

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2021
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
(State of Incorporation)

22-1114430
(IRS employer identification no.)

485C Route 1 South, Suite 400, Iselin New Jersey 08830
(Address of principal executive offices, including zip code)
(732) 634-1500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class:</u>	<u>Trading Symbol:</u>	<u>Name of each exchange on which registered:</u>
Common Stock, No Par Value	MSEX	The NASDAQ Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on their corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12(b)-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant at June 30, 2021 was \$1,392,996,885 based on the closing market price of \$81.73 per share on the NASDAQ Global Select Market.

The number of shares outstanding for each of the registrant's classes of common stock, as of February 25, 2022:

Common Stock, No par Value 17,535,572 shares outstanding

Documents Incorporated by Reference

Proxy Statement to be filed in connection with the Registrant's Annual Meeting of Stockholders to be held on May 23, 2022, which will be filed with the Securities and Exchange Commission within 120 days of the end of our 2021 fiscal year, is incorporated by reference into Part III of this Annual Report on Form 10-K to the extent described herein.

MIDDLESEX WATER COMPANY
FORM 10-K

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual report and in the documents incorporated by reference constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Middlesex Water Company (the Company) intends that these statements be covered by the safe harbors created under those laws. They include, but are not limited to statements as to:

- expected financial condition, performance, prospects and earnings of the Company;
- strategic plans for growth;
- the amount and timing of rate increases and other regulatory matters, including the recovery of certain costs recorded as regulatory assets;
- the Company’s expected liquidity needs during the upcoming fiscal year and beyond and the sources and availability of funds to meet its liquidity needs;
- expected customer rates, consumption volumes, service fees, revenues, margins, expenses and operating results;
- financial projections;
- the expected amount of cash contributions to fund the Company’s retirement benefit plans, anticipated discount rates and rates of return on plan assets;
- the ability of the Company to pay dividends;
- the Company’s compliance with environmental laws and regulations and estimations of the materiality of any related costs;
- the safety and reliability of the Company’s equipment, facilities and operations;
- the Company’s plans to renew municipal franchises and consents in the territories it serves;
- trends; and
- the availability and quality of our water supply.

These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from anticipated results and outcomes include, but are not limited to:

- effects of general economic conditions;
- increases in competition for growth in non-franchised markets to be potentially served by the Company;
- ability of the Company to adequately control selected operating expenses which are necessary to maintain safe and proper utility services, and which may be beyond the Company’s control;
- availability of adequate supplies of water;
- actions taken by government regulators, including decisions on rate increase requests;
- new or modified water quality standards;
- weather variations and other natural phenomena impacting utility operations;
- financial and operating risks associated with acquisitions and, or privatizations;
- acts of war or terrorism;
- changes in the pace of housing development;
- availability and cost of capital resources;
- timely availability of materials and supplies for operations and for critical infrastructure projects;
- impact of the Novel Coronavirus (COVID-19) or other pandemic; and
- other factors discussed elsewhere in this annual report.

Many of these factors are beyond the Company’s ability to control or predict. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements, which only speak to the Company’s understanding as of the date of this report. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

For an additional discussion of factors that may affect the Company’s business and results of operations, see Item 1A - Risk Factors.

PART I

Item 1. Business.

Overview

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

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

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

Middlesex System

Located in New Jersey, the Middlesex System provides water services to approximately 61,000 retail customers, primarily in eastern Middlesex County and under wholesale contracts to the City of Rahway, Townships of Edison and Marlboro, the Borough of Highland Park and the Old Bridge Municipal Utilities Authority. The Middlesex System treats, stores and distributes water for residential, commercial, industrial and fire protection purposes. The Middlesex System also provides water treatment and pumping services to the Township of East Brunswick under contract. The amount of water supply allocated to the Township of East Brunswick is granted directly to the Township by the New Jersey Water Supply Authority. The Middlesex System produced approximately 59% of our 2021 consolidated operating revenues.

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

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

Middlesex provides water service to approximately 300 customers in Cumberland County, New Jersey. This system is referred to as Bayview, and is not physically interconnected with the Middlesex System. Bayview produced less than 0.1% of our 2021 consolidated operating revenues.

Tidewater System

Tidewater, together with its wholly-owned subsidiary, Southern Shores, provides water services to approximately 55,000 retail customers for residential, commercial and fire protection purposes in over 450 separate communities in New Castle, Kent and Sussex Counties, Delaware. The Tidewater System produced approximately 29% of our 2021 consolidated operating revenues.

USA-PA

USA-PA operates the City of Perth Amboy, New Jersey's (Perth Amboy) water and wastewater systems under a 10-year agreement, which expires in December 2028. There are approximately 12,000 customers comprised of residential, commercial and industrial connections, most of which are served by both the water and wastewater systems. In addition to performing day-to day operations, USA-PA is also responsible for emergency responses and management of capital projects funded by Perth Amboy. USA-PA produced approximately 5% of our 2021 consolidated operating revenues.

Pinelands Systems

Pinelands Water provides water services to approximately 2,500 residential customers in Burlington County, New Jersey. Pinelands Water is not physically interconnected with the Middlesex System. Pinelands Water produced approximately 1% of our 2021 consolidated operating revenues.

Pinelands Wastewater provides wastewater collection and treatment services to approximately 2,500 residential customers. Under contract, it also services one municipal wastewater system in Burlington County, New Jersey with approximately 200 residential customers. Pinelands Wastewater produced approximately 1% of our 2021 consolidated operating revenues.

USA

USA operates the Borough of Avalon, New Jersey's (Avalon) water utility, sewer utility and storm water system under a ten-year operations and maintenance contract expiring in June 2022. USA expects to participate in the public proposal process for a new ten-year contract. There are approximately 6,400 retail customers in Avalon, most of which are served by both the water system and wastewater collection system. In addition to performing day-to-day service operations, USA is responsible for billing, collections, customer service, emergency responses and management of capital projects funded by Avalon.

USA operates the Borough of Highland Park, New Jersey's (Highland Park) water utility and sewer utility under a ten-year operations and maintenance contract expiring in 2030. There are approximately 3,300 mostly retail customers in Highland Park. The contract commenced July 1, 2020.

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

Under a marketing agreement with HomeServe USA Corp. (HomeServe) expiring in 2031, USA offers residential customers in New Jersey and Delaware various water and wastewater related home maintenance programs. USA receives a service fee for the billing, cash collection and other administrative matters associated with HomeServe's service contracts.

USA produced approximately 3% of our 2021 consolidated operating revenues.

White Marsh

White Marsh operates or maintains water and/or wastewater systems that serve approximately 4,500 service connections under 35 separate contracts. White Marsh also owns two commercial properties that are leased to Tidewater for its administrative office campus and its field operations center. White Marsh produced approximately 1% of our 2021 consolidated operating revenues.

Financial Information

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

	(Thousands of Dollars)		
	Years Ended December 31,		
	2021	2020	2019
Operating Revenues	\$ 143,141	\$ 141,592	\$ 134,598
Operating Income	\$ 33,211	\$ 37,420	\$ 35,520
Net Income	\$ 36,543	\$ 38,425	\$ 33,888

Operating revenues were earned from the following sources:

	Years Ended December 31,		
	2021	2020	2019
Residential	54.3%	54.2%	53.1%
Commercial	11.7	10.9	11.3
Industrial	6.3	6.7	7.0
Fire Protection	8.8	8.8	9.1
Contract Sales	10.2	10.7	10.6
Contract Operations	8.6	8.6	8.7
Other	0.1	0.1	0.2
Total	100.0%	100.0%	100.0%

Water Supplies and Contracts

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

Middlesex System

Our Middlesex System produced approximately 14.0 billion gallons in 2021 from:

- The Carl J. Olsen Surface Water Treatment Plant (CJO Plant)-10.4 billion gallons;
- Twenty-seven Company-owned wells (ground water)-2.3 billion gallons, and;
- The balance purchased from a non-affiliated water utility regulated by the New Jersey Board of Public Utilities (NJBP) under an agreement which expires February 27, 2026. This agreement provides for minimum purchases of 3.0 million gallons per day (mgd) of treated water with provisions for additional purchases.

As more fully described under *Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operation, Recent Developments, Regulatory Notice of Non-Compliance*, Middlesex ceased pumping from its Company-owned wells in South Plainfield, New Jersey in December 2021. It is intended, but not guaranteed, that these wells will remain out of service until the construction of some, or all, of a facility to provide an enhanced treatment process to comply with new State of New Jersey water quality regulations relative to poly- and perfluoroalkyl substances, collectively referred to as PFAS. The entire facility is expected to be completed and in-service by mid-2023. Until that date, additional surface water production from the CJO Plant and additional treated water purchases from a non-affiliated water utility are intended to replace the ground water source production.

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

The principal source of surface water for the Middlesex System is the Delaware & Raritan Canal, which is owned by the State of New Jersey and operated by the New Jersey Water Supply Authority (NJWSA). Middlesex is under contract with the NJWSA, which expires November 30, 2023, and provides for average purchases of 27.0 mgd of untreated water from the Delaware & Raritan Canal, augmented by the Round Valley/Spruce Run Reservoir System. The untreated surface water is pumped to, and treated at, the CJO Plant.

Water supply to Bayview customers is derived from two wells, which produced approximately 6.0 million gallons in 2021.

Tidewater System

Our Tidewater System produced approximately 2.7 billion gallons in 2021, primarily from 180 wells. Tidewater expects to submit applications to Delaware regulatory authorities for the approval of additional wells as growth, customer demand and water quality warrant. Tidewater augments its water production with annual minimum purchases of 15.0 million gallons of treated water under contract from the City of Dover, Delaware. Tidewater does not have a central water treatment facility for the over 450 separate communities it serves. As the number has grown, many of Tidewater's individual systems have been interconnected, forming several regional systems that are served by multiple water treatment facilities owned by Tidewater.

Pinelands Water System

Water supply to our Pinelands Water System is derived from four wells which produced approximately 129.0 million gallons in 2021. The aggregate pumping capacity of the four wells is 2.2 mgd.

Wastewater Facilities

Pinelands Wastewater System

The Pinelands Wastewater System discharges into the South Branch of the Rancocas Creek through a wastewater treatment plant that provides clarification, sedimentation, filtration and disinfection. The total capacity of the plant is 0.5 mgd, and the system treated approximately 96.0 million gallons in 2021.

Human Capital Management

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

Workforce

As of December 31, 2021, the Company had 347 employees. None of our employees are subject to a collective bargaining agreement. We believe our employee relations are positive.

Employee Compensation and Benefits

We offer comprehensive competitive employee compensation and benefit programs consistent with employee positions, skill levels, experience, knowledge and geographic location. These programs are independently

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

Safety

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

In response to the ongoing Coronavirus (COVID-19) pandemic, the Company continues to implement changes it determines are in the best interest of our employees and customers, as well required to comply with government emergency orders and regulations. While the nature of our utility services business requires portions of our workforce to operate in the field and at treatment facilities, we employ and maintain a variety of processes to help ensure the safety of those employees and the public in light of the ongoing pandemic. For further discussion of the impact of the COVID-19 pandemic on the Company, see *Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operation, Recent Developments, Coronavirus (COVID-19)*.

Employee Development and Training

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

Diversity, Equity & Inclusion (DEI)

The Company is committed to DEI based upon our belief that embracing DEI benefits all stakeholders by maintaining a workforce with a variety of skills and perspectives as a result of their diverse backgrounds and experiences. Specific DEI initiatives are in progress to further enhance a culture consistent with our Company values.

The Company is focused on recruitment and/or development of both external and internal candidates so that all prospective and current employees are provided an opportunity to advance their careers. The Company solicited our employees' perceptions of the Company's focus on DEI with a comprehensive survey, followed by numerous meetings of groups of employees to discuss the results of the survey and to further engage our employees on matters of DEI. We expect to continue to monitor the results of our DEI efforts and continually explore opportunities to further engage our employees to ensure our actions are, in-fact, fully consistent with our stated Company core values.

Competition

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

Regulation

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

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

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

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

In addition, our issuances of equity securities are subject to the prior approval of the NJBPU and require registration with the SEC. Our issuances of long-term debt securities are subject to the prior approval of the appropriate Utility Commissions.

Regulation of Rates and Services

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

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

Middlesex Rate Matters

In December 2021, Middlesex's petition to the NJBPU seeking permission to increase its base water rates was concluded, based on a negotiated settlement, resulting in an expected increase in annual operating revenues of \$27.7 million. The approved tariff rates were designed to recover increased operating costs as well as a return on invested capital of \$513.5 million, based on an authorized return on common equity of 9.6%. The increase is being implemented in two phases with \$20.7 million of the increase effective January 1, 2022 and the remaining \$7.0 million effective January 1, 2023. As part of the negotiated settlement, the Purchased Water Adjustment Clause (PWAC), which is a rate mechanism that allows for recovery of increased purchased water costs between base rate case filings, was reset to zero.

In March 2021, the NJBPU approved Middlesex's annual petition to reset its PWAC tariff rate to recover additional costs of \$1.1 million for the purchase of treated water from a non-affiliated regulated water utility. The new PWAC rate became effective April 4, 2021.

In March 2020, the NJBPU approved Middlesex's annual petition to reset its PWAC tariff rate to recover additional costs of \$0.6 million for the purchase of treated water from a non-affiliated water utility regulated by the NJBPU. The new PWAC rate became effective on April 4, 2020.

Tidewater Rate Matters

Effective January 1, 2021, Tidewater increased its DEPSC-approved Distribution System Improvement Charge (DSIC) rate, which was expected to generate revenues of approximately \$0.6 million annually. A DSIC is a rate-mechanism that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements made between base rate proceedings.

In March 2021, Tidewater was notified by the DEPSC that it had determined Tidewater's earned rate of return exceeded the rate of return authorized by the DEPSC. Consequently, Tidewater reset its DSIC rate to zero effective April 1, 2021 and has refunded customers, with interest, primarily in the form of an account credit for DSIC revenue billed between April 1, 2020 and March 31, 2021. Accordingly, in March 2021, Tidewater recorded a \$0.8 million reserve, net of tax, for such refunds. Tidewater applied the refund credits to individual customer accounts during the second quarter of 2021.

Effective March 1, 2019, Tidewater received approval from the DEPSC to reduce its rates to reflect the lower corporate income tax rate enacted by the Tax Cuts and Jobs Act of 2017, resulting in a 3.35% rate decrease for certain customer classes.

Pinelands Rate Matters

Effective November 4, 2019, Pinelands received approval from the NJBPU to increase base rates by \$0.5 million. The increased revenues were necessitated by capital infrastructure investments and increased operations and maintenance costs.

Southern Shores Rate Matters

Effective January 1, 2020, the DEPSC approved the renewal of a multi-year agreement for water service to a 2,200 unit condominium community we serve in Sussex County, Delaware. Under the agreement, current rates will remain in effect until December 31, 2024. In the event there are unanticipated capital expenditures or regulatory related changes in operating expenses exceeding certain thresholds during this time period, rates are permitted to be adjusted to reflect such cost changes. Thereafter, rate increases, if any, cannot exceed the lesser of the regional Consumer Price Index or, 3%. This agreement expires on December 31, 2029.

Future Rate Filings

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

Regulatory Service Matters

Twin Lakes Utilities, Inc. (Twin Lakes) provides water services to approximately 115 residential customers in Shohola, Pennsylvania. Pursuant to the Pennsylvania Public Utility Code, Twin Lakes filed a petition requesting the Pennsylvania Public Utilities Commission (PAPUC) to order the acquisition of Twin Lakes by a capable public utility. The PAPUC assigned an Administrative Law Judge (ALJ) to adjudicate the matter and submit a recommended decision (Recommended Decision) to the PAPUC. As part of this legal proceeding the PAPUC also issued an Order in January 2021 appointing a large Pennsylvania based investor-owned water utility as the receiver (the Receiver Utility) of the Twin Lakes system until the petition is fully adjudicated by the PAPUC. In November 2021, the PAPUC issued an Order affirming the ALJ's Recommended Decision, ordering the Receiver Utility to acquire the Twin Lakes water system and for Middlesex to submit \$1.7 million into an escrow account within 30 days. Twin Lakes immediately filed a Petition For Review (PFR) with the Commonwealth Court of Pennsylvania (the Pennsylvania Court) seeking reversal and vacation of the escrow requirement on the grounds that it violates the Pennsylvania Public Utility Code as well as the United States Constitution. In addition, Twin Lakes filed an emergency petition for stay of the PAPUC Order pending the Pennsylvania Court's review of the merits arguments contained in Twin Lakes' PFR. In December 2021, the Pennsylvania Court granted Twin Lakes' emergency petition, pending its review. A final decision by the Pennsylvania Court is not expected before June 2022. The final adjudication of this matter cannot be predicted at this time.

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

COVID-19 Pandemic

The NJBPU and the DEPSC have allowed for potential future recovery in customer rates of incremental costs related to COVID-19. The Company has not deferred any COVID-19 related incremental costs. Neither jurisdiction has yet to establish a timeline or definitive formal procedures for seeking cost recovery (for further discussion of the impact of COVID-19 on the Company, see *Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, Recent Developments, Coronavirus (COVID-19)*).

Water and Wastewater Quality and Environmental Regulations

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

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

In September 2021, the NJDEP issued a Notice of Non-Compliance (Notice) to Middlesex based on self-reporting by Middlesex that the level of Perfluorooctanoic Acid (PFOA) in water treated at its Park Avenue Wellfield Treatment Plant exceeded a recently promulgated NJDEP standard effective in 2021. Neither the NJDEP nor Middlesex has characterized this exceedance as an acute health emergency. The Notice required the Company to take any action necessary to comply with the new standard by September 7, 2022.

The NJDEP standard for PFOA was developed based on a Health-based Maximum Contaminant Level (MCL) of 14 parts per trillion (ppt). Although the USEPA has not yet implemented an enforceable regulation relative to PFOA, the water distributed from the Park Avenue Well Field Treatment Plant does meet the USEPA's current health advisory level of 70 parts per trillion (ppt) and would meet the NJDEP's pre-2021 standard guidance level, which was not a regulation, of 40 ppt. Construction of an enhanced treatment process at the Park Avenue Well Field Treatment Plant to comply with the new NJDEP standard had already begun when the Notice was issued by the NJDEP. Included in the project are enhancements to corrosion control. Since completion is not expected until mid-2023, in December 2021, the Company implemented an interim solution to meet the Notice requirements. The Park Avenue Well Field Treatment Plant was taken off-line and alternate sources of supply have been obtained. The Company is in the process of implementing an acceleration of a portion of the Park Avenue Wellfield treatment upgrades in order to meet anticipated increases in the historical higher water demand periods during the summer months and intended to result in compliance with the requirements of the Notice.

