to Agreement for a Supply of Water, dated as of December 1, 2015, between the Company and the Borough of Highland Park, filed as Exhibit No. 10.9(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2015.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
(t)10.10	Middlesex Water Company Supplemental Executive Retirement Plan, filed as Exhibit 10.13 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999.		
(t)10.11(a)	Middlesex Water Company 2018 Restricted Stock Plan, filed as Appendix A to the Company's Definitive Proxy Statement, dated and filed April 12, 2018.		
(t)10.11(b)	Registration Statement, Form S-8, under the Securities Act of 1933, filed December 18, 2008, relating to the Middlesex Water Company Outside Director Stock Compensation Stock Plan.	333-156269	
(t)10.12	Employment Agreement, dated as of March 1, 2024, between the Company and Nadine Duchemin-Leslie, filed as Exhibit 99.2 of the Company's Current Report on Form 8-K dated January 23, 2024.		
(t)10.12(a)	Change in Control Termination Agreement, dated as of March 1, 2024, between the Company and Nadine Duchemin-Leslie, filed as Exhibit 99.3 of the Company's Current Report on Form 8-K dated January 23, 2024.		
(t)10.12(b)	Change in Control Termination Agreement, dated as of January 1, 2009, between the Company and A. Bruce O'Connor, filed as Exhibit 10.13(b) of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.		
(t)10.12(c)	Change in Control Termination Agreement, dated as of March 1, 2012, between the Company and Lorrie B. Ginegaw, filed as Exhibit 10.13(e) of the Company's Annual Report on Form 10-K for the year ended December 31, 2011.		
(t)10.12(d)	Change in Control Termination Agreement, dated as of January 1, 2009, between the Company and Bernadette M. Sohler, filed as Exhibit 10.13(h) of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.		
(t)10.12(e)	Change in Control Termination Agreement, dated as of March 17, 2014, between the Company and Jay L. Kooper, filed as Exhibit 10.12(g) of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.		
(t)10.12(f)	Change in Control Termination Agreement, dated as of July 1, 2019, between the Company and G. Christian Andreasen, filed as Exhibit 10.12(f) of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.		
(t)10.12(g)	Change in Control Termination Agreement, dated as of July 1, 2019, between the Company and Robert K. Fullagar, filed as Exhibit 10.12(g) of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
(t)10.12(h)	Change in Control Termination Agreement, dated as of July 1, 2019, between the Company and Georgia M. Simpson, filed as Exhibit 10.12(h) of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.		
(t)10.12(i)	Change in Control Termination Agreement, dated as of April 28, 2023 between the Company and Robert J. Capko, filed as Exhibit 10.12(i) of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023.		
10.13	Transmission Agreement, dated October 16, 1992, between the Company and the Township of East Brunswick.	33-54922	10.23
10.13(a)	Amendment, dated November 28, 2016, to Transmission Agreement between the Company and the Township of East Brunswick, filed as Exhibit No. 10.13(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2016.		
10.14	Contract, dated August 20, 2018, between the City of Perth Amboy and Utility Service Affiliates (Perth Amboy), Inc., filed as Exhibit 10.16 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.		
10.15	Thirtieth Supplemental Indenture, dated October 15, 2004, between the Company and Wachovia Bank, National Association; Loan Agreement, dated November 1, 2004, between the State of New Jersey and the Company (Series EE), filed as Exhibit No. 10.26 of the Company's Annual Report on Form 10-K for the year ended December 31, 2004.		
10.16	Thirty-First Supplemental Indenture, dated October 15, 2004, between the Company and Wachovia Bank, National Association; Loan Agreement, dated November 1, 2004, between the New Jersey Environmental Infrastructure Trust and the Company (Series FF), filed as Exhibit No. 10.27 of the Company's Annual Report on Form 10-K for the year ended December 31, 2004.		
10.17(a)	Promissory Note and Supplement, dated October 15, 2014, between Tidewater Utilities, Inc. and CoBank, ACB; Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement, effective October 15, 2014, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.23 of the Company's Annual Report on Form 10-K for the year ended December 31, 2014.		

