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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2005

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.)

1500 Ronson Road, Iselin NJ 08830
(Address of principal executive offices, including zip code)

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 |X| No |_|

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act):

Yes |X| No |_|

The number of shares outstanding of each of the registrant's classes of common stock, as of November 1, 2005: Common Stock, No Par Value: 11,523,589 shares outstanding.

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MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
Operating Revenues	$ 20,832,448	$ 19,856,688	$ 56,006,102	$ 53,502,334
Operating Expenses:				
Operations	10,065,706	9,193,804	28,516,810	27,455,475
Maintenance	765,422	759,352	2,643,226	2,430,319
Depreciation	1,635,403	1,467,523	4,803,610	4,353,222
Other Taxes	2,352,781	2,224,028	6,599,435	6,195,329
Income Taxes	1,535,061	1,714,802	3,096,545	3,240,804
Total Operating Expenses	16,354,373	15,359,509	45,659,626	43,675,149
Operating Income	4,478,075	4,497,179	10,346,476	9,827,185
Other Income (Expense):				
Allowance for Funds Used During Construction	109,009	179,173	459,915	309,455
Other Income	63,368	33,418	154,530	170,983
Other Expense	(1,879)	(85)	(26,348)	(29,761)
Total Other Income, net	170,498	212,506	588,097	450,677
Interest Charges	1,624,145	1,347,475	4,584,315	3,991,681
Net Income	3,024,428	3,362,210	6,350,258	6,286,181
Preferred Stock Dividend Requirements	61,947	63,697	189,340	191,090
Earnings Applicable to Common Stock	$ 2,962,481	$ 3,298,513	$ 6,160,918	$ 6,095,091
Earnings per share of Common Stock:				
Basic	$ 0.26	$ 0.29	$ 0.54	$ 0.55
Diluted	$ 0.26	$ 0.29	$ 0.54	$ 0.55
Average Number of Common Shares Outstanding :				
Basic	11,466,024	11,316,768	11,409,182	10,989,209
Diluted	11,805,164	11,659,908	11,750,989	11,332,349
Cash Dividends Paid per Common Share	$ 0.1675	$ 0.1650	$ 0.5025	$ 0.4950

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS		September 30, 2005	December 31, 2004
			(Restated- see Note 9)
UTILITY PLANT:	Water Production	$ 89,764,872	$ 82,340,798
	Transmission and Distribution	208,141,580	194,531,035
	General	23,244,601	20,451,215
	Construction Work in Progress	6,389,218	13,013,391
	TOTAL	327,540,271	310,336,439
	Less Accumulated Depreciation	53,942,198	52,017,761
	UTILITY PLANT - NET	273,598,073	258,318,678
CURRENT ASSETS:	Cash and Cash Equivalents	4,208,562	4,034,768
	Accounts Receivable, net	7,719,202	6,316,853
	Unbilled Revenues	4,574,528	3,572,713
	Materials and Supplies (at average cost)	1,548,021	1,203,906
	Prepayments	1,033,478	823,976
	TOTAL CURRENT ASSETS	19,083,791	15,952,216
DEFERRED CHARGES AND OTHER ASSETS:	Unamortized Debt Expense	3,177,044	3,172,254
	Preliminary Survey and Investigation Charges	1,822,706	1,032,182
	Regulatory Assets	8,482,542	8,198,565
	Restricted Cash	6,493,814	13,257,106
	Non-utility Assets, net	5,627,845	5,237,622
	Other	596,871	465,419
	TOTAL DEFERRED CHARGES AND OTHER ASSETS	26,200,822	31,363,148
	TOTAL ASSETS	$ 318,882,686	$ 305,634,042
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock, No Par Value	$ 74,684,237	$ 71,979,902
	Retained Earnings	23,536,670	23,103,908
	Accumulated Other Comprehensive Income, net of tax	52,524	44,841
	TOTAL COMMON EQUITY	98,273,431	95,128,651
	Preferred Stock	3,958,062	4,063,062
	Long-term Debt	127,901,370	115,280,649
	TOTAL CAPITALIZATION	230,132,863	214,472,362
CURRENT LIABILITIES:	Current Portion of Long-term Debt	2,103,932	1,091,351
	Notes Payable	5,000,000	11,000,000
	Accounts Payable	4,654,688	6,001,806
	Accrued Taxes	7,390,748	6,784,380
	Accrued Interest	851,683	1,703,131
	Unearned Revenues and Advanced Service Fees	489,527	387,156
	Other	724,968	795,456
	TOTAL CURRENT LIABILITIES	21,215,546	27,763,280
COMMITMENTS AND CONTINGENT LIABILITIES (Note 6)			
DEFERRED CREDITS AND OTHER LIABILITIES:	Customer Advances for Construction	15,467,903	14,018,006
	Accumulated Deferred Investment Tax Credits	1,637,603	1,696,566
	Accumulated Deferred Income Taxes	15,381,387	14,556,153
	Employee Benefit Plans	5,880,779	5,464,056
	Regulatory Liability - Cost of Utility Plant Removal	5,553,764	5,363,152
	Other	803,943	849,551
	TOTAL DEFERRED CREDITS AND OTHER LIABILITIES	44,725,379	41,947,484
CONTRIBUTIONS IN AID OF CONSTRUCTION		22,808,898	21,450,916
	TOTAL CAPITALIZATION AND LIABILITIES	$ 318,882,686	$ 305,634,042

See Notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended September 30, 2005	2004 (Restated- see Note 9)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 6,350,258	$ 6,286,181
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	5,320,479	4,735,468
Provision for Deferred Income Taxes and ITC	61,268	182,178
Allowance for Funds Used During Construction	(459,915)	(309,455)
Changes in Assets and Liabilities:		
Accounts Receivable	(1,402,349)	(1,498,368)
Unbilled Revenues	(1,001,815)	(889,811)
Materials & Supplies	(344,115)	(175,658)
Prepayments	(209,502)	(26,588)
Other Assets	(130,128)	(479,433)
Accounts Payable	(1,384,541)	2,631,453
Accrued Taxes	602,410	1,612,018
Accrued Interest	(851,448)	(1,098,724)
Employee Benefit Plans	416,723	165,713
Unearned Revenue & Advanced Service Fees	102,371	141,997
Other Liabilities	(116,096)	89,033
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,953,600	11,366,004
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility Plant Expenditures*	(17,684,593)	(19,773,185)
Cash Surrender Value & Other Investments	(189,951)	(123,714)
Restricted Cash	6,763,292	2,388,257
Preliminary Survey & Investigation Charges	(790,524)	498,706
NET CASH USED IN INVESTING ACTIVITIES	(11,901,776)	(17,009,936)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of Long-term Debt	(1,003,768)	(943,353)
Proceeds from Issuance of Long-term Debt	14,637,070	3,866,250
Net Short-term Notes Payable Repayments	(6,000,000)	(6,500,000)
Deferred Debt Issuance Expenses	(131,777)	(17,618)
Common Stock Issuance Expense	--	(379,532)
Proceeds from Issuance of Common Stock	2,599,335	14,659,874
Payment of Common Dividends	(5,728,156)	(5,475,146)
Payment of Preferred Dividends	(189,340)	(191,090)
Construction Advances and Contributions-Net	938,606	220,623
NET CASH PROVIDED BY FINANCING ACTIVITIES	5,121,970	5,240,008
NET CHANGES IN CASH AND CASH EQUIVALENTS	173,794	(403,924)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,034,768	3,005,610
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 4,208,562	$ 2,601,686

*Excludes Allowance for Funds Used During Construction

	2005	2004
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:		
Utility Plant received as Construction Advances and Contributions	$ 901,531	$ 2,015,064
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash Paid During the Period for:		
Interest	$ 5,394,714	$ 5,024,123
Interest Capitalized	$ (459,915)	$ (309,455)
Income Taxes	$ 2,822,000	$ 1,755,500

See Notes to Condensed Consolidated Financial Statements.