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

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

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

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

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

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

Seasonality

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

Management

This table lists information concerning our executive management team:

Name	Age	Principal Position(s)
Dennis W. Doll	63	President, Chief Executive Officer and Chairman of the Board of Directors
A. Bruce O'Connor	63	Senior Vice President, Treasurer and Chief Financial Officer
G. Christian Andreasen, Jr.	62	Vice President-Enterprise Engineering
Robert K. Fullagar	54	Vice President-Operations
Lorrie B. Ginegaw	46	Vice President-Human Resources
Jay L. Kooper	49	Vice President-General Counsel and Secretary
Georgia M. Simpson	48	Vice President-Information Technology
Bernadette M. Sohler	61	Vice President-Corporate Affairs

Dennis W. Doll – Mr. Doll joined the Company in 2004 and was named President and Chief Executive Officer and a Director of Middlesex effective January 1, 2006. In May 2010, he was first elected Chairman of the Board. He is also Chairman for all subsidiaries of Middlesex. Prior to joining the Company, Mr. Doll had been employed in various executive leadership roles in the regulated water utility business since 1985. Mr. Doll also serves on the Board of the non-profit Court Appointed Special Advocates (CASA) of Middlesex County, New Jersey (Executive Committee, Board Member and Treasurer) and as Director, Emeritus of The Water Research Foundation.

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

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

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

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

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

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

Bernadette M. Sohler – Ms. Sohler joined the Company in 1994 and was named Vice President-Corporate Affairs in March 2007. She also serves as Vice President of USA. Prior to joining the Company, Ms. Sohler held marketing and public relations management positions in the financial services industry. Ms. Sohler serves as a volunteer director on area Chambers of Commerce and several other non-profit Boards and is the Chair of the New Jersey Utilities Association's Communications Committee.

ITEM 1A. RISK FACTORS.

Operational Risks

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

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

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

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

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

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

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

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

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

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

Regulatory Risks

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

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

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

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

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

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

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

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

In addition, if we fail to comply with environmental or other laws and regulations to which our business is subject, we could be fined or subject to other sanctions, which could adversely impact our business or results of operations.

Financial Risks

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

We require financing from external sources to fund the ongoing capital program for the improvement in our utility system assets and for planned expansion of those systems. We expect to spend approximately \$229 million for capital projects through 2024. We must obtain prior approval from our economic regulators to sell debt or equity securities to raise capital for these projects. If sufficient capital is not available, or the cost of capital is too high, or if the regulatory authorities deny our petition to sell debt or equity securities, we may not be able to meet the costs of complying with environmental laws and regulations or the costs of improving and expanding our utility system assets to the level we believe operationally prudent. This may result in the imposition of fines from environmental regulators or restrictions on our operations which could curtail our ability to upgrade or replace utility system assets.

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

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

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

USA-PA and USA operate and maintain water and wastewater systems for three New Jersey municipalities under 10-year contracts expiring in 2022, 2028 and 2030, respectively. These contracts do not protect us against incurring costs in excess of revenues we earn pursuant to the contracts. There can be no absolute assurance we will not experience losses resulting from these contracts. Losses under these contracts, or our failure or inability to perform or renew such agreements, may have a material adverse effect on our financial condition and results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Risks

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

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

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

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

The COVID-19 pandemic and the attempt to contain it may harm our business, results of operations, financial condition and liquidity.

On January 16, 2022, the United States Secretary of Health and Human Services renewed the determination that a nationwide health emergency exists as a result of the COVID-19 Pandemic. The impact that COVID-19 will have on the Company, our customers and our vendors prospectively depends on numerous uncertainties, including the severity and duration of the pandemic and actions which could potentially be taken by federal or state governmental and/or regulatory authorities which could have an adverse effect on the Company's results of operations, financial condition and liquidity.

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Utility Plant

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

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

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

Middlesex System

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

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

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

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

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

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

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

Tidewater System

The Tidewater System is comprised of 87 production plants that vary in pumping capacity from 46,000 gallons per day to 4.4 mgd. Water is transported to our customers through 859 miles of transmission and distribution mains. Storage facilities include 47 tanks, with an aggregate capacity of 8.0 million gallons. The Delaware office property, located on an eleven-acre parcel owned by White Marsh, consists of two office buildings totaling approximately 17,000 square feet. In addition, Tidewater maintains a field operations center servicing its largest service territory in Sussex County, Delaware. The operations center is located on a 2.9 acre parcel owned by White Marsh, and consists of three buildings totaling approximately 12,000 square feet.

Pinelands Water System

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

Pinelands Wastewater System

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

Bayview System

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

USA-PA, USA and White Marsh

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

ITEM 3. LEGAL PROCEEDINGS.

PFOA Regulatory Notice of Non-Compliance – In September 2021, the NJDEP issued a Notice to Middlesex based on self-reporting by Middlesex that the level of PFOA in water treated at its Park Avenue Wellfield Treatment Plant in New Jersey exceeded a recently promulgated NJDEP standard effective in 2021. Neither the NJDEP nor Middlesex has characterized this exceedance as an acute health emergency. However, Middlesex was required to notify its affected customers and complied in November 2021.

In November 2021, the Company was served with two PFOA-related class action lawsuits seeking restitution for medical, water filter replacement and other claimed related costs. These lawsuits are in the early stages of the legal process and their ultimate resolution cannot be predicted at this time. The Company's insurance provider has acknowledged coverage of potential liability resulting from these lawsuits. For further discussion of this matter, see *Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, Recent Developments, Regulatory Notice of Non-Compliance*. The following summarizes the legal complaints brought against Middlesex related to this matter:

- ***Vera et al. v. Middlesex Water Company*** - On October 29, 2021, a complaint was filed in the Superior Court of New Jersey, Middlesex County seeking restitution, equitable and injunctive relief for the costs of (1) seeking medical advice; (2) installing home water filters; (3) purchasing bottled water; and (4) court-supervised medical monitoring/testing going forward. On November 19, 2021, a first amended complaint was filed together with motions for Class Certification and Injunctive Relief. On December 17, 2021, the parties entered into a Stipulation where it was agreed that Plaintiff's motion for injunctive relief would be withdrawn. On February 16, 2022, Middlesex filed a Motion To Dismiss Plaintiffs' complaint for: (1) failure to include an indispensable party, 3M Company, whom Middlesex claims is the source of the PFOA in the Company's wells; and (2) failure to state legally cognizable claims in support of all of the counts set forth in the complaint. Plaintiff's motion for Class Certification and further discovery is postponed pending the outcome of Middlesex's Motion To Dismiss.
- ***Lonsk et al. v. Middlesex Water Company and 3M Company*** - On November 9, 2021, a complaint was filed in the United States District Court, District of New Jersey (District Court) seeking Class Certification and restitution, equitable and injunctive relief for the costs of (1) seeking medical advice; (2) installing home water filters; (3) purchasing bottled water; and (4) all other claimed related costs. On December 23, 2021, the parties agreed to postpone the filing date of Middlesex's and 3M Company's answers to the complaint to January 14, 2022 at the earliest. This filing date was subsequently further postponed to March 1, 2022.

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

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

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

The Company's common stock is traded on the NASDAQ Stock Market, LLC, under the symbol MSEX. As of December 31, 2021, there were 1,775 holders of record.

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

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

The Company issues shares of its common stock in connection with its Middlesex Water Company Investment Plan (the Investment Plan), a direct share purchase and dividend reinvestment plan for the Company's common stock. Since the inception of the Investment Plan and its predecessor plan, the Company has periodically replenished the level of authorized shares in the plans. Currently, 0.3 million shares remain registered with the SEC for the Investment Plan and available for potential issuance to participants. The Company raised approximately \$3.8 million through the issuance of shares under the Investment Plan during 2021. On September 1, 2021, the Company began offering shares of its common stock for purchase at a 3% discount to participants in the Investment Plan. The discount offering will continue until 200,000 shares are purchased at the discounted price or, August 1, 2022, whichever event occurs first. Through February 25, 2022, 44,323 shares have been purchased through the discounted offering. The discount applies to all common stock purchases made under the Investment Plan, whether by optional cash payment or by dividend reinvestment. Previously, in 2019, the Company raised approximately \$12.7 million primarily through a share discount program.

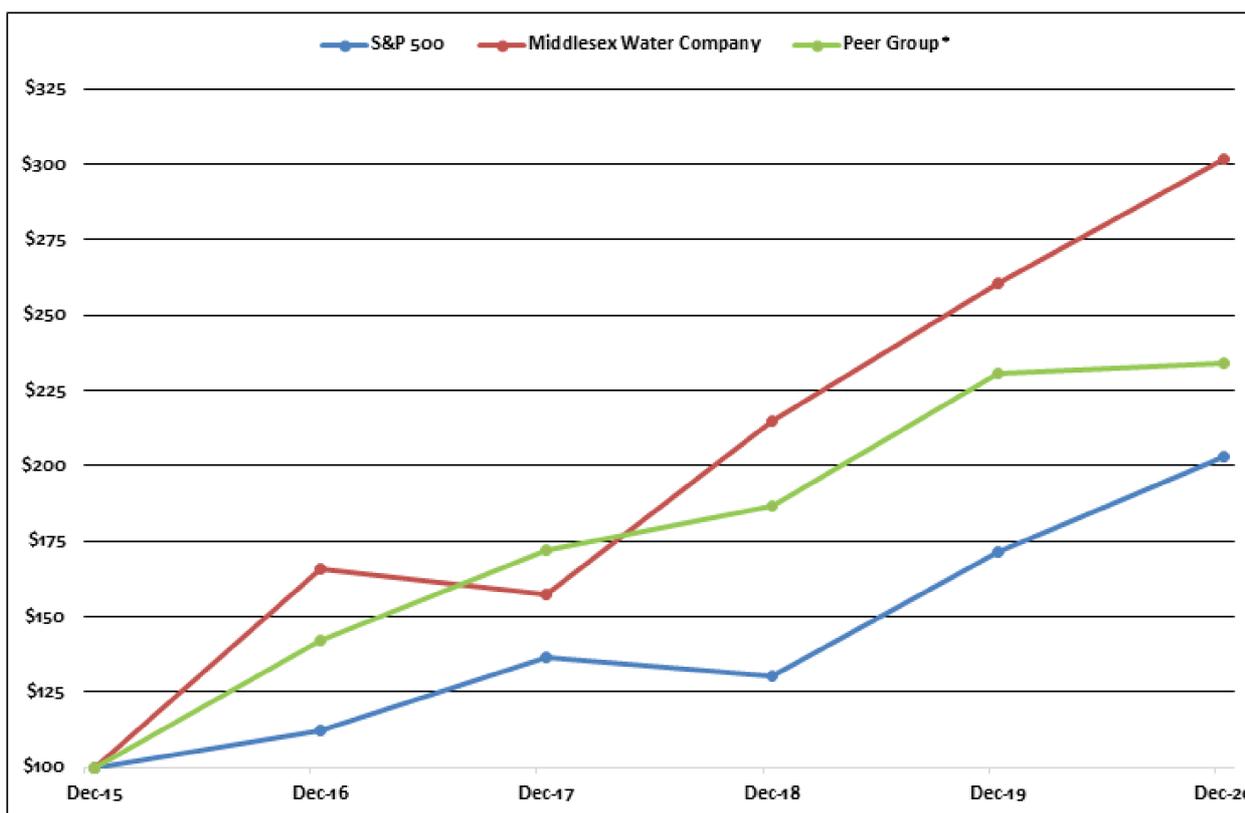
The Company maintains a long-term incentive compensation plan for certain management employees where awards are made in the form of restricted common stock. Shares issued in connection with this plan are subject to forfeiture by the employee in the event of termination of employment for any reason within five years of the award, other than as a result of retirement at normal retirement age, death, disability or change in control. The maximum number of shares authorized for award under this plan is 0.3 million shares, of which approximately 84% remain available for award.

The Company maintains a stock plan for its independent members of the Board of Directors as a component of their compensation. In 2021, shares of the Company's common stock valued at \$0.3 million were granted and issued to the independent Directors. The maximum number of shares authorized for grant under this plan is 0.1 million. Approximately 49% of the authorized shares remain available for future issuance.

Set forth below is a graph comparing the yearly change in the cumulative total return (which includes reinvestment of dividends) of a \$100 investment for the Company's common stock, a peer group of investor-owned water utilities, and the S&P 500 Stock Index for the period of five years commencing December 31, 2016. The S&P 500 Stock Index measures the stock performance of 500 large companies listed on stock exchanges in the United States.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

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



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

	December 31,					
	2016	2017	2018	2019	2020	2021
Middlesex Water Company	100.00	95.08	129.82	157.26	182.10	305.96
S&P 500 Stock Index	100.00	121.83	116.49	153.17	181.35	233.41
Peer Group	100.00	121.37	131.45	162.47	164.78	215.95

ITEM 6. [RESERVED]

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

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

Management's Overview**Operations**

Middlesex Water Company (Middlesex or the Company) has operated as a water utility in New Jersey since 1897 and in Delaware through our wholly-owned subsidiary, Tidewater Utilities, Inc. (Tidewater), since 1992. We are in the business of collecting, treating and distributing water for domestic, commercial, municipal, industrial and fire protection purposes. We operate water and wastewater systems under contract for governmental entities and private entities primarily in New Jersey and Delaware and also provide regulated wastewater services in New Jersey. We are regulated by state public utility commissions as to rates charged to customers for water and wastewater services, as to the quality of water and wastewater services we provide and as to certain other matters in the states in which our regulated subsidiaries operate. Only our Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy), Inc. (USA-PA) and White Marsh Environmental Services, Inc. (White Marsh) subsidiaries are not regulated public utilities as related to rates and services quality. All municipal or commercial entities whose utility operations are managed by these entities however, are subject to environmental regulation at the federal and state levels.

Our principal New Jersey water utility system (the Middlesex System) provides water services to approximately 61,000 retail customers, primarily in central New Jersey. The Middlesex System also provides water sales under contract to municipalities in central New Jersey with a total population of over 0.2 million. Our Bayview system provides water services in Downe Township, New Jersey. Our other New Jersey subsidiaries, Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), provide water and wastewater services to approximately 2,500 customers in Southampton Township, New Jersey.

Our Delaware subsidiaries, Tidewater and Southern Shores Water Company, LLC (Southern Shores), provide water services to approximately 55,000 retail customers in New Castle, Kent and Sussex Counties, Delaware. Tidewater's subsidiary, White Marsh, services approximately 4,500 customers in Kent and Sussex Counties through various operations and maintenance contracts.

USA-PA operates the water and wastewater systems for the City of Perth Amboy, New Jersey (Perth Amboy) under a 10-year operations and maintenance contract expiring in 2028. In addition to performing day-to-day operations, USA-PA is also responsible for emergency response and management of capital projects funded by Perth Amboy.

USA operates the Borough of Avalon, New Jersey's (Avalon) water utility, sewer utility and storm water system under a 10-year operations and maintenance contract expiring in June 2022. USA expects to participate in the public proposal process for the extension of this contract. In addition to performing day-to-day service operations, USA is responsible for billing, collections, customer service, emergency response and management of capital projects funded by Avalon. Beginning July 1, 2020, USA began operating the Borough of Highland Park, New Jersey's (Highland Park) water and wastewater systems under a 10-year operations and maintenance contract. Under a marketing agreement with HomeServe USA Corp. (HomeServe) expiring in 2031, USA offers residential customers in New Jersey and Delaware water and wastewater related services and home maintenance programs. HomeServe is a leading national provider of such home maintenance service programs. USA receives a service fee for the billing, cash collection and other administrative matters associated with HomeServe's service contracts. USA also provides unregulated water and wastewater services under contract with several New Jersey municipalities.

Recent Developments

Capital Construction Program - The Company's multi-year capital construction program encompasses numerous projects designed to upgrade and replace utility infrastructure as well as enhance the integrity and reliability of assets to better serve the current and future generations of water and wastewater customers. The Company plans to invest approximately \$88 million in 2022 in connection with this plan for projects that include, but are not limited to:

- Construction of a facility to provide an enhanced treatment process at the Company's largest wellfield in South Plainfield, New Jersey to comply with new state water quality regulations relative to poly- and perfluoroalkyl substances, collectively referred to as PFAS, and integrate surge protection to mitigate spikes in water pressures along with enhancements to corrosion control and chlorination processes;
- Replacement of approximately six miles of water mains including full main and service line replacements, meter pit installations and fire hydrants replacements in the Township of Woodbridge, New Jersey;
- Upgrade of Work and Asset Management Information System;
- Construction of two elevated water storage tanks in our Tidewater service territory; and
- Various water main replacements and improvements.

Regulatory Notice of Non-Compliance - In September 2021, the New Jersey Department of Environmental Protection (NJDEP) issued a Notice of Non-Compliance (Notice) to Middlesex based on self-reporting by Middlesex that the level of Perfluorooctanoic Acid (PFOA) in water treated at its Park Avenue Wellfield Treatment Plant in New Jersey exceeded a recently promulgated NJDEP standard effective in 2021. Neither the NJDEP nor Middlesex has characterized this exceedance as an acute health emergency. However, Middlesex was required to notify its affected customers and complied in November 2021. Further, the Notice required the Company to take any action necessary to comply with the new standard by September 7, 2022.

The NJDEP standard for PFOA was developed based on a Health-based Maximum Contaminant Level (MCL) of 14 parts per trillion (ppt). Although the United States Environmental Protection Agency (USEPA) has not yet implemented an enforceable regulation relative to PFOA, the water distributed from the Park Avenue Well Field Treatment Plant does meet the USEPA's current health advisory level of 70 parts per trillion (ppt) and would meet the NJDEP's pre-2021 standard guidance level of 40 ppt, which was not a regulation. Construction of an enhanced treatment process at the Park Avenue Well Field Treatment Plant to comply with the NJDEP standard had already begun when the Notice was issued by the NJDEP. Since completion is not expected until mid-2023, in December 2021, the Company implemented an interim solution to meet the Notice requirements. The Park Avenue Well Field Treatment Plant was taken off-line and alternate sources of supply have been obtained. The Company is in the process of implementing an acceleration of a portion of the Park Avenue Wellfield treatment upgrades in order to meet anticipated increases in the historical higher water demand periods during the summer months and is also intended to result in compliance with the requirements of the Notice.