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Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.17(b)	Promissory Note and Supplement, dated March 29, 2021, between Tidewater Utilities, Inc. and CoBank, ACB; Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement, effective March 29, 2021, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.19(b) of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.		
10.17(c)	Promissory Note and Supplement, dated May 11, 2023, between Tidewater Utilities, Inc. and CoBank, ACB; Amendments to Combination Water Utility Real Estate Mortgage and Security Agreement, effective May 11, 2023, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.17(c) of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023.		
10.17(d)	Sixth Amendment to Promissory Note and Supplement, dated as of May 11, 2023, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.17(d) of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023.		
10.18	Agreement for a Supply of Water, dated April 1, 2006, between the Company and the City of Rahway, filed as Exhibit No. 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.		
10.19	Loan Agreement, dated November 1, 2006, between the State of New Jersey and the Company (Series GG), filed as Exhibit No. 10.30 of the Company's Annual Report on Form 10-K for the year ended December 31, 2006.		
10.20	Loan Agreement, dated November 1, 2006, between the New Jersey Environmental Infrastructure Trust and the Company (Series HH), filed as Exhibit No. 10.31 of the Company's Annual Report on Form 10-K for the year ended December 31, 2006.		
10.21	Loan Agreement, dated November 1, 2007, between New Jersey Environmental Infrastructure Trust and the Company (Series II), filed as Exhibit No. 10.32 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007.		
10.22	Loan Agreement, dated November 1, 2007, between the State of New Jersey and the Company (Series JJ), filed as Exhibit 10.33 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007.		
10.23	Loan Agreement, dated November 1, 2008, between New Jersey Environmental Infrastructure Trust and the Company dated as of (Series KK), filed as Exhibit 10.34 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.24	Loan Agreement, dated November 1, 2008, between the State of New Jersey and the Company (Series LL), filed as Exhibit 10.35 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.		
10.25	Prospectus Supplement, filed August 3, 2022, relating to the Middlesex Water Company Investment Plan.	333-266482	
10.25(a)	Prospectus Supplement, filed July 25, 2023, relating to the Middlesex Water Company Investment Plan.	333-266482	
10.26(a)	Amended and Restated $68,000,000 Revolving Line of Credit Note, dated February 9, 2022, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and While Marsh Environmental Systems, Inc., and PNC Bank, N.A., filed as Exhibit 10.26(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.		
10.26(b)	Waiver and Amendment to Loan Documents, dated February 9, 2022, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and While Marsh Environmental Systems, Inc., and PNC Bank, N.A., filed as Exhibit 10.26(b) of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.		
10.26(c)	Amendment to Loan Documents, dated March 17, 2023, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and While Marsh Environmental Systems, Inc., and PNC Bank, N.A. filed as Exhibit 10.26(c) of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023.		
10.26(d)	Amendment to Loan Documents, dated April 5, 2023, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and While Marsh Environmental Systems, Inc., and PNC Bank, N.A, filed as Exhibit 10.26(d) of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.26(e)	Amendment to Loan Documents, dated June 15, 2023, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and While Marsh Environmental Systems, Inc., and PNC Bank, N.A, filed as Exhibit 10.26(e) of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023.		
*10.26(f) (1)	Amendment to Loan Documents, dated January 29, 2024, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and While Marsh Environmental Systems, Inc., and PNC Bank, N.A.		
10.27(a)	Uncommitted ($30,000,000) Loan Agreement, dated January 28, 2021, between the Company, Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates, Inc., Utility Service Affiliates (Perth Amboy) Inc., Tidewater Environmental Services, Inc., and Bank of America, N.A. filed as Exhibit 10.30 of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.		
10.27(b)	Amendment No. 1 ($60,000,000) to Uncommitted Loan Agreement, dated January 27, 2022, between the Company, Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates, Inc., Utility Service Affiliates (Perth Amboy) Inc., and Bank of America, N.A., filed as Exhibit 10.27(b) of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.		
10.27(c)	Amendment No. 2 ($60,000,000) to Uncommitted Loan Agreement, dated January 26, 2023, between the Company, Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates, Inc., Utility Service Affiliates (Perth Amboy) Inc., and Bank of America, N.A. filed as Exhibit 10.27(c) of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
*10.27(d) (1)	Amendment No. 3 ($60,000,000) to Uncommitted Loan Agreement, dated January 25, 2024, between the Company, Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates, Inc., Utility Service Affiliates (Perth Amboy) Inc., and Bank of America, N.A.		
10.28	Fourth Amendment to Promissory Note and Supplement, dated as of August 19, 2020, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.34 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.		
10.29	Loan Agreement, dated December 1, 2010, between the State of New Jersey and the Company (Series MM), filed as Exhibit 10.41 of the Company's Annual Report on Form 10-K for the year ended December 31, 2010.		
10.30	Loan Agreement, dated December 1, 2010, between New Jersey Environmental Infrastructure Trust and the Company (Series NN), filed as Exhibit 10.42 of the Company's Annual Report on Form 10-K for the year ended December 31, 2010.		
10.31	Loan Agreement, dated May 1, 2012, between the State of New Jersey and the Company, (Series OO), filed as Exhibit 10.43 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.		
10.32	Loan Agreement, dated May 1, 2012, between New Jersey Environmental Infrastructure Trust and the Company (Series PP), filed as Exhibit 10.44 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.		
10.33	Loan Agreement, dated November 1, 2012, between the New Jersey Economic Development Authority and the Company (Series QQ]), filed as Exhibit 10.41 of the Company's Annual Report on Form 10-K for the year ended December 31, 2012.		
10.34	Loan Agreement, dated May 1, 2013, between the State of New Jersey and the Company (Series TT), filed as Exhibit 10.42 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.		
10.35	Loan Agreement, dated May 1, 2013, between New Jersey Environmental Infrastructure Trust and the Company (Series UU), filed as Exhibit 10.43 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.		
10.36	Loan Agreement, dated May 1, 2014, between New Jersey Environmental Infrastructure Trust and the Company (Series VV), filed as Exhibit 10.43 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.		