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

	September 30, 2005	December 31, 2004
Common Stock, No Par Value		
Shares Authorized - 20,000,000		
Shares Outstanding - 2005 - 11,499,745	$ 74,684,237	$ 71,979,902
2004 - 11,358,772		
Retained Earnings	23,536,670	23,103,908
Accumulated Other Comprehensive Income, net of tax	52,524	44,841
TOTAL COMMON EQUITY	$ 98,273,431	$ 95,128,651
Cumulative Preference Stock, No Par Value:		
Shares Authorized - 100,000		
Shares Outstanding - None		
Cumulative Preferred Stock, No Par Value		
Shares Authorized - 140,497		
Convertible:		
Shares Outstanding, $7.00 Series - 13,881	$ 1,457,505	$ 1,562,505
Shares Outstanding, $8.00 Series - 12,000	1,398,857	1,398,857
Nonredeemable:		
Shares Outstanding, $7.00 Series - 1,017	101,700	101,700
Shares Outstanding, $4.75 Series - 10,000	1,000,000	1,000,000
TOTAL PREFERRED STOCK	$ 3,958,062	$ 4,063,062
Long-term Debt		
8.05%, Amortizing Secured Note, due December 20, 2021	$ 3,004,063	$ 3,063,389
6.25%, Amortizing Secured Note, due May 22, 2028	9,520,000	9,835,000
6.44%, Amortizing Secured Note, due August 25, 2030	6,976,667	--
6.46%, Amortizing Secured Note, due September 19, 2031	7,000,000	--
4.22%, State Revolving Trust Note, due December 31, 2022	769,238	784,000
3.30% to 3.60%, State Revolving Trust Note, due May 1, 2025	2,985,386	2,348,316
4.00% to 5.00%, State Revolving Trust Bond, due September 1, 2021	760,000	790,000
0.00%, State Revolving Fund Bond, due September 1, 2021	614,436	652,306
First Mortgage Bonds:		
5.20%, Series S, due October 1, 2022	12,000,000	12,000,000
5.25%, Series T, due October 1, 2023	6,500,000	6,500,000
6.40%, Series U, due February 1, 2009	15,000,000	15,000,000
5.25%, Series V, due February 1, 2029	10,000,000	10,000,000
5.35%, Series W, due February 1, 2038	23,000,000	23,000,000
0.00%, Series X, due September 1, 2018	700,280	755,006
4.25% to 4.63%, Series Y, due September 1, 2018	870,000	920,000
0.00%, Series Z, due September 1, 2019	1,567,367	1,679,979
5.25% to 5.75%, Series AA, due September 1, 2019	1,990,000	2,085,000
0.00%, Series BB, due September 1, 2021	1,926,956	2,048,095
4.00% to 5.00%, Series CC, due September 1, 2021	2,185,000	2,275,000
5.10%, Series DD, due January 1, 2032	6,000,000	6,000,000
0.00%, Series EE, due September 1, 2024	7,715,909	7,715,909
3.00% to 5.50%, Series FF, due September 1, 2024	8,920,000	8,920,000
SUBTOTAL LONG-TERM DEBT	130,005,302	116,372,000
Less: Current Portion of Long-term Debt	(2,103,932)	(1,091,351)
TOTAL LONG-TERM DEBT	$ 127,901,370	$ 115,280,649

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

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

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary, after the effect of the restatement of certain financial reporting period financial statements (see Note 9 - Restatement of Condensed Consolidated Financial Statements), to present fairly the financial position as of September 30, 2005 and December 31, 2004 and the results of operations for the three and nine month periods ended September 30, 2005 and 2004, and cash flows for the nine month periods ended September 30, 2005 and 2004.

Recent Accounting Pronouncements - In May 2005, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No.154, "Accounting Changes and Error Corrections" (SFAS 154), which requires retrospective application to prior periods' financial statements of voluntary changes in accounting principles unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS 154 makes a distinction between "retrospective application" of an accounting principle and the "restatement" of financial statements to reflect the correction of an error. SFAS 154 replaces Accounting Principles Bulletin (APB) No. 20, "Accounting Changes" (APB 20), and SFAS No. 3, Reporting Accounting Changes in Interim Financial Statements. APB 20 previously required that most voluntary changes in accounting principle be recognized by including the cumulative effect of changing to the new accounting principle in the net income of the period of the change. SFAS 154 requires that a change in depreciation, amortization or depletion method for long-lived non-financial assets be accounted for as a change in accounting estimate affected by a change in accounting principle, whereas APB 20 had required accounting for such a change as a change in accounting principle. SFAS 154 carries forward the guidance in APB 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate as well as the requirement for justifying a change in accounting principle on the basis of a preference. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005 (January 1, 2006 for the Company).

In December 2004, the FASB issued SFAS No.123(R), "Share-Based Payment" (SFAS 123(R)), which replaces SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees". The Statement requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. The Statement also establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a fair-value-based measurement method in accounting for share-based payment transactions with employees, except for equity instruments held by employee share ownership plans. This statement was originally effective for quarters beginning after June 15, 2005, however on April 14, 2005, the Securities and Exchange Commission adopted a rule which makes the provisions of SFAS 123(R) effective for the first annual reporting period beginning after June 15, 2005 (January 1, 2006 for the Company). The Company currently recognizes compensation expense at fair value for stock-based payment awards in accordance with SFAS No. 123 "Accounting for Stock-Based Compensation," and does not anticipate adoption of this standard will have a material impact on its financial position, results of operations, or cash flows.

In December 2004, the FASB issued SFAS No. 153, Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29 (SFAS 153). SFAS 153 addresses the measurement of exchanges of nonmonetary assets and redefines the scope of transactions that should be measured based on the fair value of the assets exchanged. SFAS 153 is effective for nonmonetary asset exchanges occurring in quarters beginning after June 15, 2005. The adoption of this standard did not have an impact on its financial position, results of operations, or cash flows.

On October 22, 2004, the American Jobs Creation Act (AJCA) was signed into law. Among other provisions, the AJCA creates a new deduction for qualified domestic production activities. Certain activities of the Company, such as our water treatment activity, are considered as qualifying production activities for purposes of determining the deduction for qualified production activities. In December 2004, the FASB issued FSP 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004." In accordance with FSP 109-1, the Company is treating the deduction for qualified domestic production activities as a reduction of the income tax provision in the period as realized. The adoption of this statement has not had a material impact on the Company's financial position, results of operations or cash flows.

In May 2004, the FASB issued FASB Staff Position (FSP) 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" (FSP 106-2). FSP 106-2 provides guidance on the accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Medicare Drug Act) for employers who sponsor postretirement health care plans that provide prescription drug benefits. FSP 106-2 also requires those employers to provide certain disclosures regarding the effect of the federal subsidy provided by the Medicare Drug Act. The Medicare Drug Act generally permits plan sponsors that provide retiree prescription drug benefits that are "actuarially equivalent" to the benefits of Medicare Part D to be eligible for a non-taxable federal subsidy. FSP 106-2 is effective for the first interim or annual period beginning after June 15, 2004. FSP 106-2 provides that if the effect of the Medicare Drug Act is not considered a significant event, the measurement date for the adoption of FSP 106-2 is delayed until the next regular measurement date. Based on discussions with its Actuary, Management determined the effect of the Medicare Drug Act was a significant event and thus the Company is accounting for the effects of FSP 106-2 as of its next measurement date. The adoption of FSP 106-2 did not have a material effect on the Company's financial statements.

In March 2004, the Emerging Issues Task Force (EITF) reached consensus on EITF No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" (EITF 03-1). EITF 03-1 further defines the meaning of an "other-than-temporary impairment" and its application to debt and equity securities. Impairment occurs when the fair value of a security is less than its cost basis. When such a condition exists, the investor is required to evaluate whether the impairment is other-than-temporary as defined in EITF 03-1. When an impairment is other-than-temporary, the security must be written down to its fair value. EITF 03-1 also requires additional annual quantitative and qualitative disclosures for available for sale and held to maturity impaired investments that are not other-than temporarily impaired. On September 30, 2004, the FASB issued FSP EITF 03-1-1, "Effective date of Paragraph's 10-20 of EITF Issue No. 03-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" (FSP EITF 03-1-1). FSP EITF 03-1-1 delayed the effective date for the measurement and recognition guidance contained in EITF 03-1 until further implementation guidance is issued. The Company does not expect any material effects from the adoption of EITF 03-1 on its financial statements.

In March 2005, the FASB issued Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" (FIN 47), to clarify the term "conditional asset retirement obligation" as used in SFAS No. 143, "Accounting for Asset Retirement Obligations." Conditional asset retirement obligation refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation should be recognized when incurred, generally, upon acquisition, construction, development and/or through the normal operation of the asset. Uncertainty about the timing and/or method of settlement should be factored into the measurement of the liability when sufficient information exists. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005 (December 31, 2005 for calendar-year enterprises). The Company does not anticipate adoption of this standard will have a material impact on its financial position, results of operations, or cash flows.