In November 2021, the Company was served with two PFOA-related class action lawsuits seeking restitution for medical, water replacement and other claimed related costs. These lawsuits are in the early stages of the legal process and their ultimate resolution cannot be predicted at this time. The Company's insurance provider has acknowledged coverage of potential liability resulting from these lawsuits. For further discussion of this matter, see *Item 3 - Legal Proceedings*.

In 2018, the Company identified the party believed to be the source of the PFAS in the wells supplying the Park Avenue Well Field Treatment Plant and filed a lawsuit against that entity seeking compensatory damages for the resulting damage to its properties and costs to remediate PFAS, punitive damages and attorney's fees and costs. The ultimate resolution of this matter cannot be predicted at this time.

In January 2022, the Company filed a petition with the New Jersey Board of Public Utilities (NJBPU) seeking to establish a regulatory asset and deferred accounting until its next base rate setting proceeding for all costs associated with the interim solution to comply with the Notice.

While the Company believes other administrative or monetary penalties are unlikely, the issuance of the Notice does not preclude the State of New Jersey or any of its agencies from initiating formal administrative and/or judicial enforcement action, including assessment of penalties of up to \$25,000 per day per offense if the Company is not in compliance with the requirements of the Notice by September 7, 2022.

Sale of Subsidiary - In August 2021, Middlesex entered into a definitive agreement with Artesian Wastewater Management, Inc. to sell 100% of the common stock of Tidewater Environmental Services, Inc. (TESI) for \$6.4 million in cash and other consideration. The Delaware Public Service Commission (DEPSC) approved the transaction which closed on January 14, 2022. The Company will continue to own and operate its non-regulated contract operations business in Delaware.

Coronavirus (COVID-19) Pandemic - On January 16, 2022, the United States Secretary of Health and Human Services renewed the determination that a nationwide health emergency exists as a result of the COVID-19 Pandemic. While the Company's operations and capital construction program have not been materially disrupted to date from the pandemic, the COVID-19 impact on economic conditions nationally continues to be uncertain and could affect the Company's results of operations, financial condition and liquidity in the future. In New Jersey, the declared COVID-19 State of Emergency Order remains in effect through at least March 10, 2022. In Delaware, the declared COVID-19 State of Emergency Order ended in July 2021.

The NJBPU and the DEPSC have approved the tracking of COVID-19 related incremental costs for potential recovery in customer rates in future rate proceedings. Neither jurisdiction has established a timetable or definitive formal procedures for seeking cost recovery. Since March 2020, the Company has increased its allowance for doubtful accounts for expected increases in accounts receivable write-offs due to the financial impact of COVID-19 on customers. The Company has not deferred any COVID-19 related incremental costs. We will continue to monitor the effects of COVID-19 and evaluate its impact on the Company's results of operations, financial condition and liquidity.

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

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

Tidewater Financings - In March 2021, Tidewater entered into a loan agreement with CoBank, ACB, pursuant to which Tidewater borrowed \$20.0 million in September 2021 at an interest rate of 3.94% with a 2046 maturity date. Proceeds from the loan were used to pay off its outstanding balances under its lines of credit.

In November 2021, Tidewater received approval from the DEPSC to borrow up to \$5.0 million under the Delaware State Revolving Fund (SRF) Program for construction of a one million gallon elevated storage tank. Tidewater closed on the \$5.0 million loan in December 2021 and began receiving disbursements in January 2022. Borrowing under this loan is expected to continue through mid-2023. The final maturity date on the loan is 2044.

Common Stock Purchase Discount - The Company issues shares of its common stock in connection with its Middlesex Water Company Investment Plan (the Investment Plan), a direct share purchase and dividend reinvestment plan for the Company's common stock. On September 1, 2021, the Company began offering shares of its common stock for purchase at a 3% discount to participants in the Investment Plan. The discount offering will continue until 200,000 shares are purchased at the discounted price or August 1, 2022, whichever event occurs first. Through February 25, 2022, 44,323 shares have been purchased through the discounted offering. The discount applies to all common stock purchases made under the Investment Plan, whether by optional cash payment or by dividend reinvestment.

Twin Lakes Utilities, Inc. (Twin Lakes) - Twin Lakes provides water services to approximately 115 residential customers in Shohola, Pennsylvania. Pursuant to the Pennsylvania Public Utility Code, Twin Lakes filed a petition requesting the Pennsylvania Public Utilities Commission (PAPUC) to order the acquisition of Twin Lakes by a capable public utility. The PAPUC assigned an Administrative Law Judge (ALJ) to adjudicate the matter and submit a recommended decision (Recommended Decision) to the PAPUC. As part of this legal proceeding the PAPUC also issued an Order in January 2021 appointing a large Pennsylvania based investor-owned water utility as the receiver (the Receiver Utility) of the Twin Lakes system until the petition is fully adjudicated by the PAPUC. In November 2021, the PAPUC issued an Order affirming the ALJ's Recommended Decision, ordering the Receiver Utility to acquire the Twin Lakes water system and for Middlesex to submit \$1.7 million into an escrow account within 30 days. Twin Lakes immediately filed a Petition For Review (PFR) with the Commonwealth Court of Pennsylvania (the Pennsylvania Court) seeking reversal and vacation of the escrow requirement on the grounds that it violates the Pennsylvania Public Utility Code as well as the United States Constitution. In addition, Twin Lakes filed an emergency petition for stay of the PAPUC Order pending the Pennsylvania Court's review of the merits arguments contained in Twin Lakes' PFR. In December 2021, the Pennsylvania Court granted Twin Lakes' emergency petition, pending its review. A final decision by the Pennsylvania Court is not expected before June 2022. The final adjudication of this matter cannot be predicted at this time.

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

Strategy for Growth

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

- Invest in projects, products and services that complement our core water and wastewater competencies;
- Timely and adequate recovery of infrastructure investments and other costs to maintain service quality;
- Prudent acquisitions of investor and municipally-owned water and wastewater utilities; and
- Operation of municipal and industrial water and wastewater systems on a contract basis which meet our risk profile.

Rates

Middlesex - In December 2021, Middlesex's petition to the NJBPU seeking permission to increase its base water rates was concluded, based on a negotiated settlement, resulting in an expected increase in annual operating revenues of \$27.7 million. The approved tariff rates were designed to recover increased operating costs as well as a return on invested capital of \$513.5 million, based on an authorized return on common equity of 9.6%. The increase is being implemented in two phases with \$20.7 million of the increase effective January 1, 2022 and the remaining \$7.0 million effective January 1, 2023. As part of the negotiated settlement, the Purchased Water Adjustment Clause (PWAC), which is a rate mechanism that allows for recovery of increased purchased water costs between base rate case filings, was reset to zero.

In March 2021, the NJBPU approved Middlesex's annual petition to reset its PWAC tariff rate to recover additional costs of \$1.1 million for the purchase of treated water from a non-affiliated regulated water utility. The new PWAC rate became effective April 4, 2021.

In March 2020, the NJBPU approved Middlesex's annual petition to reset its PWAC tariff rate to recover additional costs of \$0.6 million for the purchase of treated water from a non-affiliated water utility regulated by the NJBPU. The new PWAC rate became effective on April 4, 2020.

Tidewater - Effective January 1, 2021, Tidewater increased its DEPSC-approved Distribution System Improvement Charge (DSIC) rate, which was expected to generate revenues of approximately \$0.6 million annually. A DSIC is a rate-mechanism that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements made between base rate proceedings.

In March 2021, Tidewater was notified by the DEPSC that it had determined Tidewater's earned rate of return exceeded the rate of return authorized by the DEPSC. Consequently, Tidewater reset its DSIC rate to zero effective April 1, 2021 and has refunded customers, with interest, principally in the form of an account credit for DSIC revenue billed between April 1, 2020 and March 31, 2021. Accordingly, in March 2021, Tidewater recorded a \$0.8 million reserve, net of tax, for such refunds. Tidewater applied the refund credits to individual customer accounts during the second quarter of 2021.

Effective March 1, 2019, Tidewater received approval from the DEPSC to reduce its rates to reflect the lower corporate income tax rate enacted by the Tax Cuts and Jobs Act of 2017 (the Tax Act), resulting in a 3.35% rate decrease for certain customer classes.

Pinelands - Effective November 4, 2019, Pinelands received approval from the NJBPU to increase base rates by \$0.5 million. The increased revenues were necessitated by capital infrastructure investments and increased operations and maintenance costs.

Southern Shores - Effective January 1, 2020, the DEPSC approved the renewal of a multi-year agreement for water service to a 2,200 unit condominium community we serve in Sussex County, Delaware. Under the agreement, current rates will remain in effect until December 31, 2024. In the event there are unanticipated capital expenditures or regulatory related changes in operating expenses exceeding certain thresholds during this time period, rates are permitted to be adjusted to reflect such cost changes. Thereafter, rate increases, if any, cannot exceed the lesser of the regional Consumer Price Index or 3%. The agreement expires on December 31, 2029.

Outlook

Our ability to increase operating income and net income is based significantly on four factors: weather, adequate and timely rate relief, effective cost management and customer growth (which are evident in comparison discussions in the *Results of Operations* section below). Weather patterns which can result in lower customer demand for water may occur in 2022. As operating costs are anticipated to increase in 2022 in a variety of categories, we continue to implement plans to further streamline operations and further reduce, and mitigate increases in, operating costs. Changes in customer water usage habits, as well as increases in capital expenditures and operating costs, are significant factors in determining the timing and extent of rate increase requests.

An additional factor that may affect our outlook in 2022 is the impact of COVID-19 on the general economy and the resulting impact on our customers. For example, while many commercial and industrial business operations may have returned to normal levels of operations in our service territories, potentially new variants of COVID-19 could lead to renewed economic disruptions resulting in lower water demand for those classes of customer (for further discussion of the impact of COVID-19 on the Company, see *Recent Developments, Coronavirus (COVID-19)* above). In addition, our customer collection efforts for Middlesex and Pinelands have been suspended based on State of Emergency Orders (SEOs) since 2020 and are presently scheduled to end in March 2022.

Organic residential customer growth for our Tidewater system is expected to be comparable to that experienced in 2021, which was approximately 6%.

The Company has projected to spend approximately \$229 million for the 2022-2024 capital investment program, including approximately \$39 million for PFAS-related treatment upgrades in the Middlesex System, \$33 million on the RENEW Program, which is our ongoing initiative to replace water mains in the Middlesex System, \$13 million for construction of elevated storage tanks in our Tidewater and Middlesex Systems and \$10 million for the rehabilitation and other improvements associated with Middlesex's main field operations and inventory facilities.

Operating Results by Segment

The Company has two operating segments, Regulated and Non-Regulated. Our Regulated segment contributed approximately 91% of total revenues for each of the years ended December 31, 2021, 2020, and 2019 and approximately 93% of net income for each of the years ended December 31, 2021, 2020, and 2019. The discussion of the Company's results of operations is on a consolidated basis and includes significant factors by subsidiary. The segments in the tables included below are comprised of the following companies: Regulated- Middlesex, Tidewater, Pinelands, Southern Shores and TESI; Non-Regulated- USA, USA-PA, and White Marsh.

Results of Operations for 2021 as Compared to 2020

	(In Millions)					
	Years Ended December 31,					
	2021			2020		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	\$ 130.8	\$ 12.3	\$ 143.1	\$ 129.5	\$ 12.1	\$ 141.6
Operations and maintenance expenses	65.4	8.3	73.7	62.5	8.3	70.8
Depreciation expense	20.9	0.2	21.1	18.3	0.2	18.5
Other taxes	14.9	0.2	15.1	14.7	0.2	14.9
Operating income	29.6	3.6	33.2	34.0	3.4	37.4
Other income (expense), net	5.6	0.3	5.9	4.3	0.1	4.4
Interest expense	8.1	-	8.1	7.5	-	7.5
Income taxes	(6.7)	1.2	(5.5)	(5.1)	1.0	(4.1)
Net income	\$ 33.8	\$ 2.7	\$ 36.5	\$ 35.9	\$ 2.5	\$ 38.4

Operating Revenues

Operating revenues for the year ended December 31, 2021 increased \$1.5 million from the same period in 2020 due to the following factors:

- Middlesex System revenues decreased by \$0.4 million due to lower water demand from general meter service and wholesale customers, offset by an increase in the PWAC tariff rate effective April 4, 2021 (see *Rates, Middlesex* above for further discussion);
- Tidewater System revenues increased \$1.7 million due to additional customers and higher customer demand for water, partially offset by \$1.0 million due to the DSIC revenue refund (for further information, see *Rates, Tidewater* above for further discussion);
- Non-regulated revenues increased \$0.3 million, primarily due to USA's contract to operate and maintain Highland Park's water and wastewater systems, which commenced July 1, 2020; and
- All other revenue categories decreased \$0.1 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the year ended December 31, 2021 increased \$2.9 million from the same period in 2020 due to the following factors:

- Higher weather-related water main break activity in our Middlesex system during the winter months resulted in \$0.5 million of additional non-labor costs;
- Labor costs increased \$0.9 million due to wage increases and lower allocation of labor to capital projects;
- Increased business insurance premiums resulted in \$0.3 million of additional costs;
- Increased Avalon and Highland Park billable supplemental service expenses increased \$0.5 million;
- Outside services and consultant costs increased \$0.2 million due to higher regulatory and corporate activity, including compliance with America's Water Infrastructure Act of 2018;
- Transportation expenses increased \$0.2 million due to higher fuel prices;
- Information technology costs increased \$0.2 million due to greater software licensing fees; and
- All other operation and maintenance expense categories increased \$0.1 million.

Depreciation

Depreciation expense for the year ended December 31, 2021 increased \$2.6 million from the same period in 2020 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the year ended December 31, 2021 increased \$0.2 million from the same period in 2020 primarily due to higher payroll taxes on increased labor costs.

Other Income, net

Other Income, net for the year ended December 31, 2021 increased \$1.6 million from the same period in 2020 primarily due to lower actuarially-determined retirement benefit plans non-service expense offset by lower Allowance for Funds Used During Construction (AFUDC) on a lower average level of capital construction projects in progress.

Interest Charges

Interest charges for the year ended December 31, 2021 increased \$0.6 million from the same period in 2020 due to higher long-term and short-term debt outstanding in 2021 as compared to 2020 partially offset by lower average interest rates on short term borrowings year-over-year.

Income Taxes

The benefit from income taxes for the year ended December 31, 2021 increased by \$1.4 million from the same period in 2020 primarily due to lower pre-tax income.

Net Income and Earnings Per Share

Net income for the year ended December 31, 2021 decreased \$1.9 million as compared with the same period in 2020. Basic earnings per share were \$2.08 and \$2.19 for the year ended December 31, 2021 and 2020, respectively. Diluted earnings per share were \$2.07 and \$2.18 for the year ended December 31, 2021 and 2020, respectively. In anticipation of this expected decrease, in 2021, Middlesex filed and settled a base rate increase request with the NJBPU, with rate increases becoming effective on January 1, 2022 and January 1, 2023 (for further discussion of Middlesex's rate increase, see *Rates, Middlesex* above).

Results of Operations for 2020 as Compared to 2019(In Millions)
Years Ended December 31,

	2020			2019		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	\$ 129.5	\$ 12.1	\$ 141.6	\$ 122.8	\$ 11.8	\$ 134.6
Operations and maintenance expenses	62.5	8.3	70.8	60.5	7.5	68.0
Depreciation expense	18.3	0.2	18.5	16.5	0.2	16.7
Other taxes	14.7	0.2	14.9	14.2	0.2	14.4
Operating income	34.0	3.4	37.4	31.6	3.9	35.5
Other income (expense), net	4.3	0.1	4.4	2.8	(0.3)	2.5
Interest expense	7.5	-	7.5	7.2	0.1	7.3
Income taxes	(5.1)	1.0	(4.1)	(4.4)	1.2	(3.2)
Net income	\$ 35.9	\$ 2.5	\$ 38.4	\$ 31.6	\$ 2.3	\$ 33.9

Operating Revenues

Operating revenues for the year ended December 31, 2020 increased \$7.0 million from the same period in 2019 due to the following factors:

- Middlesex System revenues increased \$3.1 million due to increased customer water consumption resulting from increased demand from our residential and wholesale contract customers;
- Tidewater System revenues increased \$2.9 million due to additional customers and related residential developer connection fees;
- Pinelands revenues increased \$0.5 million due to the base rate increase that went into effect in November 2019;
- Non-regulated revenues increased \$0.3 million due to USA's new contract to operate and maintain the Highland Park's water and wastewater systems and increased supplemental services under existing contracts; and
- All other revenue categories increased \$0.2 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the year ended December 31, 2020 increased \$2.8 million from the same period in 2019 due to the following factors:

- Variable production costs increased \$1.7 million due to higher customer water consumption and higher treatment costs due to weather-impacted changes in raw water quality;
- Retirement benefit plan expenses increased \$0.8 million primarily due to higher actuarially-determined retirement benefit plan service expense;
- Bad debt expense increased \$0.4 million due to expected increases in future write-offs due to COVID-19; and
- All other operation and maintenance expense categories decreased \$0.1 million.

Depreciation

Depreciation expense for the year ended December 31, 2020 increased \$1.8 million from the same period in 2019 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the year ended December 31, 2020 increased \$0.5 million from the same period in 2019 primarily due to higher revenue related taxes on increased revenues in our Middlesex system.

Other Income, net

Other Income, net for the year ended December 31, 2020 increased \$1.9 million from the same period in 2019 primarily due to higher AFUDC resulting from a higher level of capital projects in progress and lower actuarially-determined non-service expense for our employee retirement benefit plans partially offset by higher new business development costs.

Interest Expense

Interest expense for the year ended December 31, 2020 increased \$0.2 million from the same period in 2019 due to higher average balance of debt outstanding partially offset by lower average interest rates on both long-term and short-term borrowings.

Income Taxes

The benefit from income taxes for the year ended December 31, 2020 increased overall by \$1.0 million from the same period in 2019, primarily due to the regulatory accounting treatment of tax benefits associated with repair expenditures on tangible property owned by Middlesex, partially offset by higher pre-tax income.

Net Income and Earnings Per Share

Net income for the year ended December 31, 2020 increased \$4.5 million as compared with the same period in 2019. Basic earnings per share were \$2.19 and \$2.02 for the year ended December 31, 2020 and 2019, respectively. Diluted earnings per share were \$2.18 and \$2.01 for the year ended December 31, 2020 and 2019, respectively.

