

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For Quarter Ended: June 30, 1995

Commission File
No. 0-422

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

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

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

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

08830
(Zip Code)

(908) 634-1500
(Registrant's telephone number, including area code)

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

YES NO

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

Class: Outstanding at June 30, 1995:
Common Stock, No Par Value 4,071,703

PART I. - FINANCIAL INFORMATION

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994
Operating Revenues	\$ 9,607,771	\$ 9,196,257	\$18,347,644	\$17,765,689
Operating Expenses:				
Operation and Maintenance	4,453,994	4,170,211	8,622,002	8,274,262
Depreciation	694,522	655,311	1,371,388	1,304,761
Taxes, other than Income Taxes	1,415,438	1,353,582	2,716,988	2,642,135
Federal Income Taxes	759,096	779,581	1,382,309	1,356,722
Total Operating Expenses	7,323,050	6,958,685	14,092,687	13,577,880
Utility Operating Income	2,284,721	2,237,572	4,254,957	4,187,809

Other Income(Expense)-Net	(7,931)	42,318	(9,194)	42,728
Income before Interest Charges	2,276,790	2,279,890	4,245,763	4,230,537
Interest Charges	770,163	760,278	1,526,136	1,502,733
Net Income	1,506,627	1,519,612	2,719,627	2,727,804
Preferred Stock Dividend Requirements	39,732	42,327	79,469	103,846
Earnings Applicable to Common Stock	\$ 1,466,895	\$ 1,477,285	2,640,158	2,623,958
Earnings per Share of Common Stock	\$0.36	\$0.37	\$0.65	\$0.66
Average Number of Common Shares Outstanding	4,056,551	3,994,077	4,046,903	3,988,830
Cash Dividends Paid per Common Share	\$0.27	\$0.26	\$0.54	\$0.52

See Notes to Consolidated Financial Statements

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS AND OTHER DEBITS

	June 30, 1995	December 31, 1994
	(Unaudited)	
UTILITY PLANT:		
Water Production	\$ 27,253,219	\$ 25,612,023
Transmission and Distribution	95,506,877	93,334,300
General	17,961,061	11,202,947
Construction Work in Progress	657,465	262,249
	<hr/>	<hr/>
TOTAL	141,378,622	130,411,519
Less Accumulated Depreciation	25,735,587	21,668,506
	<hr/>	<hr/>
UTILITY PLANT-NET	115,643,035	108,743,013
	<hr/>	<hr/>
NONUTILITY ASSETS-NET	1,733,059	400,209
	<hr/>	<hr/>
CURRENT ASSETS:		
Cash and Cash Equivalents	1,124,390	3,854,186
Marketable Securities	970,826	933,298
Accounts Receivable(net of allowance for doubtful accounts)	3,666,143	4,236,800
Unbilled Revenues	2,624,963	2,143,795
Materials and Supplies(at average cost)	1,049,484	991,116
Prepayments	542,996	503,808
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TOTAL CURRENT ASSETS	9,978,802	12,663,003
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DEFERRED CHARGES:		
Regulatory Assets	5,968,531	5,818,530
Unamortized Debt Expense	3,029,746	3,082,420
Preliminary Survey and Investigation Charges	658,128	653,328
Other	1,075,590	1,052,255
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TOTAL DEFERRED CHARGES	10,731,995	10,606,533
	<hr/>	<hr/>
TOTAL	\$138,086,891	\$132,412,758
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See Notes to Consolidated Financial Statements

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND OTHER CREDITS

	June 30, 1995	December 31, 1994
	<u>(Unaudited)</u>	<u></u>
CAPITALIZATION(see accompanying statements)	\$ 99,116,475	\$ 97,141,200
CURRENT LIABILITIES:		
Accounts Payable	1,412,271	1,616,945
Notes Payable	240,000	0
Customer Deposits	330,520	308,174
Taxes Accrued	4,736,465	4,444,372
Interest Accrued	1,153,213	1,134,223
Other	852,763	877,283
	<u>8,725,232</u>	<u>8,380,997</u>
TOTAL CURRENT LIABILITIES		
DEFERRED CREDITS:		
Customer Advances for Construction	8,942,560	9,199,363
Accumulated Deferred Investment Tax Credits	2,416,254	2,452,096
Accumulated Deferred Federal Income Taxes	9,878,464	9,767,241
Other	1,707,883	1,312,961
	<u>22,945,161</u>	<u>22,731,661</u>
TOTAL DEFERRED CREDITS		
CONTRIBUTIONS IN AID OF CONSTRUCTION	7,300,023	4,158,900
	<u>7,300,023</u>	<u>4,158,900</u>
TOTAL	<u>\$138,086,891</u>	<u>\$132,412,758</u>

See Notes to Consolidated Financial Statements

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CAPITALIZATION AND RETAINED EARNINGS