Rate Matters - Middlesex filed for a 13.1% base rate increase with the New Jersey Board of Public Utilities (BPU) on May 16, 2005. The requested increase is intended to recover increased costs of operations, maintenance, and taxes, as well as capital investment of approximately $19.2 million since January 2004. Included in the capital investment is $8.7 million for a second raw water pipeline to ensure back-up water supply for our largest treatment plant. We expect a decision on this matter within the next several months with new rates being effective by the first quarter of 2006.

On August 10, 2005 Pinelands Water Company and Pinelands Wastewater Company filed for base rate increases of 16.72% and 6.14%, respectively, with the BPU. The requests were necessitated by increased costs of operations, maintenance, and capital investment. We cannot predict whether the BPU will ultimately approve, deny, or reduce the amount of our request. We expect a decision on this matter in the first quarter of 2006.

As part of an approved settlement with the Delaware Public Service Commission (PSC) on October 19, 2004, Tidewater was eligible to apply for a second phase rate increase of $0.5 million, provided it completed a number of capital projects within a specified time schedule. Tidewater filed an application for this increase on March 28, 2005. Upon verification of project completion, the new rates became effective on April 27, 2005. Tidewater also agreed to waive its right to file Distribution System Improvement Charges (DSIC) applications over the next three six-month cycles (January and July 2005, and January 2006) and to defer making an application for a base rate increase until after April 27, 2006. The DSIC allows a utility to promptly begin recovering depreciation expense and a return on the capital invested for eligible distribution system improvements recently placed into service.

In accordance with the tariff established for Southern Shores, an annual rate increase of 3% was implemented on January 1, 2005. The increase cannot exceed the lesser of the regional Consumer Price Index or 3%.

Note 2 - Capitalization

Common Stock - On April 28, 2005, the Company filed with the Securities and Exchange Commission on Form S-3 to issue shares under its Dividend Reinvestment and Common Stock Purchase Plan at a 5% discount on optional cash payments and reinvested dividends for a six-month period commencing on June 1, 2005, and concluding on December 1, 2005. During the nine months ended September 30, 2005, there were 128,973 common shares (approximately $2.6 million) issued under the Company's Dividend Reinvestment and Common Stock Purchase Plan.

On September 20, 2005, 1,000 shares of convertible $7.00 series preferred stock were converted into 12,000 shares of common stock. The original value of the preferred shares that were converted was $105,000.

Long-term Debt - Tidewater had previously received approval from the PSC to finance up to $16.0 million in the form of long-term debt securities during the current year. Of this amount, Tidewater received loan approval in April 2005 under the Delaware State Revolving Fund (SRF) program of $2.0 million. Tidewater closed on this loan on July 25, 2005. The Delaware SRF program allows, but does not obligate, Tidewater to draw down against a General Obligation Note for two specific projects over a two-year period ending in April 2007. The interest rate on any draw-down will be set at 3.49%. On August 25, 2005, Tidewater converted $7.0 million of short-term borrowings to a $7.0 million mortgage-type loan to be repaid over a term of 25 years. This loan bears interest at 6.44%. On September 15, 2005, Tidewater closed on another $7.0 million mortgage-type loan. This loan bears interest at 6.46% and is to be repaid over a term of 26 years.

Note 3 - Earnings Per Share

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

(In Thousands Except for per Share Amounts)

	Three Months Ended September 30,			
Basic:	2005 Income	Weighted Average Shares	2004 Income	Weighted Average Shares
Net Income	$3,024	11,466	$3,362	11,317
Preferred Dividend	(62)		(64)	
Earnings Applicable to Common Stock	$2,962	11,466	$3,298	11,317
Basic EPS	$ 0.26		$ 0.29	
Diluted:				
Earnings Applicable to Common Stock	$2,962	11,466	$3,298	11,317
$7.00 Series Preferred Dividend	24	175	26	179
$8.00 Series Preferred Dividend	24	164	24	164
Adjusted Earnings Applicable to Common Stock	$3,010	11,805	$3,348	11,660
Diluted EPS	$ 0.26		$ 0.29	

	Nine Months Ended September 30,			
Basic:	2005 Income	Weighted Average Shares	2004 Income	Weighted Average Shares
Net Income	$6,350	11,409	$6,286	10,989
Preferred Dividend	(189)		(191)	
Earnings Applicable to Common Stock	$6,161	11,409	$6,095	10,989
Basic EPS	$ 0.54		$ 0.55	
Diluted:				
Earnings Applicable to Common Stock	$6,161	11,409	$6,095	10,989
$7.00 Series Dividend	76	178	78	179
$8.00 Series Dividend	72	164	72	164
Adjusted Earnings Applicable to Common Stock	$6,309	11,751	$6,245	11,332
Diluted EPS	$ 0.54		$ 0.55	

Note 4 - 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 the operations of 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 services within these States. The other segment primarily includes 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. These inter-segment transactions are eliminated in the Company's consolidated financial statements. Segment information is as follows:

(Dollars in Thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
Operations by Segments:	2005	2004	2005	2004
Revenues:				
Regulated	$18,700	$17,297	$49,852	$45,786
Non - Regulated	2,162	2,590	6,244	7,806
Inter-segment Elimination	(30)	(30)	(90)	(90)
Consolidated Revenues	$20,832	$19,857	$56,006	$53,502
Operating Income:				
Regulated	$ 4,308	$ 4,341	$ 9,944	$ 9,454
Non - Regulated	170	156	402	373
Consolidated Operating Income	$ 4,478	$ 4,497	$10,346	$ 9,827
Net Income:				
Regulated	$ 2,878	$ 3,245	$ 6,018	$ 6,026
Non - Regulated	146	117	332	260
Consolidated Net Income	$ 3,024	$ 3,362	$ 6,350	$ 6,286
Capital Expenditures:				
Regulated	$ 6,004	$10,908	$17,450	$19,622
Non - Regulated	88	31	235	151
Total Capital Expenditures	$ 6,092	$10,939	$17,685	$19,773

	As of September 30, 2005	As of December 31, 2004
Assets:		
Regulated	$315,505	$302,765
Non - Regulated	5,689	4,943
Inter-segment Elimination	(2,311)	(2,074)
Consolidated Assets	$318,883	$305,634

Note 5 - Short-term Borrowings

The Company has established available lines of credit aggregating $40.0 million that have varying expiration dates in 2006. At September 30, 2005, the outstanding borrowings under these credit lines were $5.0 million at a weighted average interest rate of 4.51%. As of that date, the Company had borrowing capacity of $35.0 million under its credit lines.

The weighted average daily amounts of borrowings outstanding under the Company's credit lines and the weighted average interest rates on those amounts were $10.9 million and $6.7 million at 4.72% and 2.04% for the three months ended September 30, 2005 and 2004, respectively. The weighted average daily amounts of borrowings outstanding under the Company's credit lines and the weighted average interest rates on those amounts were $10.9 million and $9.3 million at 4.29% and 1.63% for the nine months ended September 30, 2005 and 2004, respectively.

Note 6 - Commitments and Contingent Liabilities

Guarantees - USA-PA operates the City of Perth Amboy's (Perth Amboy) water and wastewater systems under a service contract agreement through June 30, 2018. The agreement was effected under New Jersey's Water Supply Public/Private Contracting Act and the New Jersey Wastewater Public/Private Contracting Act. Under the agreement, USA-PA receives a fixed fee and a variable fee based on increased system billing. Scheduled fixed fee payments for 2005 are $7.3 million. The fixed fees will increase over the term of the contract to $10.2 million.

In connection with the agreement, Perth Amboy, through the Middlesex County Improvement Authority, issued approximately $68.0 million in three series of bonds. Middlesex guaranteed one of those series of bonds, designated the Series C Serial Bonds, in the principal amount of approximately $26.3 million. Perth Amboy guaranteed the two other series of bonds. The Series C Serial Bonds have various maturity dates with the final maturity date on September 1, 2015. As of September 30, 2005 approximately $23.9 million of the Series C Serial Bonds remained outstanding.

We are obligated to perform under the guarantee in the event notice is received from the Series C Serial Bonds trustee of an impending debt service deficiency. If Middlesex funds any debt service obligations as guarantor, there is a provision in the agreement that requires Perth Amboy to reimburse us. There are other provisions in the agreement that we believe make it unlikely that we will be required to perform under the guarantee, such as scheduled annual rate increases for water and wastewater services as well as rate increases due to unforeseen circumstances. In the event revenues from customers could not satisfy the reimbursement requirements, Perth Amboy has Ad Valorem taxing powers, which could be used to raise the needed amount.