Liquidity and Capital Resources

Cash Flows from Operating Activities

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

For the year ended December 31, 2021, cash flows from operating activities decreased \$20.3 million to \$33.0 million. The decrease in cash flows from operating activities primarily resulted from the timing of vendor payments and higher income tax and interest payments.

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

Cash Flows from Investing Activities

For the year ended December 31, 2021, cash flows used in investing activities decreased \$26.2 million to \$79.4 million, which was attributable to lower utility plant expenditures.

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

Cash Flows from Financing Activities

For the year ended December 31, 2021, cash flows provided by financing activities increased \$23.3 million to \$39.5 million. The increase in cash flows provided by financing activities is due to increases in short-term and long-term borrowings and proceeds from the issuance of common stock offset by higher repayment of long-term debt and higher common stock dividends.

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

Capital Expenditures and Commitments

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

The table below summarizes our estimated capital expenditures for the years 2022-2024.

	(Millions)							
	2022		2023		2024		2022-2024	
Distribution/Network System	\$	48	\$	56	\$	45	\$	149
Production System		33		21		3		57
Information Technology (IT) Systems		4		1		2		7
Other		3		5		8		16
Total Estimated Capital Expenditures	\$	88	\$	83	\$	58	\$	229

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

- **Distribution/Network System** - Projects associated with replacement, installation and relocation of water mains and service lines and wastewater collection systems, construction of water storage tanks, installation and replacement of hydrants, meters and meter pits and the RENEW Program. RENEW is our ongoing initiative to replace water mains in the Middlesex System. In connection with RENEW, we expect to spend approximately \$11 million in each of 2022, 2023 and 2024. We expect to spend \$13 million between 2022 and 2023 for construction of elevated storage tanks in our Tidewater and Middlesex systems.
- **Production System** - Projects associated with our treatment plants, including \$39 million of expenditures between 2022 and 2023 for wellfield PFAS treatment upgrades in our Middlesex system.
- **Information Technology (IT) Systems** - Further upgrade of our enterprise resource planning system and hardware and software purchases for other IT systems.
- **Other** - Purchase of transportation equipment, tools, furniture, laboratory equipment, security systems and other general infrastructure needs including improvements to field and inventory management facilities in Iselin, New Jersey.

The actual amount and timing of capital expenditures is dependent on the need for replacement of existing infrastructure, customer growth, residential new home construction and sales, project scheduling and continued refinement of project scope and costs and, could be impacted if new variants of the COVID-19 pandemic arise and continue for an extended period of time.

To pay for our capital program in 2022, we plan on utilizing some or all of the following:

- Internally generated funds;
- Short-term borrowings, as needed, through \$140 million of available lines of credit with several financial institutions. As of December 31, 2021, \$13.0 million was outstanding under these lines (see discussion under "Sources of Liquidity-Short-term Debt" below);
- Proceeds from the Delaware State Revolving Fund (SRF). SRF programs provide low cost financing for projects meeting certain water quality and system improvement benchmarks (see discussion under "Sources of Liquidity-Long-term Debt" below);
- Proceeds from the sale and issuance of FMBs in private placement offerings;
- Proceeds from the Investment Plan (see discussion under "Sources of Liquidity-Common Stock" below); and
- Proceeds from a common stock sale (see discussion under "Sources of Liquidity-Common Stock" below).

Sources of Liquidity

Short-term Debt. In January 2022, the Company increased available lines of credit from \$110 million to \$140 million. The outstanding borrowings under the credit lines at December 31, 2021 were \$13.0 million, at a weighted average interest rate of 1.04%.

The weighted average daily amounts of borrowings outstanding under the credit lines and the weighted average interest rates on those amounts were \$23.7 million and \$28.3 million at 1.12% and 1.55 % for the years ended December 31, 2021 and 2020, respectively.

Long-term Debt. Subject to regulatory approval, the Company periodically issues long-term debt to fund investments in utility plant. To the extent possible and fiscally prudent, the Company finances qualifying capital projects under SRF loan programs in New Jersey and Delaware. These government programs provide financing at interest rates typically below rates available in the broader financial markets. A portion of the borrowings under the New Jersey SRF is interest-free. Under the New Jersey SRF program, borrowers first enter into a construction loan agreement with the New Jersey Infrastructure Bank (NJIB) and submit requisitions for cost reimbursements over the life of the construction period. The interest rate on the Company's current construction loan borrowings is near zero percent. When construction on the qualifying project is substantially complete, NJIB will coordinate the conversion of the construction loan into a long-term securitized loan with a portion of the principal balance having a stated interest rate of zero percent (0%) and a portion of the principal balance at a market interest rate at the time of closing using the credit rating of the State of New Jersey. The term of the long-term loans currently offered through the NJIB is up to thirty years. Under the Delaware SRF program, borrowers typically enter into a long-term note agreement for a term not to exceed twenty years and submit requisitions for cost reimbursements for up to two years after the agreement is executed.

Middlesex currently has two projects in the construction loan phase of the New Jersey SRF program:

- In April 2018, the NJBPU approved Middlesex's request to participate in the NJIB loan program to fund the construction of a 4.5 mile large-diameter transmission pipeline from the Carl J. Olsen water treatment plant in Edison, New Jersey and interconnect with our distribution system. Middlesex closed on a \$43.5 million NJIB interest-free construction loan in August 2018 and completed withdrawal of the proceeds in June 2021; and
- In March 2018, the NJBPU approved Middlesex's request to participate in the NJIB loan program to fund the 2018 RENEW Program, which is an ongoing initiative to rehabilitate or replace water distribution mains in the Middlesex system. Middlesex closed on an \$8.7 million NJIB construction loan in September 2018 and completed withdrawal of the proceeds in October 2019.

The Company anticipates these two construction loans will be converted into long-term securitized loans by the NJIB by June 30, 2022.

The NJIB has changed the SRF program for project funding priority ranking, the proportions of interest free loans and market interest rate loans and overall loan limits on interest free loan balances to investor-owned water utilities. These changes affect SRF projects for which the construction loan closes after September 2018. Under the new guidelines, the principal balance having a stated interest rate of zero percent (0%) is 25% of the loan balance with the remaining portion of 75% having a market based interest rate. This is limited to the first \$10.0 million of the loan. Loan amounts above \$10.0 million do not participate in the 0% rate program, but do participate at the market based interest rate. As a result of all these changes, the Company's future capital funding plan currently does not include participating in the NJIB SRF program.

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

In May 2020, Middlesex received approval from the NJBPU to borrow up to \$100 million, in one or more private placement transactions through December 31, 2023 to help fund Middlesex's multi-year capital construction program. In connection with this approval:

- In November 2021, Middlesex closed on a \$19.5 million, 2.79% private placement of FMBs with a 2041 maturity date designated as Series 2021A. Proceeds were used to reduce the Company's outstanding balances under its lines of credit; and
- In November 2020, Middlesex closed on a \$40.0 million, 2.90% private placement of FMBs with a 2050 maturity date designated as Series 2020A. Proceeds were used to reduce the Company's outstanding balances under its lines of credit and for the Company's 2020 capital program.

In November 2021, Tidewater received approval from the DEPSC to borrow up to \$5.0 million under the Delaware SRF Program for construction of a one million gallon elevated storage tank. Tidewater closed on the \$5.0 million loan in December 2021 and began receiving disbursements in January 2022. Borrowing under this loan is expected to continue through mid-2023. The final maturity date on the loan is 2044.

In March 2021, Tidewater entered into a loan agreement with CoBank, ACB, pursuant to which Tidewater borrowed \$20.0 million in September 2021 at an interest rate of 3.94% with a 2046 maturity date. Proceeds from the loan were used to pay off its outstanding balances under its lines of credit.

In order to help ensure adherence to its comprehensive financing plan, Middlesex received approval from the NJBPU in February 2019 to issue and sell up to \$140 million of FMBs through the New Jersey Economic Development Authority (NJEDA) in one or more transactions through December 31, 2022. Because the interest paid to the bondholders is exempt from federal and New Jersey income taxes, the interest rate on debt issued through the NJEDA is generally lower than otherwise achievable in the traditional taxable corporate bond market. However, the interest received by the bondholder is subject to the Alternative Minimum Tax.

In August 2019, Middlesex priced, and closed on, a NJEDA debt financing transaction of \$53.7 million by issuing FMBs designated as Series 2019A (\$32.5 million at coupon interest rate of 4.0%) and Series 2019B (\$21.2 million at coupon interest rate of 5.0%). The proceeds, including an issuance premium of \$7.1 million, were used to finance several projects under the Water For Tomorrow capital program initiated by the Company to upgrade and replace aging water utility infrastructure. The total proceeds of \$60.8 million, initially recorded as Restricted Cash on the balance sheet, were held in escrow by a bond trustee. Funds were drawn by requisition for the qualifying projects as costs were incurred with the final requisition made in February 2021.

In March 2018, the DEPSC approved Tidewater's request to borrow up to \$0.9 million under the Delaware SRF program to fund the replacement of an entire water distribution system of a small Delaware community. Tidewater closed on the SRF loan in May 2018. In April 2019, Tidewater received approval from the DEPSC to increase the borrowing to \$1.7 million based on revised project cost estimates. Tidewater closed on the additional SRF loan in October 2019 and completed withdrawal of the proceeds in April 2020.

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

Common Stock. The Company issues shares of its common stock in connection with the Investment Plan, a direct share purchase and dividend reinvestment plan for the Company's common stock. The Company raised approximately \$3.8 million through the issuance of shares under the Investment Plan during 2021. On September 1, 2021, the Company began offering shares of its common stock for purchase at a 3% discount to participants in the Investment Plan. The discount offering will continue until 200,000 shares are purchased at the discounted price or August 1, 2022, whichever event occurs first. Through February 25, 2022, 44,323 shares have been purchased through the discounted offering. The discount applies to all common stock purchases made under the Investment Plan, whether by optional cash payment or by dividend reinvestment.

In November 2019, the Company sold and issued 0.8 million shares of common stock in a public offering priced at \$60.50 per share. The net proceeds of \$43.7 million were used for general corporate purposes including repayment of a portion of the Company's short-term debt outstanding.

In order to fully fund the ongoing capital investment program and maintain a balanced capital structure for a regulated water utility, Middlesex may offer for sale additional shares of its common stock. The amount, the timing and the sales method of the common stock is dependent on the timing of the construction expenditures, the level of additional debt financing and financial market conditions. As approved by the NJBPU, the Company is authorized to issue and sell up to 0.7 million shares of its common stock in one or more transactions through December 31, 2022.

Contractual Obligations

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

The table below presents our known contractual obligations for the periods specified as of December 31, 2021.

	Payment Due by Period (Millions of Dollars)				
	Total	Less than 1 Year	2-3 Years	4-5 Years	More than 5 Years
Long-term Debt	\$ 311.1	\$ 6.7	\$ 22.2	\$ 10.9	\$ 271.3
Notes Payable	13.0	13.0	-	-	-
Interest on Long-term Debt	207.4	8.8	16.4	15.0	167.2
Purchased Water Contracts	25.8	6.5	12.6	6.2	0.5
Commercial Office Leases	6.8	0.8	1.6	1.7	2.7
Total	\$ 564.1	\$ 35.8	\$ 52.8	\$ 33.8	\$ 441.7

The table above does not reflect any anticipated cash payments for retirement benefit plan obligations. The effect on the timing and amount of these payments resulting from potential changes in actuarial assumptions and returns on plan assets cannot be estimated. In 2021, the Company contributed \$4.2 million to its retirement benefit plans and expects to contribute approximately \$4.2 million in 2022.

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

Critical Accounting Policies and Estimates

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

Our critical accounting policies are set forth below.

Regulatory Accounting

We maintain our books and records in accordance with accounting principles generally accepted in the United States of America. Middlesex and certain of its subsidiaries, which account for approximately 91% of Operating Revenues and 99% of Total Assets, are subject to regulation in the states in which they operate. Those companies are required to maintain their accounts in accordance with regulatory authorities' rules and guidelines, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance in the Financial Accounting Standards Board Accounting Standards Codification Topic 980 *Regulated Operations* (Regulatory Accounting).

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

Revenues

The Company's revenues are primarily generated from regulated tariff-based sales of water and wastewater services and non-regulated operation and maintenance contracts for services on water and wastewater systems owned by others. Revenue from contracts with customers is recognized when control of a promised good or service is transferred to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

The Company's regulated revenue results from tariff-based sales from provision of water and wastewater services to residential, industrial, commercial, fire-protection and wholesale customers. Residential customers are billed quarterly while most industrial, commercial, fire-protection and wholesale customers are billed monthly. Payments by customers are due between 15 to 30 days after the invoice date. Revenue is recognized as the water and wastewater services are delivered to customers as well as from accrual of unbilled revenues estimated from the last meter reading date to the end of the accounting period utilizing factors such as historical customer data, regional weather indicators and general economic conditions, in the relevant service territories. Unearned Revenues and Advance Service Fees include fixed service charge billings in advance to Tidewater customers recognized as service is provided to the customer.

Non-regulated service contract revenues consist of base service fees as well as fees for additional billable services provided to customers. Fees are billed monthly and are due within 30 days after the invoice date. The Company considers the amounts billed to represent the value of these services provided to customers. These contracts expire at various times through 2030 and thus, contain remaining performance obligations for which the Company expects to recognize revenue in the future. These contracts also contain customary termination provisions.

Substantially all of the amounts included in operating revenues are from contracts with customers.

Retirement Benefit Plans

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

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

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

The allocation by asset category of retirement benefit plan assets at December 31, 2021 and 2020 is as follows:

Asset Category	2021	2020	Target	2021	2020	Target
Equity Securities	59.6%	60.6%	55%	66.8%	62.3%	43%
Debt Securities	37.9%	37.5%	38%	30.7%	31.0%	50%
Cash	1.0%	1.2%	2%	2.5%	6.7%	2%
Real Estate/Commodities	1.5%	0.7%	5%	0.0%	0.0%	5%
Total	100.0%	100.0%		100.0%	100.0%	

The primary assumptions used for determining future retirement benefit plans' obligations and costs are as follows:

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

The discount rate, compensation increase rate and long-term rate of return used to determine future obligations of our retirement benefit plans as of December 31, 2021 are as follows:

	Pension Plan	Other Benefits Plan
Discount Rate	2.72%	2.72%
Compensation Increase	3.00%	3.00%
Long-term Rate of Return	7.00%	7.00%

For the 2021 valuation, costs and obligations for our Other Benefits Plan assumed an 7.5% annual rate of increase in the per capita cost of covered healthcare benefits in 2022 with the annual rate of increase declining 0.5% per year for 2023-2028, resulting in an annual rate of increase in the per capita cost of covered healthcare benefits of 4.5% by year 2028.

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

Pension Plan

Actuarial Assumptions	Estimated Increase/ (Decrease) on PBO (000s)	Estimated Increase/ (Decrease) on Expense (000s)
Discount Rate 1% Increase	\$ (15,195)	\$ (1,539)
Discount Rate 1% Decrease	19,197	1,846

Other Benefits Plan

Actuarial Assumptions	Estimated Increase/ (Decrease) on PBO (000s)	Estimated Increase/ (Decrease) on Expense (000s)
Discount Rate 1% Increase	\$ (7,569)	\$ (899)
Discount Rate 1% Decrease	9,829	1,134
Healthcare Cost Trend Rate 1% Increase	7,882	1,449
Healthcare Cost Trend Rate 1% Decrease	(6,228)	(1,126)

Recent Accounting Standards

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

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to market risk associated with changes in interest rates and commodity prices. The Company is subject to the risk of fluctuating interest rates in the normal course of business. Our policy is to manage interest rates through the use of fixed rate long-term debt and, to a lesser extent, variable rate short-term debt. The Company's interest rate risk related to existing fixed rate, long-term debt is not material due to the term of the majority of our First Mortgage Bonds, which have final maturity dates ranging from 2021 to 2059. Over the next twelve months, approximately \$6.7 million of the current portion of existing long-term debt instruments will mature. The Company manages its interest rate risk related to existing variable-rate short-term debt by limiting our variable rate exposure. Applying a hypothetical change in the rate of interest charged by 10% on those fixed- and variable-rate borrowings would not have a material effect on our earnings.

Our risks associated with commodity price increases for chemicals, electricity and other commodities are reduced through contractual arrangements and the ability to recover price increases through rates. Non-performance by these commodity suppliers could have a material adverse impact on our results of operations, financial position and cash flows.

We are exposed to credit risk for both our Regulated and Non-Regulated business segments. Our Regulated operations serve residential, commercial, industrial and municipal customers while our Non-Regulated operations engage in business activities with developers, government entities and other customers. Our primary credit risk is exposure to customer default on contractual obligations and the associated loss that may be incurred due to the non-payment of customer accounts receivable balances. Our credit risk is managed through established credit and collection policies which are in compliance with applicable regulatory requirements and involve monitoring of customer exposure and the use of credit risk mitigation measures such as letters of credit or prepayment arrangements. Our credit portfolio is diversified with no significant customer or industry concentrations. In addition, our Regulated businesses are generally able to recover all prudently incurred costs including uncollectible customer accounts receivable expenses and collection costs through rates.

The Company's retirement benefit plan assets are exposed to the market price variations of debt and equity securities. Changes to the Company's retirement benefit plan assets' value can impact the Company's retirement benefit plan expense, funded status and future minimum funding requirements. Risk is mitigated through our ability to recover retirement benefit plan costs through customer rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets and consolidated statements of capital stock and long-term debt of Middlesex Water Company (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of income, common stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by COSO.