	June 30, 1995	December 31, 1994
	(Unaudited)	
CAPITALIZATION:		
Common Stock, No Par Value		
Authorized, 6,000,000 Shares		
Outstanding Shares-1995, 4,071,703		
1994, 4,030,834	\$ 27,833,389	\$ 27,151,673
Retained Earnings	18,156,781	17,699,422
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TOTAL COMMON EQUITY	45,990,170	44,851,095
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Cumulative Preference Stock, No Par Value		
Authorized, 100,000 Shares; Outstanding, None.		
Cumulative Preferred Stock, No Par Value,		
Authorized, 69,418 Shares		
Convertible:		
Outstanding, \$7 Series-14,901 Shares	1,564,605	1,564,605
Nonredeemable:		
Outstanding, \$7 Series-1995, 1,017 Shares		
1994, 2,255 Shares	101,700	225,500
Outstanding, \$4.75 Series-10,000 Shares	1,000,000	1,000,000
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TOTAL CUMULATIVE PREFERRED STOCK	2,666,305	2,790,105
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Long-term Debt:		
First Mortgage Bonds:		
7.25%, Series R, due July 1, 2021	6,000,000	6,000,000
5.20%, Series S, due October 1, 2022	12,000,000	12,000,000
5.25%, Series T, due October 1, 2023	6,500,000	6,500,000
6.40%, Series U, due February 1, 2009	15,000,000	15,000,000
5.25%, Series V, due February 1, 2029	10,000,000	10,000,000
7% Promissory Notes, due April 21, 1996-2000	1,200,000	0
	<hr/>	<hr/>
SUB-TOTAL LONG-TERM DEBT	50,700,000	49,500,000
Less: Current Portion of Long-Term Debt	240,000	0
	<hr/>	<hr/>
TOTAL LONG-TERM DEBT	50,460,000	49,500,000
	<hr/>	<hr/>
TOTAL CAPITALIZATION	\$ 99,116,475	\$ 97,141,200
	<hr/>	<hr/>
	Six Months Ended	Year Ended
	June 30,	December 31,
	1995	1994
	(Unaudited)	
	<hr/>	<hr/>
RETAINED EARNINGS:		
BALANCE AT BEGINNING OF PERIOD	\$ 17,699,422	\$ 16,615,466
Net Income	2,719,627	5,495,372
	<hr/>	<hr/>
TOTAL	20,419,049	22,110,838
	<hr/>	<hr/>
Cash Dividends:		
Cumulative Preferred Stock	79,034	180,006
Common Stock	2,183,234	4,231,410
	<hr/>	<hr/>
TOTAL DEDUCTIONS	2,262,268	4,411,416
	<hr/>	<hr/>
BALANCE AT END OF PERIOD	\$ 18,156,781	\$ 17,699,422
	<hr/>	<hr/>

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months 1995	Ended June 30, 1994
	<u> </u>	<u> </u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Income	\$ 2,719,627	\$ 2,727,804
Adjustments To Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	1,371,388	1,304,761
Amortization of Deferred Charges	92,398	197,505
Provision for Deferred Income Taxes	111,223	315,389
Amortization of Investment Tax Credit	(35,842)	(35,842)
Allowance for Funds Used During Construction	(13,707)	0
Changes in Current Assets and Liabilities:		
Accounts Receivables	570,657	120,968
Materials and Supplies	(58,368)	(26,971)
Accounts Payable	(204,674)	37,715
Accrued Income Taxes	292,093	162,144
Accrued Interest	18,990	207,096
Unbilled Revenues	(481,168)	(378,200)
Other-Net	19,876	(311,796)
	<u> </u>	<u> </u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,402,493	4,320,573
	<u> </u>	<u> </u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility Plant Expenditures	(5,271,018)	(1,816,417)
Marketable Securities	(37,528)	0
Note Receivable	(1,250,000)	0
Preliminary Survey and Investigation Charges	(4,800)	(34,803)
Other-Net	46,807	(243,560)
	<u> </u>	<u> </u>
NET CASH USED IN INVESTING ACTIVITIES	(6,516,539)	(2,094,780)
	<u> </u>	<u> </u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Redemption of Long-term Debt	0	(12,500,000)
Issuance of Long-term Debt	1,200,000	25,000,000
Short-term Bank Borrowings (Repayments)	0	(8,500,000)
Long-term Debt Issuance Expense	(8,000)	(1,162,604)
Temporary Cash Investments-Restricted	(2,123)	1,673,376
Proceeds from Issuance of Common Stock	681,716	465,009
Payment of Preferred Dividends	(79,034)	(96,893)
Payment of Common Dividends	(2,183,234)	(2,092,675)
Customer Advances-Net	(101,275)	23,215
Redemption of Preferred Stock	(123,800)	(1,224,000)
	<u> </u>	<u> </u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	(615,750)	1,585,428
	<u> </u>	<u> </u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,729,796)	3,811,221
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,854,186	1,146,245
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1,124,390	\$ 4,957,466
	<u> </u>	<u> </u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash Paid During the Period for:		
Interest	\$ 1,428,917	\$ 1,233,204
Income Taxes	\$ 1,386,000	\$ 1,371,000

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

MIDDLESEX WATER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Consolidation - Middlesex Water Company (Middlesex or the Company) is the parent company and sole shareholder of Tidewater Utilities, Inc. (Tidewater or Delaware), Pinelands Water Company, Pinelands Wastewater Company, and Utility Service Affiliates, Inc. (USA) . White Marsh Environmental Systems, Inc. is a wholly-owned subsidiary of Tidewater. The financial statements for Middlesex and its wholly-owned subsidiaries are reported on a consolidated basis.