Water Supply - Middlesex has an agreement with the New Jersey Water Supply Authority (NJWSA) for the purchase of untreated water. The agreement expires November 30, 2023 and provides for an average purchase of 27 million gallons a day (mgd). Pricing includes a two tier pricing schedule for the first 20 mgd and the additional 7 mgd. In addition, 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 nonaffiliated water utility for the purchase of treated water. This agreement, which expires December 31, 2005, provides for the minimum purchase of 3 mgd of treated water with provisions for additional purchases. Middlesex is currently negotiating an extension of the agreement as to its duration and daily minimum purchase. The cost of the treated water is set by the BPU and is not subject to negotiation.

Purchased water costs are shown below:

	(Millions of Dollars)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
Purchased Water	2005	2004	2005	2004
Untreated	$0.7	$0.6	$1.7	$1.6
Treated	0.5	0.5	1.4	1.6
Total Costs	$1.2	$1.1	$3.1	$3.2

Construction - Based on its capital budget, the Company plans to spend approximately $23.2 million on its construction program in 2005.

Litigation - A lawsuit was filed in 1998 against the Company for damages involving the break of both a Company water line and an underground electric power cable containing both electric lines and petroleum based insulating fluid. The electric utility also asserted claims against the Company. The lawsuit was settled in 2003, and by agreement, the electric utility's counterclaim for approximately $1.1 million in damages was submitted to binding arbitration, in which the agreed maximum exposure of the Company is $0.3 million, which the Company has accrued for. While we are unable to predict the outcome of the arbitration, we believe that we have substantial defenses.

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

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

Note 7 - Employee Retirement Benefit Plans

Pension - The Company has a non-contributory defined benefit pension plan, which covers all employees with more than 1,000 hours of service. The Company made cash contributions of $1.0 million during the current year. In addition, the Company maintains an unfunded supplemental pension plan for certain of its executives.

Post-retirement Benefits Other Than Pensions - The Company has a post-retirement benefit plan other than pensions for substantially all of its retired employees. Coverage includes healthcare and life insurance. Retiree contributions are dependent on credited years of service. The Company expects to make total cash contributions of $1.4 million during the current year. These contributions will be made each quarter during 2005. The Company has made contributions totaling $0.9 million through September 30, 2005.

The following table sets forth information relating to the Company's periodic costs for its retirement plans.

(Dollars in Thousands)

	Pension Benefits		Other Benefits	
	Three Months Ended September 30,			
	2005	2004	2005	2004
Service Cost	$ 281	$ 186	$ 156	$ 106
Interest Cost	390	346	193	145
Expected Return on Assets	(387)	(372)	(69)	(53)
Amortization of Unrecognized Losses	12	--	120	73
Amortization of Unrecognized Prior Service Cost	23	23	--	--
Amortization of Transition Obligation	--	--	34	34
Net Periodic Benefit Cost	$ 319	$ 183	$ 434	$ 305

	Pension Benefits		Other Benefits	
	Nine Months Ended September 30,			
	2005	2004	2005	2004
Service Cost	$ 844	$ 559	$ 466	$ 319
Interest Cost	1,169	1,039	578	435
Expected Return on Assets	(1,160)	(1,118)	(206)	(160)
Amortization of Unrecognized Losses	36	--	361	219
Amortization of Unrecognized Prior Service Cost	69	69	--	--
Amortization of Transition Obligation	--	--	102	102
Net Periodic Benefit Cost	$ 958	$ 549	$ 1,301	$ 915

Note 8 - Other Comprehensive Income

Comprehensive income was as follows:

(Dollars in Thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Net Income	$ 3,024	$ 3,362	$ 6,350	$ 6,286
Other Comprehensive Income:				
Change in Value of Equity Investments, Net of Income Tax	(1)	(11)	8	(15)
Other Comprehensive Income	(1)	(11)	8	(15)
Comprehensive Income	$ 3,023	$ 3,351	$ 6,358	$ 6,271

Note 9 - Restatement of Condensed Consolidated Financial Statements

On November 5, 2005 and subsequent to the issuance of the Company's Form 10-K for the year ended December 31, 2004, management determined that the previously filed Consolidated Balance Sheets and Statements of Cash Flows needed to be restated.

The Condensed Consolidated Balance Sheet reflects the non-cash contributions of utility plant from developers and the related construction advance or contributions as of the date the Company took ownership of the property. Previously, the Company recorded the contributions as of the date the cost information regarding the contributed property was received from the developer.

The Condensed Consolidated Statement of Cash Flows reflects only the related cash activity for construction advances and contributions of utility plant. Additionally, the Company has included supplemental non-cash disclosure related to utility plant contributions by developers. Previously, the Company incorrectly included non-cash activity for construction advances and contributions of utility plant as cash outflows from investing activities and cash inflows from financing activities.

The restatement does not have any effect on net income, earnings applicable to common stock, cash flow from operations, or liquidity.

A summary of the significant effect of the restatement is as follows:

Condensed Consolidated Balance Sheet Effects:

	December 31, 2004	
	As Previously Reported	As Restated
Utility Plant - Transmission and Distribution	$188,026,091	$194,531,035
Total Assets	299,129,098	305,634,042
Customer Advances for Construction	12,366,060	14,018,006
Contributions in Aid of Construction	16,597,918	21,450,916
Total Capitalization and Liabilities	299,129,098	305,634,042

Condensed Consolidated Statement of Cash Flows Effects:

	Nine Months Ended September 30, 2004	
	As Previously Reported	As Restated
Utility Plant Expenditures	$(20,629,121)	$(19,773,184)
Net Cash Used in Investing Activities	(17,865,872)	(17,009,935)
Construction Advances and Contributions - Net	1,076,559	220,622
Net Cash Provided by Financing Activities	6,095,944	5,240,007
Supplemental Disclosure of Non-Cash Activity:		
Utility Plant received as Construction Advances and Contributions	$ --	$ 2,015,064

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

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements of the Company included elsewhere herein.

Forward-Looking Statements

Certain statements contained in this quarterly report are "forward-looking statements" within the meaning of federal securities laws. The Company intends that these statements be covered by the safe harbors created under those laws. These statements include, but are not limited to:

- statements as to expected financial condition, performance, prospects and earnings of the Company;

- statements regarding strategic plans for growth;

- statements regarding the amount and timing of rate increases and other regulatory matters;

- statements regarding expectations and events concerning capital expenditures;

- statements as to the Company's expected liquidity needs during fiscal 2005 and beyond and statements as to the sources and availability of funds to meet its liquidity needs;

- statements as to expected rates, consumption volumes, service fees, revenues, margins, expenses and operating results;

- statements as to the Company's compliance with environmental laws and regulations and estimations of the materiality of any related costs;

- statements as to the safety and reliability of the Company's equipment, facilities and operations;

- statements as to financial projections;

- statements as to the ability of the Company to pay dividends;

- statements as to the Company's plans to renew municipal franchises and consents in the territories it serves;

- expectations as to the cost of cash contributions to fund the Company's pension plan, including statements as to anticipated discount rates and rates of return on plan assets;

- statements as to trends; and

- statements regarding 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:

- the effects of general economic conditions;

- increases in competition in the markets served by the Company;

- the ability of the Company to control operating expenses and to achieve efficiencies in its operations;

- the availability of adequate supplies of water;

- actions taken by government regulators, including decisions on base rate increase requests;

- new or additional water quality standards;

- weather variations and other natural phenomena;

- acts of war or terrorism; and

- other factors discussed elsewhere in this quarterly report.

Many of these factors are beyond the Company's ability to control or predict. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements, which only speak to the

Company's understanding as of the date of this quarterly 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 quarterly report or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Risk Factors

Our revenue and earnings depend on the rates we charge our customers. We cannot raise utility rates without filing a petition with the appropriate governmental agency. 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.

The BPU regulates all of 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 filing a petition with the BPU and going through a lengthy administrative process. In much the same way, the PSC regulates our public utility companies in Delaware. We cannot give assurances of when we will request approval for any such matter, nor can we predict whether the BPU or PSC will approve, deny or reduce the amount of such requests.

Certain costs of doing business are not 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, would result in reduced earnings.

We are subject to penalties unless we comply with environmental laws and regulations, including water quality regulations. Compliance with those laws and regulations impose costs on us.