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Baker Tilly US, LLP

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

Philadelphia, PA

February 25, 2022

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

	Years Ended December 31,		
	2021	2020	2019
Operating Revenues	\$ 143,141	\$ 141,592	\$ 134,598
Operating Expenses:			
Operations and Maintenance	73,671	70,796	67,980
Depreciation	21,109	18,472	16,716
Other Taxes	15,150	14,904	14,382
Total Operating Expenses	109,930	104,172	99,078
Operating Income	33,211	37,420	35,520
Other Income (Expense):			
Allowance for Funds Used During Construction	2,653	4,016	3,146
Other Income (Expense), net	3,305	363	(654)
Total Other Income, net	5,958	4,379	2,492
Interest Charges	8,114	7,493	7,264
Income before Income Taxes	31,055	34,306	30,748
Income Taxes	(5,488)	(4,119)	(3,140)
Net Income	36,543	38,425	33,888
Preferred Stock Dividend Requirements	120	120	132
Earnings Applicable to Common Stock	\$ 36,423	\$ 38,305	\$ 33,756
Earnings per share of Common Stock:			
Basic	\$ 2.08	\$ 2.19	\$ 2.02
Diluted	\$ 2.07	\$ 2.18	\$ 2.01
Average Number of			
Common Shares Outstanding:			
Basic	17,492	17,459	16,685
Diluted	17,607	17,574	16,829

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS
(In thousands)

		December 31,	December 31,
		2021	2020
ASSETS			
UTILITY PLANT:	Water Production	\$ 247,286	\$ 168,080
	Transmission and Distribution	697,200	648,763
	General	95,658	85,056
	Construction Work in Progress	24,947	80,055
	TOTAL	1,065,091	981,954
	Less Accumulated Depreciation	199,723	185,356
	UTILITY PLANT - NET	865,368	796,598
CURRENT ASSETS:			
	Cash and Cash Equivalents	3,533	4,491
	Accounts Receivable, net of allowance for uncollectible accounts of \$2,574 and \$2,053, respectively	15,311	14,569
	Unbilled Revenues	7,273	7,065
	Materials and Supplies (at average cost)	5,358	5,112
	Prepayments	2,880	2,886
	TOTAL CURRENT ASSETS	34,355	34,123
OTHER ASSETS:			
	Operating Lease Right of Use Asset	4,503	5,209
	Preliminary Survey and Investigation Charges	3,540	5,192
	Regulatory Assets	100,738	118,144
	Restricted Cash	-	5,913
	Non-utility Assets - Net	11,428	11,207
	Other	83	84
	TOTAL OTHER ASSETS	120,292	145,749
	TOTAL ASSETS	\$ 1,020,015	\$ 976,470
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:			
	Common Stock, No Par Value	\$ 221,919	\$ 217,451
	Retained Earnings	145,807	128,757
	TOTAL COMMON EQUITY	367,726	346,208
	Preferred Stock	2,084	2,084
	Long-term Debt	306,520	273,244
	TOTAL CAPITALIZATION	676,330	621,536
CURRENT LIABILITIES:			
	Current Portion of Long-term Debt	6,731	7,255
	Notes Payable	13,000	2,000
	Accounts Payable	21,125	30,443
	Accrued Taxes	8,621	10,138
	Accrued Interest	1,986	2,137
	Unearned Revenues and Advanced Service Fees	1,330	1,255
	Other	3,826	3,620
	TOTAL CURRENT LIABILITIES	56,619	56,848
COMMITMENTS AND CONTINGENT LIABILITIES (Note 4)			
OTHER LIABILITIES:			
	Customer Advances for Construction	23,529	23,404
	Lease Obligations	4,367	5,042
	Accumulated Deferred Income Taxes	69,500	61,297
	Employee Benefit Plans	11,290	34,426
	Regulatory Liabilities	49,431	60,792
	Other	1,086	1,135
	TOTAL OTHER LIABILITIES	159,203	186,096
	CONTRIBUTIONS IN AID OF CONSTRUCTION	127,863	111,990
	TOTAL CAPITALIZATION AND LIABILITIES	\$ 1,020,015	\$ 976,470

See Notes to Consolidated Financial Statements.

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

	Years Ended December 31,		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	\$ 36,543	\$ 38,425	\$ 33,888
Adjustments to Reconcile Net Income to			
Net Cash Provided by Operating Activities:			
Depreciation and Amortization	26,799	20,838	17,232
Provision for Deferred Income Taxes	(10,989)	(13,490)	(11,719)
Equity Portion of Allowance for Funds Used During Construction (AFUDC)	(1,505)	(2,503)	(1,997)
Cash Surrender Value of Life Insurance	(136)	(391)	(252)
Stock Compensation Expense	1,338	1,096	637
Changes in Assets and Liabilities:			
Accounts Receivable	(742)	(2,661)	(146)
Unbilled Revenues	(208)	118	110
Materials & Supplies	(246)	333	(34)
Prepayments	6	(519)	277
Accounts Payable	(9,318)	7,137	3,981
Accrued Taxes	(1,517)	2,503	(6,595)
Accrued Interest	(151)	106	742
Employee Benefit Plans	(2,645)	(1,377)	(1,112)
Unearned Revenue & Advanced Service Fees	75	44	175
Other Assets and Liabilities	(4,276)	3,696	866
NET CASH PROVIDED BY OPERATING ACTIVITIES	33,028	53,355	36,053
CASH FLOWS FROM INVESTING ACTIVITIES:			
Utility Plant Expenditures, Including AFUDC of \$1,148 in 2021, \$1,513 in 2020 and \$1,149 in 2019	(79,378)	(105,619)	(89,125)
NET CASH USED IN INVESTING ACTIVITIES	(79,378)	(105,619)	(89,125)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Redemption of Long-term Debt	(52,691)	(7,472)	(7,343)
Proceeds from Issuance of Long-term Debt	86,595	50,316	78,967
Proceeds from Premium Issuance of Long-term Debt	-	-	7,083
Net Short-term Bank Borrowings	11,000	(18,000)	(28,500)
Deferred Debt Issuance Expense	(994)	(148)	(769)
Common Stock Issuance Expense	-	(37)	(357)
Proceeds from Issuance of Common Stock	3,837	1,230	56,784
Payment of Common Dividends	(19,373)	(18,178)	(16,165)
Payment of Preferred Dividends	(120)	(120)	(132)
Construction Advances and Contributions-Net	11,225	8,578	4,342
NET CASH PROVIDED BY FINANCING ACTIVITIES	39,479	16,169	93,910
NET CHANGES IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(6,871)	(36,095)	40,838
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	10,404	46,499	5,661
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	\$ 3,533	\$ 10,404	\$ 46,499
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:			
Utility Plant received as Construction Advances and Contributions	\$ 4,750	\$ 5,080	\$ 7,770
Long-term Debt Deobligation	\$ 64	\$ 258	\$ 130
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Cash Paid During the Year for:			
Interest	\$ 8,546	\$ 7,644	\$ 6,938
Interest Capitalized	\$ 1,148	\$ 1,513	\$ 1,149
Income Taxes	\$ 3,335	\$ 2,509	\$ 10,339

See Notes to Consolidated Financial Statements.

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

	December 31, 2021	December 31, 2020
Common Stock, No Par Value		
Shares Authorized - 40,000		
Shares Outstanding - 2021 - 17,522; 2020 - 17,473	\$ 221,919	\$ 217,451
Retained Earnings	145,807	128,757
TOTAL COMMON EQUITY	\$ 367,726	\$ 346,208
Cumulative Preferred Stock, No Par Value:		
Shares Authorized - 120		
Shares Outstanding - 2021 - 20; 2020 - 20		
Convertible:		
Shares Outstanding, \$7.00 Series - 10	\$ 1,005	\$ 1,005
Nonredeemable:		
Shares Outstanding, \$7.00 Series - 1	79	79
Shares Outstanding, \$4.75 Series - 10	1,000	1,000
TOTAL PREFERRED STOCK	\$ 2,084	\$ 2,084
Long-term Debt:		
First Mortgage Bonds, 0.00%-5.50%, due 2023-2059	\$ 203,892	\$ 187,667
Amortizing Secured Notes, 3.94%-7.05%, due 2028-2046	47,613	30,643
State Revolving Trust Notes, 2.00%-4.22%, due 2022-2038	7,510	8,384
State Revolving Fund Bond, 0.00%, due 2021	-	11
Construction Loans, 0.00%	52,131	50,536
SUBTOTAL LONG-TERM DEBT	311,146	277,241
Add: Premium on Issuance of Long-term Debt	7,271	7,669
Less: Unamortized Debt Expense	(5,166)	(4,411)
Less: Current Portion of Long-term Debt	(6,731)	(7,255)
TOTAL LONG-TERM DEBT	\$ 306,520	\$ 273,244

See Notes to Condensed Consolidated Financial Statements.

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

	Common Stock Shares	Common Stock Amount	Retained Earnings	Total
Balance at January 1, 2019	16,403	\$ 157,354	\$ 91,433	\$ 248,787
Net Income	-	-	33,888	33,888
Dividend Reinvestment & Common Stock Purchase Plan	226	12,738	-	12,738
Restricted Stock Award, - Net - Employees	18	907	-	907
Stock Award - Board Of Directors	4	196	-	196
Shares Forefeited	(18)	(466)	-	(466)
Conversion of \$8.00 Convertible Preferred Stock	41	350	-	350
Issuance of Common Stock	760	44,046	-	44,046
Cash Dividends on Common Stock (\$0.976 per share)	-	-	(16,165)	(16,165)
Cash Dividends on Preferred Stock	-	-	(132)	(132)
Common Stock Expenses	-	-	(357)	(357)
Balance at December 31, 2019	<u>17,434</u>	<u>\$ 215,125</u>	<u>\$ 108,667</u>	<u>\$ 323,792</u>
Net Income	-	\$ -	\$ 38,425	\$ 38,425
Dividend Reinvestment & Common Stock Purchase Plan	19	1,230	-	1,230
Restricted Stock Award - Net - Employees	16	851	-	851
Stock Award - Board of Directors	4	245	-	245
Cash Dividends on Common Stock (\$1.041 per share)	-	-	(18,178)	(18,178)
Cash Dividends on Preferred Stock	-	-	(120)	(120)
Common Stock Expenses	-	-	(37)	(37)
Balance at December 31, 2020	<u>17,473</u>	<u>\$ 217,451</u>	<u>\$ 128,757</u>	<u>\$ 346,208</u>
Net Income	-	\$ -	\$ 36,543	\$ 36,543
Dividend Reinvestment & Common Stock Purchase Plan	40	3,837	-	3,837
Restricted Stock Award - Net - Employees	6	350	-	350
Stock Award - Board Of Directors	3	281	-	281
Cash Dividends on Common Stock (\$1.108 per share)	-	-	(19,373)	(19,373)
Cash Dividends on Preferred Stock	-	-	(120)	(120)
Balance at December 31, 2021	<u>17,522</u>	<u>\$ 221,919</u>	<u>\$ 145,807</u>	<u>\$ 367,726</u>

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(a) Organization - Middlesex Water Company (Middlesex) is the parent company and sole shareholder of Tidewater Utilities, Inc. (Tidewater), Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy) Inc. (USA-PA) and Twin Lakes Utilities, Inc. (Twin Lakes). Southern Shores Water Company, LLC (Southern Shores) and White Marsh Environmental Systems, Inc. (White Marsh) are wholly-owned subsidiaries of Tidewater. On January 14, 2022, Middlesex closed on the sale of its entire interest in Tidewater Environmental Systems, Inc. (TESI), which was its regulated Delaware wastewater utility business.

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

(b) Principles of Consolidation - The financial statements for Middlesex and its wholly-owned subsidiaries (the Company) are reported on a consolidated basis. All significant intercompany accounts and transactions have been eliminated. Other financial investments in which the Company holds a 50% or less voting interest and cannot exercise control over the operation and policies of the investments are accounted for under the equity method of accounting. Under the equity method of accounting, the Company records its investment interests in Non-Utility Assets and its percentage share of the earnings or losses of the investees in Other Income (Expense).

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

(d) Regulatory Accounting - We maintain our books and records in accordance with accounting principles generally accepted in the United States of America. Middlesex and certain of its subsidiaries, which account for 91% of Operating Revenues and 99% of Total Assets, are subject to regulation in the state in which they operate. Those companies are required to maintain their accounts in accordance with regulatory authorities' rules and guidelines, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance provided in Accounting Standards Codification (ASC) 980, *Regulated Operations*.

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

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

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

(f) Utility Plant - Utility Plant is stated at original cost as defined for regulatory purposes. Property accounts are charged with the cost of betterments and major replacements of property. Cost includes direct material, labor and indirect charges for pension benefits and payroll taxes. The cost of labor, materials, supervision and other expenses incurred in making repairs and minor replacements and in maintaining the properties is charged to the appropriate expense accounts. At December 31, 2021, there was no event or change in circumstance that would indicate that the carrying amount of any long-lived asset was not recoverable.

(g) Depreciation - Depreciation is computed by each regulated member of the Company utilizing a rate approved by the applicable regulatory authority. The accumulated provision for depreciation is charged with the cost of property retired, less salvage. The following table sets forth the range of depreciation rates for the major utility plant categories used to calculate depreciation for the years ended December 31, 2021, 2020 and 2019. These rates have been approved by the NJBPU or DEPSC:

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

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

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

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

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

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

(j) Allowance for Funds Used During Construction (AFUDC) - Middlesex and its regulated subsidiaries capitalize AFUDC, which represents the cost of financing projects during construction. AFUDC is added to the construction costs of individual projects exceeding specific cost and construction period thresholds established for each company and then depreciated with the utility plant direct costs over the underlying assets' estimated useful life. AFUDC is calculated using each company's weighted cost of debt and equity as approved in their most recent respective regulatory rate order. The AFUDC rates for the years ended December 31, 2021, 2020 and 2019 for Middlesex and Tidewater are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Middlesex	6.50%	6.50%	6.50%
Tidewater	7.92%	7.92%	7.92%

(k) Accounts Receivable - We record bad debt expense based on a variety of factors such as our customers' payment history, current economic conditions and trending reasonable and supportable forecasts on expected collectability of accounts receivable. The allowance for doubtful accounts was \$2.6 million and \$2.1 million as of December 31, 2021 and 2020, respectively. For the years ended December 31, 2021, 2020 and 2019, bad debt expense was \$0.9 million, \$1.1 million and \$1.0 million, respectively. For the years ended December 31, 2021, 2020 and 2019, write-offs were \$0.4 million, \$0.5 million and \$0.6 million, respectively. During 2021 and 2020, the Company increased its allowance for doubtful accounts for expected increases in accounts receivable write-offs due to the financial impact of Coronavirus (COVID-19) on customers (for further discussion of COVID-19, see *Note 1 (s), COVID-19*).

(l) Revenues - The Company's revenues are primarily generated from regulated tariff-based sales of water and wastewater services and non-regulated operation and maintenance contracts for services on water and wastewater systems owned by others. Revenue from contracts with customers is recognized when control of a promised good or service is transferred to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

The Company's regulated revenue results from tariff-based sales from the provision of water and wastewater services to residential, industrial, commercial, fire-protection and wholesale customers. Residential customers are billed quarterly while most industrial, commercial, fire-protection and wholesale customers are billed monthly. Payments by customers are due between 15 to 30 days after the invoice date. Revenue is recognized as the water and wastewater services are delivered to customers as well as from accrual of unbilled revenues estimated from the last meter reading date to the end of the accounting period utilizing factors such as historical customer data, regional weather indicators and general economic conditions in the relevant service territories. Unearned Revenues and Advance Service Fees include fixed service charge billings in advance to Tidewater customers recognized as service is provided to the customer.

Non-regulated service contract revenues consist of base service fees as well as fees for additional billable services provided to customers. Fees are billed monthly and are due within 30 days after the invoice date. The Company considers the amounts billed to represent the value of these services provided to customers. These contracts expire at various times through June 2030 and contain remaining performance obligations for which the Company expects to recognize revenue in the future. These contracts also contain customary termination provisions.

Substantially all of the amounts included in operating revenues and accounts receivable are from contracts with customers. The Company records its allowance for doubtful accounts based on historical write-offs combined with an evaluation of current economic conditions within its service territories.

The Company's contracts do not contain any significant financing components.

The Company's operating revenues are comprised of the following:

	(In Thousands)		
	Years Ended December 31,		
	2021	2020	2019
Regulated Tariff Sales			
Residential	\$ 77,699	\$ 76,798	\$ 71,487
Commercial	16,715	15,448	15,198
Industrial	8,990	9,512	9,390
Fire Protection	12,608	12,374	12,291
Wholesale	14,590	15,187	14,319
Non-Regulated Contract Operations	12,391	12,130	11,773
Total Revenue from Contracts with Customers	\$ 142,993	\$ 141,449	\$ 134,458
Other Regulated Revenues	929	532	393
Other Non-Regulated Revenues	427	415	404
Inter-segment Elimination	(1,208)	(804)	(657)
Total Revenue	\$ 143,141	\$ 141,592	\$ 134,598

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

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

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

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

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

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

(s) COVID-19 Pandemic - On January 16, 2022, the United States Secretary of Health and Human Services renewed the determination that a nationwide health emergency exists as a result of the COVID-19 Pandemic. While the Company's operations and capital construction program have not been materially disrupted to date from the pandemic, the COVID-19 impact on economic conditions nationally continues to be uncertain and could affect the Company's results of operations, financial condition and liquidity in the future. In New Jersey, the declared COVID-19 State of Emergency Order remains in effect through at least March 10, 2022. In Delaware, the declared COVID-19 State of Emergency Order ended in July 2021.

The NJBPU and the DEPSC have approved the tracking of COVID-19 related incremental costs for potential recovery in customer rates in future rate proceedings. Neither jurisdiction has established a timetable or definitive formal procedures for seeking cost recovery. Since March 2020, the Company has increased its allowance for doubtful accounts for expected increases in accounts receivable write-offs due to the financial impact of COVID-19 on customers. The Company has not deferred any COVID-19 related incremental costs. We will continue to monitor the effects of COVID-19.

(t) Regulatory Notice of Non-Compliance – In September 2021, the New Jersey Department of Environmental Protection (NJDEP) issued a Notice of Non-Compliance (Notice) to Middlesex based on self-reporting by Middlesex that the level of Perfluorooctanoic Acid (PFOA) in water treated at its Park Avenue Wellfield Treatment Plant in New Jersey exceeded a recently promulgated NJDEP standard effective in 2021. Neither the NJDEP nor Middlesex has characterized this exceedance as an acute health emergency. However, Middlesex was required to notify its affected customers and complied in November 2021. Further, the Notice required the Company to take any action necessary to comply with the new standard by September 7, 2022.

The NJDEP standard for PFOA was developed based on a Health-based Maximum Contaminant Level (MCL) of 14 parts per trillion (ppt). Although the United States Environmental Protection Agency (USEPA) has not yet implemented an enforceable regulation relative to PFOA, the water distributed from the Park Avenue Well Field Treatment Plant does meet the USEPA's current health advisory level of 70 parts per trillion (ppt) and would meet the NJDEP's pre-2021 standard guidance level of 40 ppt, which was not a regulation. Construction of an enhanced treatment process at the Park Avenue Well Field Treatment Plant to comply with the NJDEP standard had already begun when the Notice was issued by the NJDEP. Since completion is not expected until mid-2023, in December 2021, the Company implemented an interim solution to meet the Notice requirements. The Park Avenue Well Field Treatment Plant was taken off-line and alternate sources of supply have been obtained. The Company is in the process of implementing an acceleration of a portion of the Park Avenue Wellfield treatment upgrades in order to meet anticipated increases in the historical higher water demand periods during the summer months and is also intended to result in compliance with the requirements of the Notice.