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Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.37	Loan Agreement, dated May 1, 2014, between New Jersey Environmental Infrastructure Trust and the Company (Series WW), filed as Exhibit 10.44 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.		
10.38	Loan Agreement, dated November 1, 2017, between New Jersey Environmental Infrastructure Trust and the Company (Series XX), filed as Exhibit 10.44 of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.		
10.39	Loan Agreement, dated November 1, 2017, between New Jersey Environmental Infrastructure Trust and the Company (Series YY), filed as Exhibit 10.45 of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.		
10.40	Loan Agreement, dated May 1, 2018, between New Jersey Environmental Infrastructure Trust and the Company (Series 2018A), filed as Exhibit 10.46 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.		
10.41	Loan Agreement, dated May 1, 2018, between New Jersey Environmental Infrastructure Trust and the Company (Series 2018B), filed as Exhibit 10.47 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.		
10.42	Loan Agreement, dated August 1, 2019, between New Jersey Economic Development Authority and the Company (Series 2019A and Series 2019B), filed as Exhibit 10.50 to the Company's Current Report on Form 8-K filed September 6, 2019.		
10.43	Bond Purchase Agreement, dated November 16, 2020, between New York Life Insurance Company and Affiliates and the Company (Series 2020A), filed as Exhibit 10.48 of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.		
10.44	Bond Purchase Agreement, dated November 5, 2021, between New York Life Insurance Company and Affiliates and the Company (Series 2021A and Series 2021B), filed as Exhibit 10.46 of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.		
10.45	Financing Agreement, dated December 16, 2021, between the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health & Social Services, and Tidewater Utilities, Inc, filed as Exhibit 10.46 of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.		
10.46	Loan Agreement, dated May 1, 2022, between New Jersey Infrastructure Bank and the Company (Series 2022A), filed as Exhibit 10.40 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.47	Loan Agreement, dated May 1, 2022, between the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection, and the Company (Series 2022B) filed as Exhibit 10.41 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022.		
10.48	Bond Purchase Agreement, dated March 2, 2023, between New York Life Insurance Company and Affiliates and the Company (Series 2023A) filed as Exhibit 10.48 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023.		
10.49	Financing Agreement, dated April 5, 2023, between the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health and Tidewater Utilities, Inc., filed as Exhibit 10.49 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023.		
10.50	Financing Agreement, dated April 5, 2023, between the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health and Tidewater Utilities, Inc, filed as Exhibit 10.50 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023.		
10.51	Financing Agreement, dated April 5, 2023, between the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health and Tidewater Utilities, Inc, filed as Exhibit 10.51 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023.		
10.52	Multiple Advance Term Promissory Note, dated May 22, 2023, between Pinelands Water Company and CoBank, ACB, filed as Exhibit 10.53 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023.		
10.53	Multiple Advance Term Promissory Note, dated May 22, 2023, between Pinelands Wastewater Company and CoBank, ACB, filed as Exhibit 10.54 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023.		
10.54	Settlement Agreement, dated as of August 28, 2023, between Middlesex Water Company and 3M Company, filed as Exhibit 10.55 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023.		
10.55	Consulting Agreement, dated March 1, 2024, between the Company and Dennis W. Doll, filed as Exhibit 99.4 of the Company's Current Report on Form 8-K dated January 23, 2024.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
*19 (1)	Middlesex Water Company Insider Trading Policy.		
*21 (1)	Middlesex Water Company Subsidiaries.		
*23.1 (1)	Consent of Independent Registered Public Accounting Firm, Baker Tilly US, LLP.		
*31 (1)	Section 302 Certification by Dennis W. Doll pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.		
*31.1 (1)	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.		
*32.1 (1)	Section 906 Certification by A. Bruce O'Connor pursuant to 18 U.S.C.§1350.		
*97 (1)	Middlesex Water Company Incentive-Based Award Clawback Policy.		
101.INS	XBRL Instance Document– the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.		
101.SCH	Inline XBRL Taxonomy Extension Schema Document		
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document		

(1) These documents were included in the 2023 Form 10-K, as filed with the United States Securities and Exchange Commission and will be provided upon request.