The EPA and DEP regulate our operations in New Jersey with respect to water supply, treatment and distribution systems and the quality of the water, as do the EPA, DNREC, DPH and DRBC with respect to operations in Delaware. Federal, New Jersey and Delaware regulations relating to water quality require us to perform expanded types of testing to ensure that our water meets state and federal water quality requirements. We are subject to EPA regulations under the Federal Safe Drinking Water Act, which 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 state regulations by the DEP in New Jersey. The DEP and DPH monitor our activities and review the results of water quality tests that we perform for adherence to applicable regulations. In addition, environmental regulatory agencies are reviewing current regulations governing the limits of certain organic compounds found in the water as byproducts of treatment.

The cost to water companies of complying with the proposed water quality standards depends in part on the limits set in the regulations and on the method selected to implement them. Those costs could be very high and make us less profitable if we cannot recover those costs through our rates that we charge our customers.

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 or the expansion of our utility system assets. We cannot issue debt or equity securities without regulatory approval.

We require financing to fund the ongoing capital program for the improvement of our utility system assets and for planned expansion of that system. We project that we may expend approximately $74.4 million for existing capital projects. We must have regulatory approval to sell debt or equity securities to raise money for these projects. If sufficient capital is not available or the cost of capital is too high, or if the regulatory authorities deny a petition of ours to sell debt or equity securities, we would not be able to meet the cost of complying with environmental laws and regulations or the costs of improving and expanding our utility system assets. This might result in the imposition of fines or restrictions on our operations and may curtail our ability to improve upon and expand our utility system assets.

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 the existing and future water demands of our customers depends on 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 surface water. These factors might adversely affect our ability to supply water in sufficient quantities to our customers. Governmental drought restrictions might result in decreased use of water services and can adversely affect our revenue and earnings. Additionally, cool and wet weather may reduce consumption demands, also adversely affecting our revenue and earnings. Freezing weather may also contribute to water transmission interruptions caused by pipe and main breakage. Any interruption in our water supply could cause a reduction in our revenue and profitability.

Our water sources may become contaminated by naturally-occurring or man-made compounds and events. This may cause disruption in services and impose costs to restore the water to required levels of quality.

Our sources of water may become contaminated by naturally-occurring or man-made compounds and events. In the event that our water supply is contaminated, we may have to interrupt the use of that water supply until we are able to install treatment equipment or substitute the flow of water from an uncontaminated water source through our transmission and distribution systems. We may also incur significant costs in treating the contaminated water 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 source in a cost-effective manner may reduce our revenues and make us less profitable.

The necessity for increased security has and may continue to result in increased operating costs.

In the wake of the September 11, 2001 terrorist attacks and the ensuing threats to the health and security of the United States of America, we have taken steps to increase security measures at our facilities and heighten employee awareness of threats to our water supply. We have tightened our security measures regarding the delivery and handling of certain chemicals used in our business. We are at risk for terrorist attacks and have and will continue to incur increased costs for security precautions to protect our facilities, operations and supplies from such risks.

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

We face risks of competition from other utilities authorized by federal, state or local agencies. Once a utility regulator grants a service territory to a utility, that utility is usually the only one to service that territory. Although a new territory offers some protection against competitors, the pursuit of service territories is competitive, especially in Delaware where new territories may be awarded to utilities based upon competitive negotiation. Competing utilities have challenged, and may in the future challenge, our applications for new service territories. Also, third parties entering into long-term agreements to operate municipal systems might adversely affect us and our long-term agreements to supply water on a contract basis to municipalities.

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

Middlesex Water Company and USA-PA operate and maintain the water and wastewater systems of the City of Perth Amboy, New Jersey under a multi-year contract. This contract does not protect us against incurring costs in excess of payments we will receive pursuant to the contract. There can be no assurance that we will not experience losses resulting from this contract. Losses under this contract or our failure or inability to perform may have a material adverse effect on our financial condition and results of operations. Also, as of September 30, 2005, approximately $23.9 million of Perth Amboy's bonds we have guaranteed remain outstanding. If Perth Amboy defaults on its obligations to pay the bonds we have guaranteed, we would have to raise funds to meet our obligations under that guarantee,

An important element of our growth strategy is the acquisition of water and wastewater systems. Any pending or future acquisitions we decide to undertake may involve risks.

The acquisition of water and wastewater systems is an important element in our growth strategy. This strategy depends on identifying suitable acquisition opportunities and reaching mutually agreeable terms with acquisition candidates. The negotiation of potential acquisitions as well as the integration of acquired businesses could require us to incur significant costs and cause diversion of our management's time and resources. Further, acquisitions may result in dilution of our equity securities, incurrence of debt and contingent liabilities, fluctuations in quarterly results and other acquisition related expenses. In addition, the business and other assets we acquire may not achieve the sales and profitability expected.

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

Our Restated Certificate of Incorporation and our Indenture of Mortgage dated as of April 1, 1927, as supplemented impose conditions on our ability to pay 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 on common stock and the amount of those dividends. There can be no assurance that 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 are subject to anti-takeover measures that may be used by existing management 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 Shareholder Protection Act, applies to us. The Shareholder Protection Act deters merger proposals, tender offers or other attempts to effect changes in our control that are not negotiated and approved by our Board of Directors. In addition, we have a classified Board of Directors, which means only one-third of the Directors are elected each year. A classified Board can make it harder for an acquirer to gain control 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 BPU 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 that might benefit non-management shareholders.

Overview

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, distributing and selling water for domestic, commercial, municipal, industrial and fire protection purposes. We also operate a New Jersey municipal water and wastewater system under contract and provide wastewater services in New Jersey and Delaware through our subsidiaries. We are regulated as to rates charged to customers for water and wastewater services in New Jersey and for water services in Delaware, as to the quality of water service we provide and as to certain other matters. Our Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy) Inc. (USA-PA), and White Marsh Environmental Systems, Inc. (White Marsh) subsidiaries are not regulated utilities.

Our New Jersey water utility system (the Middlesex System) provides water services to approximately 58,000 retail customers, primarily in central New Jersey. The Middlesex System also provides water service under contract to municipalities in central New Jersey with a total population of approximately 267,000. Through our subsidiary, USA-PA, we operate the water supply system and wastewater system for the City of Perth Amboy, 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 residents in Southampton Township, New Jersey.

Our Delaware subsidiaries, Tidewater and Southern Shores Water Company, LLC (Southern Shores), provide water services to approximately 27,000 retail customers in New Castle, Kent, and Sussex Counties, Delaware. Our Tidewater Environmental Services, Inc. (TESI) subsidiary commenced operations during 2005 as a regulated wastewater utility in Delaware. Although TESI has responded to numerous requests for proposal, the Company does not have any customers or revenues as of September 30, 2005. Our other Delaware subsidiary, White Marsh, serves 1,900 customers in Kent and Sussex Counties under operating contracts.

Our USA subsidiary provides customers within the Middlesex System a service line maintenance program called LineCareSM.

The majority of our revenue is generated from retail and contract water services to customers in or near our service areas. We record water service revenue as such service is rendered and include estimates for amounts unbilled at the end of the period for services provided after the last billing cycle. Fixed service charges are billed in advance by our subsidiary, Tidewater, and are recognized in revenue as the service is provided.

Our ability to increase operating income and net income is significantly dependent on four factors: weather, adequate and timely rate relief, effective cost management, and customer growth.

Recent Developments

Restatement of Consolidated Financial Statements

As noted in Note 9 of the Notes to the Unaudited Condensed Consolidated Financial Statements, on November 5, 2005 and subsequent to the issuance of the Company's Form 10-K for the year ended December 31, 2004, management determined that the previously filed Consolidated Balance Sheets and Statements of Cash Flows needed to be restated.

The accompanying Condensed Consolidated Balance Sheet, as restated, reflects the non-cash contributions of utility plant from developers and the related construction advance or contributions as of the date the Company took ownership of the property. Previously, the Company recorded the contributions as of the date the cost information regarding the contributed property was received from the developer.

The accompanying Condensed Consolidated Statement of Cash Flows, as restated, reflects only the cash activity for construction advances and contributions of utility plant. Additionally, the Company has included supplemental non-cash disclosure related to utility plant contributions by developers. Previously, the Company incorrectly included non-cash construction advances and contributions of utility plant as cash outflows from investing activities and cash inflows from financing activities.