In November 2021, the Company was served with two PFOA-related class action lawsuits seeking restitution for medical, water replacement and other claimed related costs. These lawsuits are in the early stages of the legal process and their ultimate resolution cannot be predicted at this time. The Company's insurance provider has acknowledged coverage of potential liability resulting from these lawsuits.

In 2018, the Company identified the party believed to be the source of the PFAS in the wells supplying the Park Avenue Well Field Treatment Plant and filed a lawsuit against that entity seeking compensatory damages for the resulting damage to its properties and costs to remediate PFAS, punitive damages and attorney's fees and costs. The ultimate resolution of this matter cannot be predicted at this time.

In January 2022, the Company filed a petition with the NJBPU seeking to establish a regulatory asset and deferred accounting until its next base rate setting proceeding for all costs associated with the interim solution to comply with the Notice.

While the Company believes other administrative or monetary penalties are unlikely, the issuance of the Notice does not preclude the State of New Jersey or any of its agencies from initiating formal administrative and/or judicial enforcement action, including assessment of penalties of up to \$25,000 per day per offense if the Company is not in compliance with the requirements of the Notice by September 7, 2022.

(u) Sale of Subsidiary –In August 2021, Middlesex entered into a definitive agreement with Artesian Wastewater Management, Inc. to sell 100% of the common stock of TESI for \$6.4 million in cash and other consideration. The DEPSC approved the transaction which closed on January 14, 2022. The Company will continue to own and operate its regulated water utilities in Delaware as well as its non-regulated operations and maintenance contract business.

Note 2 - Rate and Regulatory Matters

Rate Matters

Middlesex - In December 2021, Middlesex's petition to the NJBPU seeking permission to increase its base water rates was concluded, based on a negotiated settlement, resulting in an expected increase in annual operating revenues of \$27.7 million. The approved tariff rates were designed to recover increased operating costs as well as a return on invested capital of \$513.5 million, based on an authorized return on common equity of 9.6%. The increase is being implemented in two phases with \$20.7 million of the increase effective January 1, 2022 and the remaining \$7.0 million effective January 1, 2023. As part of the negotiated settlement, the Purchased Water Adjustment Clause (PWAC), which is a rate mechanism that allows for recovery of increased purchased water costs between base rate case filings, was reset to zero.

In March 2021, the NJBPU approved Middlesex's annual petition to reset its PWAC tariff rate to recover additional costs of \$1.1 million for the purchase of treated water from a non-affiliated regulated water utility. The new PWAC rate became effective April 4, 2021.

In March 2020, the NJBPU approved Middlesex's annual petition to reset its PWAC tariff rate to recover additional costs of \$0.6 million for the purchase of treated water from a non-affiliated water utility regulated by the NJBPU. The new PWAC rate became effective on April 4, 2020.

Tidewater - Effective January 1, 2021, Tidewater increased its DEPSC-approved Distribution System Improvement Charge (DSIC) rate, which was expected to generate revenues of approximately \$0.6 million annually. A DSIC is a rate-mechanism that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements made between base rate proceedings.

In March 2021, Tidewater was notified by the DEPSC that it had determined Tidewater's earned rate of return exceeded the rate of return authorized by the DEPSC. Consequently, Tidewater reset its DSIC rate to zero effective April 1, 2021 and has refunded customers, with interest, primarily in the form of an account credit for DSIC revenue billed between April 1, 2020 and March 31, 2021. Accordingly, in March 2021, Tidewater recorded a \$0.8 million reserve, net of tax, for such refunds. Tidewater applied the refund credits to individual customer accounts during the second quarter of 2021.

Effective March 1, 2019, Tidewater received approval from the DEPSC to reduce its rates to reflect the lower corporate income tax rate enacted by the Tax Cuts and Jobs Act of 2017 (2017 Tax Act), resulting in a 3.35% rate decrease for certain customer classes.

Pinelands - Effective November 4, 2019, Pinelands received approval from the NJBPU to increase base rates by \$0.5 million. The increased revenues were necessitated by capital infrastructure investments and increased operations and maintenance costs.

Southern Shores - Effective January 1, the DEPSC approved the renewal of a multi-year agreement for water service to a 2,200 unit condominium community we serve in Sussex County, Delaware. Under the agreement, current rates will remain in effect until December 31, 2024. In the event there are unanticipated capital expenditures or regulatory related changes in operating expenses exceeding certain thresholds during this time period, rates are permitted to be adjusted to reflect such cost changes. Thereafter, rate increases, if any, cannot exceed the lesser of the regional Consumer Price Index or 3%. The agreement expires on December 31, 2029.

Twin Lakes Utilities, Inc. (Twin Lakes) - Twin Lakes provides water services to approximately 115 residential customers in Shohola, Pennsylvania. Pursuant to the Pennsylvania Public Utility Code, Twin Lakes filed a petition requesting the Pennsylvania Public Utilities Commission (PAPUC) to order the acquisition of Twin Lakes by a capable public utility. The PAPUC assigned an Administrative Law Judge (ALJ) to adjudicate the matter and submit a recommended decision (Recommended Decision) to the PAPUC. As part of this legal proceeding the PAPUC also issued an Order in January 2021 appointing a large Pennsylvania based investor-owned water utility as the receiver (the Receiver Utility) of the Twin Lakes system until the petition is fully adjudicated by the PAPUC. In November 2021, the PAPUC issued an Order affirming the ALJ's Recommended Decision, ordering the Receiver Utility to acquire the Twin Lakes water system and for Middlesex to submit \$1.7 million into an escrow account within 30 days. Twin Lakes immediately filed a Petition For Review (PFR) with the Commonwealth Court of Pennsylvania (the Pennsylvania Court) seeking reversal and vacation of the escrow requirement on the grounds that it violates the Pennsylvania Public Utility Code as well as the United States Constitution. In addition, Twin Lakes filed an emergency petition for stay of the PAPUC Order pending the Pennsylvania Court's review of the merits arguments contained in Twin Lakes' PFR. In December 2021, the Pennsylvania Court granted Twin Lakes' emergency petition, pending its review. A final decision by the Pennsylvania Court is not expected before June 2022. The final adjudication of this matter cannot be predicted at this time.

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

Regulatory Matters

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

Regulatory Assets	(Thousands of Dollars)		Remaining Recovery Periods
	December 31, 2021	December 31, 2020	
Retirement Benefits	\$ 24,926	\$ 45,419	Various
Income Taxes	70,427	66,759	Various
Rate Cases, Tank Painting, and Other	5,385	5,966	2-10 years
Total	\$ 100,738	\$ 118,144	

Retirement benefits include pension and other retirement benefits that have been recorded on the Consolidated Balance Sheet in accordance with the guidance provided in ASC 715, *Compensation – Retirement Benefits*. These amounts represent obligations in excess of current funding, which the Company believes will be fully recovered in rates set by the regulatory authorities.

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

The 2017 Tax Act reduced the statutory corporate federal income tax rate from 35% to 21%. The tariff rates charged to customers effective prior to 2018 in the Company's regulated companies include recovery of income taxes at the statutory rate in effect at the time those rates were approved by the respective state public utility commissions. As of December 31, 2021 and 2020, the Company has recorded regulatory liabilities of \$30.4 million and \$31.0 million, respectively for excess income taxes collected through rates due to the lower income tax rate under the 2017 Tax Act. These regulatory liabilities are overwhelmingly related to utility plant depreciation deduction timing differences, which are subject to Internal Revenue Service (IRS) normalization rules. The IRS rules limit how quickly the excess taxes attributable to accelerated taxes can be returned to customers. The current base rates for Middlesex, Pinelands and Twin Lakes' customers became effective after 2017 and reflect the impact of the 2017 Tax Act on their revenue requirements. In February 2019, Tidewater received approval from the DEPSC to reduce its base rates to reflect the lower statutory corporate income tax rate enacted by the 2017 Tax Act (see *Rate Matters-Tidewater* above).

As part of Middlesex's March 2018 base water rate settlement with the NJBPU, Middlesex received approval for regulatory accounting treatment of income tax benefits associated with the adoption of tangible property regulations issued by the IRS (see *Rate Matters-Middlesex* above), and, as of December 31, 2021 and 2020, the Company has recorded \$3.0 million and \$14.9 million of related regulatory liabilities.

The Company uses composite depreciation rates for its regulated utility assets, which is currently an acceptable method under generally accepted accounting principles and is widely used in the utility industry. Historically, under the composite depreciation method, the anticipated costs of removing assets upon retirement are provided for over the life of those assets as a component of depreciation expense. The Company recovers certain asset retirement costs through rates charged to customers as an approved component of depreciation expense. As of December 31, 2021 and 2020, the Company has approximately \$16.1 million and \$14.9 million, respectively, of expected costs of removal recovered currently in rates in excess of actual costs incurred as regulatory liabilities.

Note 3 - Income Taxes

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

	(Thousands of Dollars)		
	Years Ended December 31,		
	2021	2020	2019
Income Tax at Statutory Rate	\$ 6,521	\$ 7,204	\$ 6,457
Tax Effect of:			
Utility Plant Related	(1,290)	(1,356)	(802)
Tangible Property Repairs	(12,281)	(11,298)	(10,156)
State Income Taxes – Net	1,499	1,364	1,173
Other	63	(33)	188
Total Income Tax (Benefit) Expense	\$ (5,488)	\$ (4,119)	\$ (3,140)

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

	(Thousands of Dollars)		
	Years Ended December 31,		
	2021	2020	2019
Current:			
Federal	\$ (8,247)	\$ (4,281)	\$ (3,822)
State	1,467	2,598	2,246
Deferred:			
Federal	933	(1,490)	(726)
State	431	(871)	(761)
Investment Tax Credits	(72)	(75)	(77)
Total Income Tax (Benefit) Expense	\$ (5,488)	\$ (4,119)	\$ (3,140)

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

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

	(Thousands of Dollars)	
	December 31,	
	2021	2020
Utility Plant Related	\$ 65,107	\$ 56,868
Customer Advances	(3,595)	(3,626)
Employee Benefits	7,091	7,339
Investment Tax Credits	373	445
Other	524	271
Total Accumulated Deferred Income Taxes	\$ 69,500	\$ 61,297

The Company's federal income tax returns for the tax years 2014 through 2017 were selected for examination by the IRS, which included the tax year in which the Company had adopted the final IRS tangible property regulations and changed its accounting method for the tax treatment of expenditures that qualified as deductible repairs. As a result of the audit examination, the Company agreed to certain modifications of its accounting method for expenditures that qualify as deductible repairs. In 2019, the Company paid \$2.7 million in income taxes and \$0.1 million in interest in connection with the conclusion of the 2014 through 2017 federal income tax return audits. As of December 31, 2021, the Company's income tax reserve provision and interest expense liability are \$0.5 million and \$0.2 million, respectively.

The statutory review periods for federal income tax returns for the years prior to 2018 have been closed. Other than the effects of the provision against refundable taxes discussed above, there are no unrecognized tax benefits resulting from prior period tax positions.

Note 4 - Commitments and Contingent Liabilities

Water Supply - Middlesex has an agreement with the New Jersey Water Supply Authority (NJWSA) for the purchase of untreated water through November 30, 2023, which provides for an average purchase of 27.0 million gallons a day (mgd). Pricing is set annually by the NJWSA through a public rate making process. The agreement has provisions for additional pricing in the event Middlesex overdrafts or exceeds certain monthly and annual thresholds.

Middlesex also has an agreement with a non-affiliated NJBPU-regulated water utility for the purchase of treated water. This agreement, which expires February 27, 2026, provides for the minimum purchase of 3.0 mgd of treated water with provisions for additional purchases if needed.

Tidewater contracts with the City of Dover, Delaware to purchase treated water of 15.0 million gallons annually.

Purchased water costs are shown below:

	(Millions of Dollars)		
	Years Ended December 31,		
	2021	2020	2019
Untreated	\$ 3.3	\$ 3.4	\$ 3.4
Treated	3.6	3.6	3.2
Total Costs	\$ 6.9	\$ 7.0	\$ 6.6

Guarantees - As part of an agreement with the County of Monmouth, New Jersey (County), prior to 2020 Middlesex had served as guarantor of the performance of an unaffiliated wastewater treatment contractor and partner (Contractor), to operate a County-owned leachate pretreatment facility.

In November 2019, Middlesex was notified that the County terminated its Agreement with the Contractor. The Contractor had initiated legal action against the County that in part contests the County's exercise of this termination. The County filed a counter-claim against the Contractor's parent company and has brought Middlesex into the suit as a third-party defendant. Our ongoing monitoring of this litigation has led to the conclusion that we do not anticipate the ultimate outcome will have a material impact on the Company's results of operations or financial condition.

Leases - The Company determines if an arrangement is a lease at the inception of the lease. Generally, a lease agreement exists if the Company determines that the arrangement gives the Company control over the use of an identified asset and obtains substantially all of the benefits from the identified asset.

The Company has entered into an operating lease of office space for administrative purposes, expiring in 2030. The Company has not entered into any finance leases. The exercise of a lease renewal option for the Company's administrative offices is solely at the discretion of the Company.

The right-of-use (ROU) asset recorded represents the Company's right to use an underlying asset for the lease term and lease liability represents the Company's obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company's operating lease does not provide an implicit discount rate and as such the Company used an estimated incremental borrowing rate (4.03%) based on the information available at commencement date in determining the present value of lease payments.

Given the impacts of accounting for regulated operations, and the resulting recognition of expense at the amounts recovered in customer rates, expenditures for operating leases are consistent with lease expense and was \$0.8 million, \$0.8 million and \$0.7 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Information related to operating lease ROU assets is as follows:

	(In Millions)	
	December 31,	
	2021	2020
ROU Asset at Lease Inception	\$ 7.3	\$ 7.3
Accumulated Amortization	(2.8)	(2.1)
Current ROU Asset	<u>\$ 4.5</u>	<u>\$ 5.2</u>

The Company's future minimum operating lease commitments as of December 31, 2021 are as follows:

	(In Millions)	
	December 31, 2021	
2022	\$	0.8
2023		0.8
2024		0.8
2025		0.8
2026		0.9
Thereafter		2.9
Total Lease Payments	\$	<u>7.0</u>
Imputed Interest		(1.8)
Present Value of Lease Payments		<u>5.2</u>
Less Current Portion*		(0.8)
Non-Current Lease Liability	\$	<u><u>4.4</u></u>

* Included in Other Current Liabilities

Construction – The Company has projected to spend approximately \$88 million in 2022, \$83 million in 2023 and \$58 million in 2024 on its construction program. The Company has entered into several contractual construction agreements that in total obligate it to expend an estimated \$34 million in the future. The actual amount and timing of capital expenditures is dependent on the need for replacement of existing infrastructure, customer growth, residential new home construction and sales, project scheduling, supply chain issues and continued refinement of project scope and costs and could be impacted if the effects of new variants of COVID-19 pandemic arise and continue for an extended period of time (for further discussion of the impact of COVID-19 on the Company, see *Note 1(s) COVID-19*). There is no assurance that projected customer growth and residential new home construction and sales will occur.

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

PFOA Matter - In November 2021, the Company was served with two PFOA-related class action lawsuits seeking restitution for medical, water replacement and other related costs and economic damages. These lawsuits are in the early stages of the legal process and their ultimate resolution cannot be predicted at this time. The Company’s insurance provider has acknowledged coverage of potential liability resulting from these lawsuits (for further discussion of this matter, see *Note 1(t) Regulatory Notice of Non-Compliance*).

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

Note 5 - Short-term Borrowings

Information regarding the Company’s short-term borrowings for the years ended December 31, 2021 and 2020 is summarized below:

	(Millions of Dollars)	
	2021	2020
Average Amount Outstanding	\$ 23.7	\$ 28.3
Weighted Average Interest Rate	1.12%	1.55%
Notes Payable at Year-End	\$ 13.0	\$ 2.0
Weighted Average Interest Rate at Year-End	1.04%	1.04%

The Company maintained lines of credit aggregating \$110.0 million and \$140.0 million at December 31, 2021 and 2020, respectively.

	(Millions)			Credit Type	Line of Credit Renewal Date
	As of December 31, 2021				
	Outstanding	Available	Maximum		
Bank of America	\$ -	\$ 30.0	\$ 30.0	Uncommitted	January 26, 2023
PNC Bank	12.0	56.0	68.0	Committed	January 31, 2024
CoBank	1.0	11.0	12.0	Committed	November 30, 2023
	<u>\$ 13.0</u>	<u>\$ 97.0</u>	<u>\$ 110.0</u>		

The Company's Bank of America line of credit was renewed on January 27, 2022 and will increase to \$60.0 million, increasing the Company's total available lines of credit to \$140.0 million. The Bank of America line of credit is renewed on an annual basis.

The maturity dates for the Notes Payable as of December 31, 2021 are in January 2022 and are extendable at the discretion of the Company.

The interest rates for borrowings under the lines of credit through December 31, 2021 were set using the London InterBank Offered Rate (LIBOR) and adding a credit spread, which varies by financial institution. Beginning in January 2022, borrowing rates will be set using the Bloomberg Short-Term Bank Yield Index. There is no requirement for a compensating balance under any of the established lines of credit.

Note 6 - Capitalization

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

Common Stock

The Company issues shares of its common stock in connection with its Middlesex Water Company Investment Plan (the Investment Plan), a direct share purchase and dividend reinvestment plan for the Company's common stock. The Company raised approximately \$3.8 million under the Investment Plan during 2021. On September 1, 2021, the Company began offering shares of its common stock for purchase at a 3% discount to participants in the Investment Plan. The discount offering will continue until 200,000 shares are purchased at the discounted price or August 1, 2022, whichever event occurs first. Through February 25, 2022, 44,323 shares have been purchased through the discounted offering. The discount applies to all common stock purchases made under the Investment Plan, whether by optional cash payment or by dividend reinvestment. Since the inception of the Investment Plan and its predecessor plan, the Company has periodically replenished the level of authorized shares in the plans. Currently, 0.3 million shares remain registered with the United States Securities and Exchange Commission for the Investment Plan and available for potential issuance to participants. In 2019, the Company raised approximately \$12.7 million primarily through a limited duration six-month share purchase discount feature of the Investment Plan.