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BOARD OF DIRECTORS

Joshua Bershad, M.D. [1,2]
Executive Vice President
Physician Services of RWJBarnabas Health
Chief Medical Officer
Rutgers Athletics

Dennis W. Doll
Chairman of the Board,
Past President & Chief Executive Officer
Middlesex Water Company

James F.Cosgrove, Jr. [2, 4, 5]
President
One Water Consulting, LLC

Kim C. Hanemann [2, 3]
President & Chief Operating Officer
Public Service Electric & Gas Company (PSE&G)

Nadine Leslie
President and Chief Executive Officer
Middlesex Water Company

Steven M. Klein [1, 4]
President & Chief Executive Officer
Northfield Bancorp, Inc., Northfield Bank

Amy B. Mansue [1, 2]
President & Chief Executive Officer
Inspira Health

Vaughn L. McKoy [1,3]
Partner
Connell Foley, LLP

Ann L. Noble [3, 4, 5]
Financial Consultant

Walter G. Reinhard [3, 4, 5]
(Retired) Former Partner
Norris McLaughlin, P.A.

Committees
1. Audit
2. Compensation
3. Corporate Governance & Nominating
4. Pension
5. Ad-Hoc Pricing

EXECUTIVE MANAGEMENT TEAM

G. Christian Andreasen, Jr.
Vice President – Enterprise Engineering

Robert J. Capko
Principal Accounting Officer

Robert K. Fullagar
Vice President – Operations

Lorrie B. Ginegaw
Vice President – Human Resources

Jay L. Kooper
Vice President, General Counsel
& Secretary

Nadine Leslie
President and Chief Executive Officer

A. Bruce O'Connor
Sr. Vice President, Treasurer &
Chief Financial Officer

Bruce E. Patrick
President, Tidewater Utilities, Inc.

Georgia M. Simpson
Vice President – Information Technology &
Chief Technology Officer

Bernadette M. Sohler
Vice President – Corporate Affairs

COMPANY HEADQUARTERS

Middlesex Water Company
485C Route 1 South, Suite 400
Iselin, NJ 08830
Telephone: 732-634-1500
MiddlesexWater.com

TRANSFER AGENT AND REGISTRAR

Broadridge Corporate Issuer Solutions, Inc. (Broadridge)
P.O. Box 1342
Brentwood, New York 11717
Telephone: 1-888-211-0641
E-mail: shareholder@broadridge.com
Website: http://shareholder.broadridge.com/middlesexwater

SHAREHOLDER ACCOUNT INQUIRIES

To review the status of your shareholder account or dividend payments, transfer shares, report a change of address or other related matters, please contact Broadridge directly by calling 1-888-211-0641.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Baker Tilly US, LLP
1650 Market Street, Suite 4500
Philadelphia, PA 19103
Telephone: 215-972-0701

INVESTOR RELATIONS

Shareholders, analysts and others seeking information about Middlesex Water Company are invited to contact our Investor Relations Department at:

Telephone: 732-638-7549 ▪ Fax: 732-638-7515
E-mail: bsohler@middlesexwater.com

Copies of our earnings and other releases, financial publications including our Annual Report on SEC Form 10-K as well as 10-Q filings and dividend announcements are available without charge upon request. These documents are also typically available within minutes of being filed on the Investors section of our website at MiddlesexWater.com. Shareholders may also subscribe to receive Email Alerts in this area for daily stock quotes, Company news or SEC filings.

THE MIDDLESEX WATER COMPANY INVESTMENT PLAN

The Middlesex Water Company Investment Plan provides new and existing shareholders of its common stock with a convenient way to build ownership in the Company through the purchase of common shares directly from the Company and the reinvestment of their cash dividends. The Prospectus and enrollment form are available from Broadridge at http://shareholder.broadridge.com/middlesexwater and may also be accessed in the Investors section at MiddlesexWater.com.

2024 DIVIDEND SCHEDULE*

	Record Dates	Payment Dates		Record Dates	Payment Dates
Common	FEB 15	MAR 1	Preferred	JAN 12	FEB 1
	MAY 15	JUN 3		APR 15	MAY 1
	AUG 15	SEP 3		JUL 15	AUG 1
	NOV 15	DEC 2		OCT 15	NOV 1

*Subject to approval by Board of Directors.


A PROVIDER OF
WATER, WASTEWATER AND
RELATED PRODUCTS & SERVICES
MIDDLESEX WATER COMPANY
485C Route 1 South, Suite 400
Iselin, NJ 08830
732-634-1500
MiddlesexWater.com

MIDDLESEX WATER COMPANY 2023 ANNUAL REPORT AND 10-K