The Consolidated Balance Sheets as of December 31, 2004 and 2003 and the Consolidated Statements of Cash Flows for the fiscal periods ended December 31, 2004, 2003, and 2002, and the Condensed Consolidated Balance Sheet as of March 31, 2005 and June 30, 2005 and the Condensed Consolidated Statement of Cash Flows for the periods ended March 31, 2004 and June 30, 2004 will be restated on Forms 10-K/A and 10-Q/A, respectively, and will be filed as soon as practicable.

The restatement does not have any effect on net income, earnings applicable to common stock, cash flow from operations, or liquidity. The restatement does not have any effect on utility rate base in either Delaware or New Jersey and is not anticipated to affect pending or future rate cases.

A summary of the significant effects of the restatement on our Form 10-Q filings for the periods ended September 30, 2005, June 30, 2005 and March 31, 2005 and on our Form 10-K for the year ended December 31, 2004 are as follows:

Condensed Consolidated Balance Sheet Effects:

	June 30, 2005		March 31, 2005	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Utility Plant - Transmission and Distribution	$197,627,732	$202,613,826	$190,591,871	$197,429,415
Total Assets	304,204,603	311,190,697	297,488,517	304,326,061
Customer Advances for Construction	12,178,644	14,153,090	12,032,771	13,871,817
Contributions in Aid of Construction	17,386,650	22,398,298	16,627,018	21,625,516
Total Capitalization and Liabilities	304,204,603	311,190,697	297,488,517	304,326,061

Condensed Consolidated Statement of Cash Flows Effects:

	Nine Months Ended September 30, 2004		Six Months Ended June 30, 2004		Three Months Ended March 31, 2004	
	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated
Utility Plant Expenditures	$(20,629,121)	$(19,773,184)	$ (9,035,216)	$(8,834,106)	$(2,935,590)	$(2,918,050)
Net Cash Used in Investing Activities	(17,865,872)	(17,009,935)	(7,924,597)	(7,723,487)	(2,788,246)	(2,770,706)
Construction Advances and Contributions - Net	1,076,559	220,622	46,027	(155,083)	(183,889)	(201,429)
Net Cash Provided by Financing Activities	6,095,944	5,240,007	3,141,962	2,940,852	140,336	122,796
Supplemental Disclosure of Non-Cash Activity:						
Utility Plant received as Construction Advances and Contributions	$ --	$ 2,015,064	$ --	$ 950,037	$ --	$ 252,743

Consolidated Balance Sheet Effects:

	December 31, 2004		December 31, 2003	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Utility Plant - Transmission and Distribution	$188,026,091	$194,531,035	$174,455,437	$179,219,783
Total Assets	299,129,098	305,634,042	263,191,935	267,956,281
Customer Advances for Construction	12,366,060	14,018,006	11,711,846	12,838,342
Contributions in Aid of Construction	16,597,918	21,450,916	15,973,563	19,611,413
Total Capitalization and Liabilities	299,129,098	305,634,042	263,191,935	267,956,281

Consolidated Statement of Cash Flows Effects:

	Year Ended December 31, 2004		Year Ended December 31, 2003		Year Ended December 31, 2002	
	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated
Utility Plant Expenditures	$(29,860,100)	$(28,878,576)	$(19,574,205)	$(17,576,634)	$(16,489,095)	$(16,255,866)
Net Cash Used in Investing Activities	(39,217,034)	(38,235,510)	(17,515,982)	(15,518,411)	(13,872,562)	(13,639,333)
Construction Advances and Contributions - Net	1,278,569	297,045	1,897,803	(99,768)	874,205	640,976
Net Cash Provided by Financing Activities	24,687,170	23,705,646	3,335,271	1,337,700	1,077,069	843,840
Supplemental Disclosure of Non-Cash Activity:						
Utility Plant received as Construction Advances and Contributions	$ --	$ 2,722,121	$ --	$ 3,753,037	$ --	$ 1,042,529

Rate Increases

Middlesex filed for a 13.1% base rate increase with the BPU on May 16, 2005. Reasons for the requested increase are higher costs of operations, maintenance, and taxes, as well as capital investment of approximately $19.2 million since January 2004. Included in the capital investment is $8.7 million for a second raw water pipeline to ensure back-up water supply for our primary treatment plant. We expect a decision on this matter within the next several months with new rates being effective by the first quarter of 2006.

On August 10, 2005 Pinelands Water and Pinelands Wastewater filed for base rate increases of 16.72% and 6.14%, respectively, with the New Jersey Board of Public Utilities (BPU). The requests were necessitated by increased costs of operations, maintenance, and capital investment. We cannot predict whether the BPU will ultimately approve, deny, or reduce the amount of our request. We expect a decision on this matter in the first quarter of 2006.

As part of an approved settlement with the Public Service Commission on October 19, 2004, Tidewater was eligible to apply for a second phase rate increase of $0.5 million, provided it completed a number of capital projects within a specified time schedule. Tidewater filed an application for this increase on March 28, 2005. Upon verification of project completion, the new rates became effective on April 27, 2005. Tidewater also agreed to waive its right to file Distribution System Improvement Charge applications over the next three six-month cycles (January and July 2005, and January 2006) and to defer making an application for a general rate increase until after April 27, 2006.

In accordance with the tariff established for Southern Shores, an annual rate increase of 3% was implemented on January 1, 2005. The increase cannot exceed the lesser of the regional Consumer Price Index or 3%.

Results of Operations - Three Months Ended September 30, 2005

Operating revenues for the three months ended September 30, 2005 increased $1.0 million or 4.9% from the same period in 2004. Water sales improved by $1.0 million in our New Jersey systems from increased water consumption due to weather that was drier than the same period in 2004. Revenues rose in our Delaware service territories by $0.4 million due to the phase two base rate increase as discussed above and customer growth.

USA had reduced revenues of $0.5 million as compared to the same period in 2004. This reduction was due to our meter services venture completing its original contracts during December 2004. USA has not bid on, and consequently has not obtained, any additional meter services contracts for 2005. Furthermore, no additional meter services contracts are expected for the remainder of 2005. All other operations accounted for $0.1 million of higher revenues.

While we anticipate continued customer and consumption growth among our Delaware systems, such growth and increased consumption cannot be guaranteed. Unfavorable weather in the Spring of 2005 delayed the completion of homes by developers in several residential subdivisions, which has resulted in lower water consumption revenues than anticipated due to the lag in new customer connections that resulted from the developer construction delays. While overall water sales for the Middlesex System are higher in 2005 than the prior year period, there has been decreased consumption of 1.0% by several large industrial customers. With regard to Middlesex's industrial customer class, we expect this trend to continue throughout the remainder of 2005. Our water systems are highly dependent on the effects of weather, which may adversely impact future consumption in spite of anticipated customer growth. As a result of recent regulation of wastewater services in

Delaware, we have established a regulated wastewater operation (TESI) that commenced operations during fiscal 2005. Due to the start-up nature of this operation, we expect our expenses with respect to this subsidiary to marginally exceed revenues in the near term.

Operating expenses increased $1.0 million or 6.5%. Operation and maintenance expenses increased $0.9 million or 8.8%. In New Jersey, payroll and benefits costs increased $0.7 million and the costs of purchased water, purchased power and repairs to our distribution system increased $0.3 million. The continued growth of our Delaware systems resulted in increases in the cost of water production and additional employees and related benefit costs of $0.3 million. Costs related to our meter services venture decreased $0.5 million due to the completion of the original projects during December 2004. All other operating expenses increased $0.1 million.

Depreciation expense increased $0.2 million or 11.4%, primarily as a result of a higher level of utility plant in service.

Other taxes increased by $0.1 million, reflecting taxes on increased taxable gross revenues. Income taxes decreased by $0.2 million as a result of reduced operating results as compared to the same period in 2004.

Interest expense increased by $0.3 million, or 20.5%, as a result of a higher level of long-term indebtedness, and higher interest rates on short-term borrowings during the current quarter as compared to the same period in 2004. As a result of the additional long-term debt issuances during 2005, as well as expected higher short-term interest rates than were charged in the fourth quarter of 2004, we anticipate that our interest expense will increase for the remainder of 2005.

Net income decreased by 10.0% to $3.0 million. Basic and diluted earnings per share decreased from $0.29 to $0.26, primarily due to reduced earnings.

Results of Operations - Nine Months Ended September 30, 2005

Operating revenues for the nine months ended September 30, 2005 increased $2.5 million or 4.7% from the same period in 2004. Water sales improved by $2.7 million in our Middlesex system, of which $1.7 million was a result of the base rate increases that were granted to Middlesex on May 27, 2004, and $1.0 million was due to increased consumption due to drier weather as compared to the prior year period. Customer growth of 8.7% in Delaware provided additional water consumption sales, facility charges and connection fees of $1.3 million. Base rate increases accounted for $0.3 million of the increase.