In November 2019, the Company sold and issued 0.8 million shares of common stock in a public offering priced at \$60.50 per share. The net proceeds of \$43.7 million were used for general corporate purposes including repayment of a portion of the Company's short-term debt.

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

The Company maintains a stock plan for its independent Directors as a component of outside members of the Board of Directors compensation. For the years ended December 31, 2021, 2020 and 2019, 3,444, 4,074 and 3,521 shares, respectively, of Middlesex common stock were granted and issued to the Company's independent Directors under the plan. The maximum number of shares authorized for grant under the plan is 100,000, of which 49,125 shares remain available for future awards.

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

Preferred Stock

At December 31, 2021 and 2020, there were 120,000 shares of preferred stock authorized and less than 21,000 shares of preferred stock outstanding. There were no preferred stock dividends in arrears.

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

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

Long-term Debt

Subject to regulatory approval, the Company periodically issues long-term debt to fund its investments in utility plant. To the extent possible and fiscally prudent, the Company finances qualifying capital projects under State Revolving Fund (SRF) loan programs in New Jersey and Delaware. These government programs provide financing at interest rates typically below rates available in the broader financial markets. A portion of the borrowings under the New Jersey SRF is interest-free. Under the New Jersey SRF program, borrowers first enter into a construction loan agreement with the New Jersey Infrastructure Bank (NJIB) at a below market interest rate. The interest rate on the Company's current construction loan borrowings is zero percent (0%). When construction on the qualifying project is substantially complete, NJIB will coordinate the conversion of the construction loan into a long-term securitized loan with a portion of the principal balance having a stated interest rate of zero percent (0%) and a portion of the principal balance at a market interest rate at the time of closing using the credit rating of the State of New Jersey. The term of the long-term loans currently offered through the NJIB is up to thirty years.

Middlesex currently has two projects in the construction loan phase of the New Jersey SRF program:

- In April 2018, the NJBPU approved Middlesex's request to participate in the NJIB loan program to fund the construction of a 4.5 mile large-diameter transmission pipeline from the Carl J. Olsen water treatment plant in Edison, New Jersey and interconnect with our distribution system. Middlesex closed on a \$43.5 million NJIB construction loan in August 2018 and completed withdrawal of the proceeds in June 2021; and
- In March 2018, the NJBPU approved Middlesex's request to participate in the NJIB loan program to fund the 2018 RENEW Program, which is an ongoing initiative to rehabilitate or replace water distribution mains in the Middlesex system. Middlesex closed on an \$8.7 million NJIB construction loan in September 2018 and completed withdrawal of the proceeds in October 2019.

The Company anticipates these two construction loans will be converted into long-term securitized loans by the NJIB by June 30, 2022.

The NJIB has changed the SRF program for project funding priority ranking, the proportions of interest free loans and market interest rate loans and overall loan limits on interest free loan balances to investor-owned water utilities. These changes affect SRF projects for which the construction loan closes after September 2018. Under the new guidelines, the principal balance having a stated interest rate of zero percent (0%) is 25% of the loan balance with the remaining portion of 75% having a market based interest rate. This is limited to the first \$10.0 million of the loan. Loan amounts above \$10.0 million do not participate in the 0% rate program, but do participate at the market based interest rate. As a result of all these changes, the Company's future capital funding plan currently does not include participating in the NJIB SRF program.

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

In May 2020, Middlesex received approval from the NJBPU to borrow up to \$100 million, in one or more private placement transactions through December 31, 2023 to help fund Middlesex's multi-year capital construction program. In connection with this approval:

- In November 2021, Middlesex closed on a \$19.5 million, 2.79% private placement of FMBs with a 2041 maturity date designated as Series 2021A. Proceeds were used to reduce the Company's outstanding balances under its lines of credit.; and
- In November 2020, Middlesex closed on a \$40.0 million, 2.90% private placement of FMBs with a 2050 maturity date designated as Series 2020A. Proceeds were used to reduce the Company's outstanding balances under its lines of credit and for the Company's 2020 capital program.

In November 2021, Tidewater received approval from the DEPSC to borrow up to \$5.0 million under the Delaware SRF Program for construction of a one million gallon elevated storage tank. Tidewater closed on the \$5.0 million loan in December 2021 and began receiving disbursements in January 2022. Borrowing under this loan is expected to continue through mid-2023. The final maturity date on the loan is 2044.

In March 2021, Tidewater entered into a loan agreement with CoBank, ACB, pursuant to which Tidewater borrowed \$20.0 million in September 2021 at an interest rate of 3.94% with a 2046 maturity date. Proceeds from the loan were used to pay off its outstanding balances under its lines of credit.

In order to help ensure adherence to its comprehensive financing plan, Middlesex received approval from the NJBPU in February 2019 to issue and sell up to \$140 million of FMBs through the New Jersey Economic Development Authority (NJEDA) in one or more transactions through December 31, 2022. Because the interest paid to the bondholders is exempt from federal and New Jersey income taxes, the interest rate on debt issued through the NJEDA is generally lower than otherwise achievable in the traditional taxable corporate bond market. However, the interest received by the bondholder is subject to the Alternative Minimum Tax.

In August 2019, Middlesex priced and closed on a NJEDA debt financing transaction of \$53.7 million by issuing FMBs designated as Series 2019A (\$32.5 million at coupon interest rate of 4.0%) and Series 2019B (\$21.2 million at coupon interest rate of 5.0%). The proceeds, including an issuance premium of \$7.1 million, were used to finance several projects under the Water For Tomorrow capital program initiated by the Company to upgrade and replace aging water utility infrastructure. The total proceeds of \$60.8 million, initially recorded as Restricted Cash on the balance sheet, were held in escrow by a bond trustee. Funds were drawn down by requisition for the qualifying projects as costs were incurred with the final requisition made in February 2021.

In March 2018, the DEPSC approved Tidewater's request to borrow up to \$0.9 million under the Delaware SRF program to fund the replacement of an entire water distribution system of a small Delaware community. Tidewater closed on the SRF loan in May 2018. In April 2019, Tidewater received approval from the DEPSC to increase the borrowing to \$1.7 million based on revised project cost estimates. Tidewater closed on the additional SRF loan in October 2019 and completed withdrawal of the proceeds in April 2020.

FMBs Series 2019A, 2019B, 2020A, 2021A and 2021B and the CoBank 2021 Amortizing Secured Note are term bonds with single maturity dates subsequent to 2026. The aggregate annual principal repayment obligations for all long-term debt over the next five years are shown below:

	(Millions of Dollars)
Year	Annual Maturities
2022	\$ 6.7
2023	\$ 16.1
2024	\$ 6.0
2025	\$ 5.6
2026	\$ 5.4

The weighted average interest rate on all long-term debt at December 31, 2021 and 2020 was 2.83% and 3.02%, respectively. Except for the FMB Series 2020 (\$40.0 million), FMB Series 2021 (\$65.0 million) and Amortizing Secured Notes (\$47.6 million), all of the Company's outstanding long-term debt has been issued through the NJEDA (\$63.6 million), the NJIB SRF program (\$87.4 million) and the Delaware SRF program (\$7.5 million).

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

Earnings Per Share

The following table presents the calculation of basic and diluted earnings per share (EPS) for the years ended December 31, 2021, 2020 and 2019. Basic EPS is 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 \$8.00 Series (fully converted into common stock in September 2019).

	(In Thousands, Except Per Share Amounts)					
	2021		2020		2019	
Basic:	Income	Shares	Income	Shares	Income	Shares
Net Income	\$ 36,543	17,492	\$ 38,425	17,459	\$ 33,888	16,685
Preferred Dividend	(120)		(120)		(132)	
Earnings Applicable to Common						
Stock	\$ 36,423	17,492	\$ 38,305	17,459	\$ 33,756	16,685
Basic EPS	\$ 2.08		\$ 2.19		\$ 2.02	
Diluted:						
Earnings Applicable to Common						
Stock	\$ 36,423	17,492	\$ 38,305	17,459	\$ 33,756	16,685
\$7.00 Series Dividend	67	115	67	115	67	115
\$8.00 Series Dividend	-	-	-	-	12	29
Adjusted Earnings Applicable to						
Common Stock	\$ 36,490	17,607	\$ 38,372	17,574	\$ 33,835	16,829
Diluted EPS	\$ 2.07		\$ 2.18		\$ 2.01	

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosure for financial instruments for which it is practicable to estimate that value. The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and notes payable approximate their respective fair values due to the short-term maturities of these instruments. The fair value of FMBs issued by Middlesex is based on quoted market prices for similar issues. Under the fair value hierarchy, the fair value of cash and cash equivalents is classified as a Level 1 measurement and the fair value of notes payable and the Bonds in the table below are classified as Level 2 measurements. The carrying amount and fair value of the Bonds were as follows:

	(Thousands of Dollars)			
	At December 31,			
	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FMBs	\$ 98,828	\$ 107,781	\$ 147,667	\$ 159,195

It was not practicable to estimate their fair value on our outstanding long-term debt for which there is no quoted market price and there is not an active trading market. For details, including carrying value, interest rate and due date on these series of long-term debt, please refer to those series of long-term debt titled "Amortizing Secured Notes", "State Revolving Trust Notes", "State Revolving Fund Bond" and "Construction Loans" on the Consolidated Statements of Capital Stock and Long-Term Debt. The carrying amount of these instruments was \$212.3 million and \$129.6 million at December 31, 2021 and 2020, respectively. Customer advances for construction have carrying amounts of \$23.5 million and \$23.4 million at December 31, 2021 and 2020, respectively. Their relative fair values cannot be accurately estimated since future refund payments depend on several variables, including new customer connections, customer consumption levels and future rate increases.

Note 7 - Employee Benefit Plans**Pension Benefits**

The Company's Pension Plan covers all active employees hired prior to April 1, 2007. Employees hired after March 31, 2007 are not eligible to participate in this plan, but can participate in a defined contribution profit sharing plan that provides an annual contribution at the discretion of the Company, based upon a percentage of the participants' annual paid compensation. In order to be eligible for contribution, the eligible employee must be employed by the Company on December 31st of the year to which the contribution relates. The Company maintains an unfunded supplemental plan for a limited number of its executive officers. The Accumulated Benefit Obligation for the Company's Pension Plan at December 31, 2021 and 2020 was \$100.4 million and \$101.7 million, respectively.

Other Benefits

The Company's Other Benefits Plan covers substantially all of its current retired employees. Employees hired after March 31, 2007 are not eligible to participate in this plan. Coverage includes healthcare and life insurance.

Regulatory Treatment of Over/Underfunded Retirement Obligations

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

The Company uses a December 31 measurement date for all of its employee benefit plans. The tables below set forth information relating to the Company's Pension Plan and Other Benefits Plan for 2021 and 2020.

	(Thousands of Dollars)			
	Pension Plan		Other Benefits Plan	
	December 31,			
	2021	2020	2021	2020
Change in Projected Benefit Obligation:				
Beginning Balance	\$ 115,861	\$ 100,891	\$ 52,776	\$ 55,166
Service Cost	2,696	2,434	917	993
Interest Cost	2,706	3,099	1,236	1,699
Actuarial (Gain) Loss	(4,185)	12,585	(4,705)	(4,279)
Benefits Paid	(3,368)	(3,148)	(828)	(803)
Ending Balance	\$ 113,710	\$ 115,861	\$ 49,396	\$ 52,776

	Pension Plan		Other Benefits Plan	
	December 31,		December 31,	
	2021	2020	2021	2020
Change in Fair Value of Plan Assets:				
Beginning Balance	\$ 88,921	\$ 80,380	\$ 44,892	\$ 40,613
Actual Return on Plan Assets	11,798	8,289	5,776	3,988
Employer Contributions	3,400	3,400	828	1,094
Benefits Paid	(3,369)	(3,148)	(828)	(803)
Ending Balance	\$ 100,750	\$ 88,921	\$ 50,668	\$ 44,892

Funded Status	\$ (12,960)	\$ (26,940)	\$ 1,272	\$ (7,884)
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	Pension Plan		Other Benefits Plan	
	December 31,		December 31,	
	2021	2020	2021	2020
Amounts Recognized in the Consolidated Balance Sheets consist of:				
Current Liability	\$ 398	\$ 398	\$ -	\$ -
Noncurrent Liability	12,562	26,542	(1,272)	7,884
Net Liability Recognized	\$ 12,960	\$ 26,940	\$ (1,272)	\$ 7,884

	(Thousands of Dollars)					
	Pension Plan		Other Benefits Plan			
	Years Ended December 31,		Years Ended December 31,			
	2021	2020	2019	2021	2020	2019
Components of Net Periodic Benefit Cost						
Service Cost	\$ 2,696	\$ 2,434	\$ 2,171	\$ 917	\$ 993	\$ 839
Interest Cost	2,706	3,099	3,426	1,236	1,699	1,984
Expected Return on Plan Assets	(6,225)	(5,635)	(4,694)	(3,142)	(2,853)	(2,451)
Amortization of Net Actuarial Loss	2,868	2,059	1,618	527	1,352	1,319
Net Periodic Benefit Cost*	\$ 2,045	\$ 1,957	\$ 2,521	\$ (462)	\$ 1,191	\$ 1,691

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

Amounts that are expected to be amortized from Regulatory Assets into Net Periodic Benefit Cost in 2022 are as follows:

	(Thousands of Dollars)	
	Pension Plan	Other Benefits Plan
Actuarial Loss	\$ 1,673	\$ -

The discount rate and compensation increase rate for determining our postretirement benefit plans' benefit obligations and costs as of and for the years ended December 31, 2021, 2020 and 2019, respectively, are as follows:

	Pension Plan			Other Benefits Plan		
	2021	2020	2019	2021	2020	2019
Weighted Average Assumptions:						
Expected Return on Plan Assets	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Discount Rate for:						
Benefit Obligation	2.72%	2.37%	3.12%	2.72%	2.37%	3.12%
Benefit Cost	2.37%	3.12%	4.15%	2.37%	3.12%	4.15%
Compensation Increase for:						
Benefit Obligation	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Benefit Cost	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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

The Company utilizes the Society of Actuaries' mortality table (Pri-2012) (Mortality Improvement Scale MP2021 for the 2021 valuation).

For the 2021 valuation, costs and obligations for our Other Benefits Plan assumed a 7.5% annual rate of increase in the per capita cost of covered healthcare benefits in 2022 with the annual rate of increase declining 0.5% per year for 2023-2028, resulting in an annual rate of increase in the per capita cost of covered healthcare benefits of 4.5% by year 2028.

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

	(Thousands of Dollars)	
	1 Percentage Point	
	Increase	Decrease
Effect on Current Year Service and Interest Costs	\$ 472	\$ (359)
Effect on Projected Benefit Obligation	\$ 7,882	\$ (6,228)

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

Year	(Thousands of Dollars)	
	Pension Plan	Other Benefits Plan
2022	\$ 3,735	\$ 1,345
2023	3,985	1,462
2024	4,771	1,573
2025	5,179	1,675
2026	5,183	1,782
2027-2031	27,539	9,803
Totals	\$ 50,392	\$ 17,640

Benefit Plans Assets

The allocation of plan assets at December 31, 2021 and 2020 by asset category is as follows:

Asset Category	Pension Plan			Other Benefits Plan		
	2021	2020	Target	2021	2020	Target
Equity Securities	59.6%	60.6%	55%	66.8%	62.3%	43%
Debt Securities	37.9%	37.5%	38%	30.7%	31.0%	50%
Cash	1.0%	1.2%	2%	2.5%	6.7%	2%
Real Estate/Commodities	1.5%	0.7%	5%	0.0%	0.0%	5%
Total	100.0%	100.0%		100.0%	100.0%	

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

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

Equity securities include Middlesex common stock in the amounts of \$0 (0.0% of total Pension Plan assets) and \$1.4 million (1.6% of total Pension Plan assets) as of December 31, 2021 and 2020, respectively.

Fair Value Measurements

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

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

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

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

(Thousands of Dollars)				
As of December 31, 2021				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 87,687	\$ -	\$ -	\$ 87,687
Money Market Funds	1,057	-	-	1,057
Common Equity Securities	12,006	-	-	12,006
Total Investments	<u>\$ 100,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,750</u>

(Thousands of Dollars)				
As of December 31, 2020				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 76,026	\$ -	\$ -	\$ 76,026
Money Market Funds	1,086	-	-	1,086
Common Equity Securities	11,809	-	-	11,809
Total Investments	<u>\$ 88,921</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,921</u>

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

(Thousands of Dollars)				
As of December 31, 2021				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 33,844	\$ -	\$ -	\$ 33,844
Money Market Funds	1,291	-	-	1,291
Agency/US/State/Municipal Debt	-	15,533	-	15,533
Total Investments	<u>\$ 35,135</u>	<u>\$ 15,533</u>	<u>\$ -</u>	<u>\$ 50,668</u>

(Thousands of Dollars)				
As of December 31, 2020				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 27,408	\$ -	\$ -	\$ 27,408
Money Market Funds	3,696	-	-	3,696
Agency/US/State/Municipal Debt	-	13,788	-	13,788
Total Investments	<u>\$ 31,104</u>	<u>\$ 13,788</u>	<u>\$ -</u>	<u>\$ 44,892</u>

Benefit Plans Contributions

For the Pension Plan, Middlesex made total cash contributions of \$3.4 million in 2021 and expects to make approximately \$3.4 million of cash contributions in 2022.

For the Other Benefits Plan, Middlesex made total cash contributions of \$0.8 million in 2021 and expects to make approximately \$0.8 million of cash contributions in 2022.

401(k) Plan

The Company maintains a 401(k) defined contribution plan, which covers substantially all employees with more than 1,000 hours of service. Under the terms of the Plan, the Company matches 100% of a participant's contributions, which do not exceed 1% of a participant's compensation, plus 50% of a participant's contributions exceeding 1%, but not more than 6%. The Company's matching contribution was \$0.7 million for each of the years ended December 31, 2021, 2020 and 2019.

Employees hired after March 31, 2007 are not eligible to participate in the Pension Plan and are generally eligible to participate in a discretionary profit sharing plan administered through the 401(k) plan. In December each year, the Board of Directors may approve that a stated percentage of eligible compensation be contributed to the account of the employee participant in the first quarter of the following year. For those employees still actively employed on December 31, 2021 or retired during the current year, the Company will fund a discretionary contribution of \$0.8 million before April 1, 2022, which represents 5.0% of eligible 2021 compensation. For each of the years ended December 31, 2020 and 2019, the Company made qualifying discretionary contributions totaling \$0.7 million.