The consolidated notes accompanying the 1994 Form 10-K are applicable to this report and, in the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of June 30, 1995 and the results of operations and its cash flows for the periods ended June 30, 1995 and 1994. Information included in the Balance Sheet as of December 31, 1994 has been derived from the Company's audited financial statements included in its annual report on Form 10-K for the year ended December 31, 1994.

Note 2 - Regulatory Matters

On February 2, 1995, the Company filed a petition with the New Jersey Board of Public Utilities (BPU) seeking approval for a Purchased Water Adjustment Clause (PWAC). A PWAC is a regulatory vehicle that allows New Jersey water utilities to pass along to, or credit, customers' account changes in the cost of purchasing water, without the need for filing a full base rate case. On July 13, 1995, the BPU approved the recovery in rates of approximately \$0.1 million of increased purchased water costs.

Note 3 - Capitalization

Preferred Stock - During the first quarter, the Company purchased and retired 1,238 shares of the nonredeemable \$7.00 Series at the stated purchase price of \$100 per share.

Common Stock - During the second quarter, 26,871 common shares (\$0.4 million) were issued under the Company's Dividend Reinvestment and Common Stock Purchase Plan.

Note 4 - Commitments

On April 21, 1995, the Company completed the asset purchase of a 2,200 customer water utility and a 2,200 customer wastewater utility in Burlington County, New Jersey. The newly acquired systems are called Pinelands Water Company and Pinelands Wastewater Company. These systems will not have a material impact on the Company's revenues and will require substantial rate increases to attain profitability.

On May 19, 1995, Middlesex and USA, jointly entered into a five-year contract with the City of South Amboy to operate and maintain the City's 2,800 customer water system. The Contract, which is subject to renewal for three future five-year periods, is expected to produce approximately \$1.5 million in revenues during the first five years with only a minimal impact on earnings.

MIDDLESEX WATER COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE
AND SIX MONTHS ENDED JUNE 30, 1995 COMPARED TO JUNE 30, 1994

Revenues increased by 4.5% for the second quarter and 3.3% for the first half of 1995 due to increased consumption, increased customer connection fees from Tidewater operations, and the inclusion of revenues from the operations of Pinelands Water Company and Pinelands Wastewater Company.

Operation and Maintenance expenses increased by 6.8% for the second quarter and 4.2% for the first half of 1995 due to increased chemicals, labor, insurance, normal maintenance, and the inclusion of expenses from Pinelands Water and Wastewater Companies. These higher expenses were partially offset by lower purchased water costs.

Depreciation expense increased by 6.0% for the second quarter and 5.1% for the first half of 1995 reflecting depreciable plant additions of almost \$10.0 million since March 31, 1994.

Taxes, other than Income Taxes increased by 4.6% for the quarter and 2.8% year-to-date due mainly to revenue-related taxes.

Federal Income Taxes decreased by 2.6% for the quarter and increased 1.9% for the six month period due to a changing level of taxable income.

Capital Resources: The consolidated capital program for 1995, estimated at \$7.2 million, includes \$5.0 million for routine plant additions and \$2.2 million for special plant additions. The \$5.0 million for routine items includes \$1.6 million for mains, \$0.6 million for service lines, \$0.5 million for meters and \$2.3 million for various other items. The \$2.2 million for special plant additions includes \$1.1 million for water production facilities in Delaware, \$0.3 million for treatment of well supplies, \$0.2 million for treatment plant expansion, \$0.1 million for Robinson's Branch Dam Project, and \$0.5 million for South River Basin Regional Supply Project.

Liquidity: To finance the 1995 capital program, the Company will utilize internally-generated cash and cash balances on hand at December 31, 1994. Capital expenditures of \$3.0 million have been incurred through June 30, 1995.

MIDDLESEX WATER COMPANY

PART II. OTHER INFORMATION

- Item 1. Legal Proceedings
None.
- Item 2. Changes in Securities
None.
- Item 3. Defaults upon Senior Securities
None.
- Item 4. Submission of Matters to a Vote of Security Holders
None.
- Item 5. Other Information
None.
- Item 6. Exhibits and Reports on Form 8-K
Exhibits - 27 Financial Data Schedule
Reports on Form 8-K - None.

SIGNATURE

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

MIDDLESEX WATER COMPANY
(Registrant)

Date: August 9, 1995 /Ernest C. Gere/
Ernest C. Gere
Senior Vice President and
Chief Financial Officer

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MIDDLESEX WATER COMPANY

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	JUN-30-1995	
	PER-BOOK	
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