USA had reduced revenues of $1.7 million as compared to the same period in 2004, due to our meter services venture completing its original contracts during December 2004. All other operations accounted for $0.2 million of additional revenues.

Operating expenses increased $2.0 million or 4.5%. Operation and maintenance expenses increased $1.3 million or 4.3%. In New Jersey, payroll and benefits costs (primarily pension and post-retirement expenses) and corporate governance related fees increased $1.7 million. Costs for purchased power and purchased water increased by $0.1 million, and costs for water treatment and distribution increased by $0.4 million for our Middlesex system. The continuing growth of our Delaware systems resulted in higher costs of water treatment and additional employees and related benefit expenses of $0.7 million.

The costs of our meter services venture decreased $1.6 million due to the completion of the original projects during December 2004. All other costs of operations were consistent with the prior year period.

Our pension and post-retirement costs have increased by approximately $0.8 million for the nine months ended September 30, 2005 as compared to the prior year period (see Note 7 of the Notes to the Condensed Consolidated Financial Statements). Our pension and post-retirement expenses are anticipated to increase by $0.3 million for the remainder of fiscal 2005. Payroll and benefits costs (excluding pension and post-retirement expenses previously discussed) are also expected to be higher during the remainder of 2005 than the same period in 2004.

Depreciation expense increased $0.5 million or 10.3%, primarily due to the higher level of utility plant in service.

Other taxes increased by $0.4 million, reflecting taxes on higher taxable gross revenues.

Income taxes decreased $0.1 million, as a result of an increased tax benefits from a higher level of Allowance for Funds Used During Construction (AFUDC) and deductions available to the Company for qualified production activities under the American Jobs Creation Act of 2004.

Other income increased $0.1 million, primarily due to higher AFUDC as a result of increases in capital projects in New Jersey and Delaware.

Interest expense increased by $0.6 million, or 14.9%, as a result of a higher level of long-term indebtedness, and higher average interest rates and increased weighted average short-term borrowings as compared to the prior year period.

Net income increased by $0.1 million, or 1.0%, however basic and diluted earnings per share decreased from $0.55 to $0.54 per share. The earnings per share decrease was due to an increase in average shares outstanding as compared to the prior year period as a result of the sale of 700,000 shares of common stock on May 12, 2004, and shares issued under the Company's Dividend Reinvestment Plan during 2005.

Liquidity and Capital Resources

Cash flows from operations are largely dependent on four factors: weather, adequate and timely rate relief, effective cost management, and customer growth. The effect of these factors on net income is discussed in results of operations. For the nine months ended September 30, 2005, cash flows from operating activities decreased $4.4 million to $7.0 million, as compared to the prior year. This decrease was primarily attributable to the timing of payments to vendors and for taxes. The $7.0 million of net cash flow from operations allowed us to internally fund approximately 36% of our utility plant expenditures for the period, with the remainder funded with the proceeds from the issuance of long-term debt and restricted cash from the proceeds of previously issued long-term borrowings.

The Company's capital program for 2005 is estimated to be $23.2 million and includes $11.2 million for water system additions and improvements for our Delaware systems, $3.4 million to complete the new raw water line to the Middlesex primary water treatment plant that began in 2004, and $3.3 million for the RENEW Program, which is our program to clean and cement-line approximately nine miles of unlined mains in the Middlesex System. There remains a total of approximately 120 miles of unlined mains in the 730-mile Middlesex System. The capital program also includes $5.3 million for other planned upgrades to our systems in New Jersey. The upgrades consist of $1.1 million for improvements to existing plant, $1.2 million for mains, $0.8 million for service lines, $0.3 million for meters, $0.3 million for hydrants, and $1.6 million for computer systems and various other capital items.

To pay for our capital program in 2005, we expect to utilize internally generated funds and funds available under existing New Jersey Environmental Infrastructure Trust loans (currently, $1.6 million) and Delaware State Revolving Fund (SRF) loans (currently, $1.2 million), which provide low cost financing for projects that meet certain water quality and system improvement criteria. If necessary, we will also utilize short-term borrowings through $40.0 million of available lines of credit with five financial institutions. All of the lines have one year lives and expire at different dates during the year. The Company has renewed all the lines of credit into 2006. As of September 30, 2005, there was $5.0 million outstanding against the lines of credit.

Tidewater had previously received approval from the PSC to finance up to $16.0 million in the form of long-term debt securities during the current year. Of this amount, Tidewater received loan approval in April 2005 under the Delaware SRF program of $2.0 million. Tidewater closed on this loan on July 25, 2005. The Delaware SRF program allows, but does not obligate, Tidewater to draw down against a General Obligation Note for two specific projects over a two-year period ending in April 2007. The interest rate on any draw down will be set at 3.49%. On August 25, 2005, Tidewater converted $7.0 million of short-term borrowings to a $7.0 million mortgage-type loan to be repaid over a term of 25 years. This loan bears interest at 6.44%. On September 15, 2005, Tidewater closed on another $7.0 million mortgage-type loan. This loan bears interest at 6.46% and is to be repaid over a term of 26 years.

On April 28, 2005, the Company filed with the Securities and Exchange Commission on Form S-3 to issue shares under its Dividend Reinvestment and Common Stock Purchase Plan (the Plan) at a 5% discount on optional cash payments and reinvested dividends for a six-month period commencing on June 1, 2005, and concluding on December 1, 2005. During the nine months ended September 30, 2005, the company raised approximately $2.6 million through the issuance of 128,973 common shares under the Plan. From time to time, the Company may issue additional equity to reduce short-term indebtedness and for other general corporate purposes.

Going forward into 2006 through 2007, we project that we will expend approximately $45.9 million for capital projects. To the extent possible, and because of the favorable interest rates available to regulated water utilities at this time, we expect to finance a portion of our capital needs under SRF loan programs. We also expect to use internally generated funds and proceeds from the sale of common stock, which includes proceeds from the Plan.

In addition to the effect of weather conditions on revenues, increases in certain operating costs will impact our liquidity and capital resources. We have received rate relief for Tidewater in the last twelve months and Middlesex and the Pinelands Companies have recently filed for base rate increases. Changes in operating costs and timing of capital projects will have an impact on revenues, earnings, and cash flows and will also impact the timing of filings for future rate increases.

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

Item 3. Quantitative and Qualitative Disclosures of Market Risk

The Company is subject to the risk of fluctuating interest rates in the normal course of business. Our policy is to manage interest rates through the use of fixed rate, long-term debt and, to a lesser extent, short-term debt. The Company's interest rate risk related to existing fixed rate, long-term debt is not material due to the term of the majority of our Amortizing Secured Notes and First Mortgage Bonds, which have maturity dates ranging from 2009 to 2038. Approximately $2.1 million of the total balance of the sixteen existing long-term debt instruments is current. Applying a hypothetical change in the rate of interest charged by 10% on those borrowings would not have a material effect on earnings.

Item 4. Controls and Procedures

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.

On November, 5, 2005, and subsequent to the issuance of the Company's Form 10-K for the year ended December 31, 2004, management determined that the previously filed consolidated balance sheets and cash flow statements needed to be restated. The restatement is necessary to reflect the non-cash contributions of utility plant from developers and the related construction advances or contributions at the date the Company took ownership of the property, to reflect only the related cash activity for construction advances and contributions for utility plant, and add supplemental non-cash disclosure related to contributions of utility plant. The Consolidated Balance Sheets as of December 31, 2003 and 2004 and the Consolidated Statements of Cash Flows for the fiscal periods ended December 31, 2002, 2003 and 2004, and the Condensed Consolidated Balance Sheet as of March 31, 2005 and June 30, 2005 and the Condensed Consolidated Statements of Cash Flows for the periods March 31, 2004 and June 30, 2004 will be restated on Forms 10-K/A and 10-Q/A, respectively.

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. Based upon that evaluation, which included consideration of the restatements, the Company's Chief Executive Officer and the Company's Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of the end of the period covered by this Report. As a result of this conclusion, the Company performed additional review and analysis to ensure its consolidated financial statements are prepared in accordance with generally accepted accounting principles. Accordingly, management believes that the condensed consolidated financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's internal controls over financial reporting were not effective in meeting the objectives as described above. During the quarter covered by this report, in connection with the discovery of errors related to recording and reporting construction advances and contributions for utility plant, and conclusion that the Company had a material weakness in its internal control over financial reporting, the Company has subsequently implemented procedures related to recording non-cash contributions of utility assets from developers, expanded its periodic review process of non-cash activities and expanded its review of the presentation of non-cash transactions. Management believes these changes will remediate the material weakness that led to the restatement and enhance the reliability and effectiveness of the financial reporting process.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

A lawsuit was filed in 1998 against the Company for damages involving the break of both a Company water line and an underground electric power cable containing both electric lines and petroleum based insulating fluid. The electric utility also asserted claims against the Company. The lawsuit was settled in 2003, and by agreement, the electric utility's counterclaim for approximately $1.1 million in damages was submitted to binding arbitration, in which the agreed maximum exposure of the Company is $0.3 million, which the Company has accrued for. While we are unable to predict the outcome of the arbitration, we believe that we have substantial defenses.

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

Item 2. Changes in Securities

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

The Company's Chief Executive Officer, Chief Financial Officer and Audit Committee have discussed with its independent registered public accounting firm, the matters disclosed in the accompanying unaudited Condensed Consolidated Financial Statements and more fully described in Note 9 to the Unaudited Condensed Consolidated Financial Statements.

Item 6. Exhibits

10 Agreement dated September 26, 2005, between Dennis G. Sullivan and Middlesex Water Company.

31 Section 302 Certification by Dennis G. Sullivan pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.

31.1 Section 302 Certification by A. Bruce O'Connor pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.

32 Section 906 Certification by Dennis G. Sullivan pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Section 906 Certification by A. Bruce O'Connor pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

MIDDLESEX WATER COMPANY

By: /s/ A. Bruce O'Connor

A. Bruce O'Connor
Vice President and
Chief Financial Officer

Date: November 14, 2005

AGREEMENT

This Agreement (the "Agreement") is entered into as of the 26th day of September, 2005, by and between Dennis G. Sullivan (the "Officer") and Middlesex Water Company (the "Company").

BACKGROUND

A. The Officer has served the Company for over 21 years including most recently serving as its President and Chief Executive Officer.

B. In anticipation of the Officer's retirement, the Company's Board of Directors, in early 2004, initiated a succession planning process to identify a successor to the Officer to serve as the Company's President and Chief Executive Officer and to facilitate a smooth transition of leadership of the Company.

C. An Executive Vice President was appointed November 1, 2004, with the expectation that after a period of transition the Executive Vice President would be prepared to succeed to the Office of President and Chief Executive Officer.

D. In connection with that planning process, the Company's Board of Directors has determined that it is in the best interests of the Company that the transition take place effective January 1, 2006 whereby the Executive Vice President would succeed to the Office of President and Chief Executive Officer on that date and that the Officer's retirement would take effect on that date.

E. This Agreement is intended to reflect the terms related to the Officer's retirement other than those benefits which would otherwise be available to the Officer upon retirement.

F. This Agreement will be subject to ratification by the Board of Directors.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein the parties agree as follows:

1. The Officer will continue in his position as President and Chief Executive Officer until December 31, 2005 and will retire effective January 1, 2006.

2. The Officer will remain a member of the Company's Board of Directors for the remainder of his term which is to run until the Company's Annual Meeting to be held in May, 2006. As of his retirement date, Officer shall be entitled to receive the same amount of Board Fees as are paid to other non-management Directors.

3. Upon retirement the Officer will resign from his positions as a member of the Boards of Directors of the Company's subsidiaries.

4. Commencing January 1, 2006, and continuing up to and including March 31, 2006, the Officer shall act as a consultant to the Company for which he will receive a fee of $80,000 as long as he is able to perform the duties contemplated herein. During the consulting period the Officer will have use of a Company vehicle and cell phone. Although the parties have not specified a fixed amount of service time for such consulting services, it is contemplated that the Officer will be available to provide information and advice whenever reasonably requested by the Company. During the consulting period, the Officer will be available to review correspondence, render advice, attend meetings and, in general, perform any and all such other services as the Company may reasonably require of the Officer as a consultant to the Company.

5. For a two-year period following his retirement, the Officer agrees that he will not directly, or indirectly, in any individual or representative capacity, carry on, engage or participate in any business in the States of New Jersey and Delaware that is in direct competition in any manner whatsoever with the business of the Company, except as may be expressly agreed to in writing by the Company

6. At the time of his retirement, the Officer will be the beneficial owner of 8,700 shares of Restricted Stock of the Company issued pursuant to the company's Restricted Stock Plan and held by the Company in Escrow. The Officer shall also be eligible to receive additional shares of such Restricted Stock relating to performance in 2005. The amount of such award will be determined by the Board upon recommendation by the Compensation Committee. (Such shares that have been issued and any additional shares that will be issued are hereinafter referred to as "Restricted Stock.") Although the Company has the right, pursuant to the Restricted Stock Plan, to reacquire certain of those shares in the event of early retirement, the Company waives its right to reacquire the Restricted Stock and agrees to release any such shares from escrow as of the effective date of the Officer's retirement, and distribute them to the Officer. Any additional shares to be awarded to the Officer would not be subject to any plan restrictions or escrow agreement and would not be subject to reacquisition by the Company.

7. The Officer is eligible to receive benefits pursuant to the Company's Supplemental Executive Retirement Plan ("SERP"). The SERP provides that such benefits are to be based on the Officer's "Compensation" as that term is defined in the SERP. Such Compensation is agreed to be the Officer's

2005 actual salary of $301,600. Although the SERP contains provisions in Section 6.2 authorizing certain retirement reductions resulting from an Early Retirement Date as compared to a Normal Retirement Date, the Company agrees to waive those reductions.

8. The benefits described herein are not intended to supercede any other benefits to which the Officer would be entitled to receive upon his retirement as an officer or employee of the Company. This includes, but is not limited to, the following:

   The Officer shall be entitled to participate in all health, welfare and other benefit plans generally available to all retirees for as long as the Officer is eligible and elects to participate. Currently, the Company will pay 100% of all monthly premiums of these benefits (which includes medical, dental, prescription drug and life).

9. In consideration of the agreements and conditions set forth herein, the payments made by the Company, and the other terms of this Agreement, the adequacy of which is hereby acknowledged, Officer for himself, his heirs, successors and assigns, does hereby release and forever discharge the Company of and from any and all manner of action or claim of whatsoever nature, in law or in equity, whether known or unknown, accrued or not accrued, including but not limited to those claims which employee may not be aware of and those not mentioned in this Agreement, which Officer now has or hereafter may have against the Company, arising out of any acts or omissions of any nature whatsoever which occurred at any time before the effective date of this Agreement with respect to the subject matter of this Agreement.

10. This Agreement shall be binding upon and inure to the benefit of the Company's and Officer's heirs, administrators, representatives, executors, successors, affiliates and assigns.

11. This Agreement expresses the entire understanding of the parties with respect to the subject matter of the Agreement and the release of the claims as set forth herein. The Agreement supersedes any prior written or oral representations, agreements, or understandings with respect hereto.

12. Each party acknowledges that he or it has had the opportunity to review the provisions of this Agreement with independent advisors (financial, legal or otherwise) prior to the execution of this Agreement by each such party.

13. This Agreement is made and entered into in the State of New Jersey and shall in all respects be interpreted, enforced and governed under the laws of the State of New Jersey without regard to New Jersey law regarding choice of law. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either of the parties.

14. Neither party may assign or otherwise transfer its rights or delegate its duties under this Agreement without the prior written consent of the other party, and any attempt to do so without such consent is void.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the date first written above.

MIDDLESEX WATER COMPANY

By: /s/J. Richard Tompkins

J. Richard Tompkins
Chairman of the Board

/s/Dennis G. Sullivan

Dennis G. Sullivan

Exhibit 31

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

I, Dennis G. Sullivan, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ Dennis G. Sullivan

Dennis G. Sullivan
Chief Executive Officer

Date: November 14, 2005

Exhibit 31.1

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

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

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

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

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

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

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

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

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

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

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

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

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

/s/ A. Bruce O'Connor

A. Bruce O'Connor
Chief Financial Officer

Date: November 14, 2005

Exhibit 32

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

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

/s/ Dennis G. Sullivan

Dennis G. Sullivan
Chief Executive Officer

Date: November 14, 2005

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

Exhibit 32.1

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

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

/s/ A. Bruce O'Connor

A. Bruce O'Connor
Chief Financial Officer

Date: November 14, 2005

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