Stock-Based Compensation

The Company maintains a long-term incentive compensation plan for certain management employees where awards are made in the form of restricted common stock. Shares of restricted stock issued under the plan are subject to forfeiture by the employee in the event of termination of employment for any reason within five years of the award other than as a result of retirement at normal retirement age, death, disability or change in control. The maximum number of shares authorized for award under the plan is 300,000 shares, of which approximately 84% remain available for award.

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

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

	Shares (thousands)	Unearned Compensation (thousands)	Weighted Average Grant Price
Balance, January 1, 2019	125	\$ 1,638	
Granted	18	975	\$ 55.99
Vested	(28)	-	
Forfeited	(18)	-	
Amortization of Compensation Expense	-	(907)	
Balance, December 31, 2019	97	\$ 1,706	
Granted	16	982	\$ 60.12
Vested	(27)	-	
Amortization of Compensation Expense	-	(851)	
Balance, December 31, 2020	86	\$ 1,837	
Granted	15	1,151	\$ 79.02
Vested	(18)	-	
Amortization of Compensation Expense	-	(1,057)	
Balance, December 31, 2021	83	\$ 1,931	

Note 8 - Business Segment Data

The Company has identified two reportable segments. One is the regulated business of collecting, treating and distributing water on a retail and wholesale basis to residential, commercial, industrial and fire protection customers in parts of New Jersey and Delaware. This segment also includes regulated wastewater systems in New Jersey and Delaware. The Company is subject to regulations as to its rates, services and other matters by the states of New Jersey and Delaware with respect to utility service within these states. The other segment is primarily comprised of non-regulated contract services for the operation and maintenance of municipal and private water and wastewater systems in New Jersey and Delaware.

Inter-segment transactions relating to operational costs are treated as pass-through expenses. Finance charges on inter-segment loan activities are based on interest rates that are below what would normally be charged by a third party lender.

(Thousands of Dollars)
Years Ended December 31,

Operations by Segments:	2021	2020	2019
Revenues:			
Regulated	\$ 131,531	\$ 129,851	\$ 123,078
Non – Regulated	12,818	12,545	12,177
Inter-segment Elimination	(1,208)	(804)	(657)
Consolidated Revenues	\$ 143,141	\$ 141,592	\$ 134,598
Operating Income:			
Regulated	\$ 29,577	\$ 34,043	\$ 31,805
Non – Regulated	3,634	3,377	3,715
Consolidated Operating Income	\$ 33,211	\$ 37,420	\$ 35,520
Depreciation:			
Regulated	\$ 20,897	\$ 18,264	\$ 16,481
Non – Regulated	212	208	235
Consolidated Depreciation	\$ 21,109	\$ 18,472	\$ 16,716
Other Income (Expense), Net:			
Regulated	\$ 6,112	\$ 4,605	\$ 3,018
Non – Regulated	279	130	(253)
Inter-segment Elimination	(433)	(356)	(273)
Consolidated Other Income (Expense), Net	\$ 5,958	\$ 4,379	\$ 2,492
Interest Charges:			
Regulated	\$ 8,529	\$ 7,780	\$ 7,456
Non – Regulated	17	70	81
Inter-segment Elimination	(432)	(357)	(273)
Consolidated Interest Charges	\$ 8,114	\$ 7,493	\$ 7,264
Income Taxes:			
Regulated	\$ (6,723)	\$ (5,139)	\$ (4,317)
Non – Regulated	1,235	1,020	1,177
Consolidated Income Taxes	\$ (5,488)	\$ (4,119)	\$ (3,140)
Net Income:			
Regulated	\$ 33,849	\$ 35,951	\$ 31,602
Non – Regulated	2,694	2,474	2,286
Consolidated Net Income	\$ 36,543	\$ 38,425	\$ 33,888
Capital Expenditures:			
Regulated	\$ 79,195	\$ 105,091	\$ 88,858
Non – Regulated	183	528	267
Total Capital Expenditures	\$ 79,378	\$ 105,619	\$ 89,125

(Thousands of Dollars)
As of
December 31,
2021 **As of**
December 31,
2020

Assets:	As of December 31, 2021	As of December 31, 2020
Regulated	\$ 1,022,116	\$ 998,932
Non – Regulated	7,811	8,289
Inter-segment Elimination	(9,912)	(30,751)
Consolidated Assets	\$ 1,020,015	\$ 976,470

Note 9 - Quarterly Data - Unaudited

Financial information for each quarter of 2021 and 2020 is as follows:

2021	(Thousands of Dollars, Except per Share Data)					Total
	1 st	2 nd	3 rd	4 th		
Operating Revenues	\$ 32,541	\$ 36,701	\$ 39,874	\$ 34,025	\$ 143,141	
Operating Income	5,634	9,814	11,424	6,339	33,211	
Net Income	6,907	10,923	11,476	7,237	36,543	
Basic Earnings per Share	\$ 0.39	\$ 0.62	\$ 0.65	\$ 0.42	\$ 2.08	
Diluted Earnings per Share	\$ 0.39	\$ 0.62	\$ 0.65	\$ 0.41	\$ 2.07	
Common Dividend Per Share	\$ 0.2725	\$ 0.2725	\$ 0.2725	\$ 0.2900	\$ 1.1075	
High/Low Common Stock Price	\$ 85.92/\$67.09	\$ 88.61/\$77.31	\$ 116.40/\$81.02	\$ 119.37/\$98.12		
2020	1st	2nd	3rd	4th	Total	
Operating Revenues	\$ 31,769	\$ 35,277	\$ 39,920	\$ 34,626	\$ 141,592	
Operating Income	6,527	9,385	13,177	8,331	37,420	
Net Income	7,668	9,713	12,737	8,307	38,425	
Basic Earnings per Share	\$ 0.44	\$ 0.55	\$ 0.73	\$ 0.47	\$ 2.19	
Diluted Earnings per Share	\$ 0.44	\$ 0.55	\$ 0.72	\$ 0.47	\$ 2.18	
Common Dividend Per Share	\$ 0.2563	\$ 0.2563	\$ 0.2563	\$ 0.2725	\$ 1.0414	
High/Low Common Stock Price	\$ 69.92/\$48.79	\$ 72.41/\$53.70	\$ 69.89/\$59.61	\$ 76.08/\$61.81		

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

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

(1) Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding disclosure.

As required by Rule 13a-15 under the Exchange Act, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was conducted by the Company's Chief Executive Officer along with the Company's Chief Financial Officer for the quarter ended December 31, 2021. Based upon that evaluation the Company's Chief Executive Officer and the Company's Chief Financial Officer concluded:

(a) Disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) No changes in internal control over financial reporting occurred during our most recent fiscal quarter that has materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Accordingly, management believes the 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.

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

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

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the adequacy of financial statement preparation and presentation. Middlesex's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013 framework). Based on our assessment, we believe that as of December 31, 2021, the Company's internal control over financial reporting is operating as designed and is effective based on those criteria.

Middlesex's independent registered public accounting firm (PCAOB ID 23) has audited the effectiveness of our internal control over financial reporting as of December 31, 2021 as stated in their report which is included herein.

/s/ Dennis W. Doll

Dennis W. Doll
President and
Chief Executive Officer

/s/ A. Bruce O'Connor

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

Iselin, New Jersey
February 25, 2022

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information with respect to Directors of Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2022 Annual Meeting of Stockholders and is incorporated herein by reference.

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

ITEM 11. EXECUTIVE COMPENSATION.

This Information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2022 Annual Meeting of Stockholders and is incorporated herein by reference.

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

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2022 Annual Meeting of Stockholders and is incorporated herein by reference.

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

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2022 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2022 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

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

Consolidated Balance Sheets at December 31, 2021 and 2020.

Consolidated Statements of Income for each of the three years in the period ended December 31, 2021.

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2021.

Consolidated Statements of Capital Stock and Long-term Debt as of December 31, 2021 and 2020.

Consolidated Statements of Common Stockholders' Equity for each of the three years in the period ended December 31, 2021.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedules

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

3. Exhibits

See Exhibit listing immediately following the signature page.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

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

MIDDLESEX WATER COMPANY

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

Date: February 25, 2022

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 25, 2022.

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

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

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

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

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

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

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

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

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

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

EXHIBIT INDEX

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

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

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
3.11	By-laws of the Company, as amended, filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.		
3.12	Amendments to the by-laws of the Company, included as Exhibit 3(ii) to the Company's Current Report on Form 8-K dated November 22, 2017.		
4.1	Form of Common Stock Certificate.	2-55058	2(a)
10.1	Water Service Agreement, dated February 28, 2006, between the Company and Elizabethtown Water Company, filed as Exhibit 10 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.		
10.2	Mortgage, dated April 1, 1927, between the Company and Union County Trust Company, as Trustee, as supplemented by Supplemental Indentures, dated as of October 1, 1939 and April 1, 1949.	2-15795	4(a)-4(f)
10.3	Supplemental Indenture, dated as of July 1, 1964 and June 15, 1991, between the Company and Union County Trust Company, as Trustee.	33-54922	10.4-10.9
10.4	Agreement for a Supply of Water, dated as of July 27, 2011, between the Company and the Old Bridge Municipal Utilities Authority, filed as Exhibit No. 10.4 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.		
10.5	Water Supply Agreement, dated as of July 14, 1987, between the Company and the Marlboro Township Municipal Utilities Authority, as amended.	33-31476	10.13
10.6	Water Purchase Contract, dated as of September 25, 2003, between the Company and the New Jersey Water Supply Authority, filed as Exhibit No. 10.7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2003.		
10.7	Treatment and Pumping Agreement, dated October 1, 2014, between the Company and the Township of East Brunswick, filed as Exhibit No. 10.7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2016.		
10.8	Water Supply Agreement, dated June 4, 1990, between the Company and Edison Township.	33-54922	10.24
10.9	Agreement for a Supply of Water, dated January 1, 2006, between the Company and the Borough of Highland Park, filed as Exhibit No. 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.		
10.9(a)	Amendment to Agreement for a Supply of Water, dated as of December 1, 2015, between the Company and the Borough of Highland Park, filed as Exhibit No. 10.9(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2015.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
(t)10.10	Middlesex Water Company Supplemental Executive Retirement Plan, filed as Exhibit 10.13 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999.		
(t)10.11(a)	Middlesex Water Company 2018 Restricted Stock Plan, filed as Appendix A to the Company's Definitive Proxy Statement, dated and filed April 12, 2018.		
(t)10.11(b)	Registration Statement, Form S-8, under the Securities Act of 1933, filed December 18, 2008, relating to the Middlesex Water Company Outside Director Stock Compensation Stock Plan.	333-156269	
(t)10.12(a)	Change in Control Termination Agreement, dated as of January 1, 2009, between the Company and Dennis W. Doll, filed as Exhibit 10.13(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.		
(t)10.12(b)	Change in Control Termination Agreement, dated as of January 1, 2009, between the Company and A. Bruce O'Connor, filed as Exhibit 10.13(b) of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.		
(t)10.12(c)	Change in Control Termination Agreement, dated as of March 1, 2012, between the Company and Lorrie B. Ginegaw, filed as Exhibit 10.13(e) of the Company's Annual Report on Form 10-K for the year ended December 31, 2011.		
(t)10.12(d)	Change in Control Termination Agreement, dated as of January 1, 2009, between the Company and Bernadette M. Sohler, filed as Exhibit 10.13(h) of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.		
(t)10.12(e)	Change in Control Termination Agreement, dated as of March 17, 2014, between the Company and Jay L. Kooper, filed as Exhibit 10.12(g) of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.		
(t)10.12(f)	Change in Control Termination Agreement, dated as of July 1, 2019, between the Company and G. Christian Andreasen, filed as Exhibit 10.12(f) of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.		
(t)10.12(g)	Change in Control Termination Agreement, dated as of July 1, 2019, between the Company and Robert K. Fullagar, filed as Exhibit 10.12(g) of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.		
(t)10.12(h)	Change in Control Termination Agreement, dated as of July 1, 2019, between the Company and Georgia M. Simpson, filed as Exhibit 10.12(h) of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.		
10.13	Transmission Agreement, dated October 16, 1992, between the Company and the Township of East Brunswick.	33-54922	10.23

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.13(a)	Amendment, dated November 28, 2016, to Transmission Agreement between the Company and the Township of East Brunswick, filed as Exhibit No. 10.13(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2016.		
10.14	Contract, dated August 20, 2018, between the City of Perth Amboy and Utility Service Affiliates (Perth Amboy), Inc., filed as Exhibit 10.16 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.		
10.15	Thirtieth Supplemental Indenture, dated October 15, 2004, between the Company and Wachovia Bank, National Association; Loan Agreement, dated November 1, 2004, between the State of New Jersey and the Company (Series EE), filed as Exhibit No. 10.26 of the Company's for the year ended December 31, 2004.		
10.16	Thirty-First Supplemental Indenture, dated October 15, 2004, between the Company and Wachovia Bank, National Association; Loan Agreement, dated November 1, 2004, between the New Jersey Environmental Infrastructure Trust and the Company (Series FF), filed as Exhibit No. 10.27 of the Company's Annual Report on Form 10-K for the year ended December 31, 2004.		
10.17(a)	Promissory Note and Supplement, dated October 15, 2014, between Tidewater Utilities, Inc. and CoBank, ACB; Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement, effective October 15, 2014, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.23 of the Company's Annual Report on Form 10-K for the year ended December 31, 2014.		
10.17(b)	Promissory Note and Supplement, dated March 29, 2021, between Tidewater Utilities, Inc. and CoBank, ACB; Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement, effective March 29, 2021, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.19(b) of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.		
10.18	Agreement for a Supply of Water, dated April 1, 2006, between the Company and the City of Rahway, filed as Exhibit No. 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.		
10.19	Loan Agreement, dated November 1, 2006, between the State of New Jersey and the Company (Series GG), filed as Exhibit No. 10.30 of the Company's Annual Report on Form 10-K for the year ended December 31, 2006.		

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Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.20	Loan Agreement, dated November 1, 2006, between the New Jersey Environmental Infrastructure Trust and the Company (Series HH), filed as Exhibit No. 10.31 of the Company's Annual Report on Form 10-K for the year ended December 31, 2006.		
10.21	Loan Agreement, dated November 1, 2007, between New Jersey Environmental Infrastructure Trust and the Company (Series II), filed as Exhibit No. 10.32 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007.		
10.22	Loan Agreement, dated November 1, 2007, between the State of New Jersey and the Company (Series JJ), filed as Exhibit 10.33 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007.		
10.23	Loan Agreement, dated November 1, 2008, between New Jersey Environmental Infrastructure Trust and the Company dated as of (Series KK), filed as Exhibit 10.34 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.		
10.24	Loan Agreement, dated November 1, 2008, between the State of New Jersey and the Company (Series LL), filed as Exhibit 10.35 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.		
10.25	Prospectus Supplement, filed September 6, 2019, relating to the Middlesex Water Company Investment Plan.	333-233649	
*10.26(a)	Amended and Restated \$68,000,000 Revolving Line of Credit Note, dated February 9, 2022, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and While Marsh Environmental Systems, Inc., and PNC Bank, N.A.		
*10.26(b)	Waiver and Amendment to Loan Documents, dated February 9, 2022, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and While Marsh Environmental Systems, Inc., and PNC Bank, N.A.		
10.27(a)	Uncommitted (\$30,000,000) Loan Agreement, dated January 28, 2021, between the Company, Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates, Inc., Utility Service Affiliates (Perth Amboy) Inc., Tidewater Environmental Services, Inc., and Bank of America, N.A. filed as Exhibit 10.30 of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.		

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Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
*10.27(b)	Amendment No. 1 (\$60,000,000) to Uncommitted Loan Agreement, dated January 27, 2022, between the Company, Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates, Inc., Utility Service Affiliates (Perth Amboy) Inc., and Bank of America, N.A.		
10.28	Fourth Amendment to Promissory Note and Supplement, dated as of August 19, 2020, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.34 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.		
10.29	Loan Agreement, dated December 1, 2010, between the State of New Jersey and the Company (Series MM), filed as Exhibit 10.41 of the Company's Annual Report on Form 10-K for the year ended December 31, 2010.		
10.30	Loan Agreement, dated December 1, 2010, between New Jersey Environmental Infrastructure Trust and the Company (Series NN), filed as Exhibit 10.42 of the Company's Annual Report on Form 10-K for the year ended December 31, 2010.		
10.31	Loan Agreement, dated May 1, 2012, between the State of New Jersey and the Company, (Series OO), filed as Exhibit 10.43 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.		
10.32	Loan Agreement, dated May 1, 2012, between New Jersey Environmental Infrastructure Trust and the Company (Series PP), filed as Exhibit 10.44 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.		
10.33	Loan Agreement, dated November 1, 2012, between the New Jersey Economic Development Authority and the Company (Series QQ, RR & SS), filed as Exhibit 10.41 of the Company's Annual Report on Form 10-K for the year ended December 31, 2012.		
10.34	Loan Agreement, dated May 1, 2013, between the State of New Jersey and the Company (Series TT), filed as Exhibit 10.42 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.		
10.35	Loan Agreement, dated May 1, 2013, between New Jersey Environmental Infrastructure Trust and the Company (Series UU), filed as Exhibit 10.43 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.		
10.36	Loan Agreement, dated May 1, 2014, between New Jersey Environmental Infrastructure Trust and the Company (Series VV), filed as Exhibit 10.43 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.		

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Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.37	Loan Agreement, dated May 1, 2014, between New Jersey Environmental Infrastructure Trust and the Company (Series WW), filed as Exhibit 10.44 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.		
10.38	Loan Agreement, dated November 1, 2017, between New Jersey Environmental Infrastructure Trust and the Company (Series XX), filed as Exhibit 10.44 of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.		
10.39	Loan Agreement, dated November 1, 2017, between New Jersey Environmental Infrastructure Trust and the Company (Series YY), filed as Exhibit 10.45 of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.		
10.40	Loan Agreement, dated May 1, 2018, between New Jersey Environmental Infrastructure Trust and the Company (Series 2018A), filed as Exhibit 10.46 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.		
10.41	Loan Agreement, dated May 1, 2018, between New Jersey Environmental Infrastructure Trust and the Company (Series 2018B), filed as Exhibit 10.47 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.		
10.42	Middlesex Water Company Note Relating To: The Construction Financing Loan Program of the New Jersey Infrastructure Bank f/k/a New Jersey Environmental Infrastructure Trust, dated August 1, 2018, filed as Exhibit 10.48 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.		
10.43	Middlesex Water Company Note Relating To: The Construction Financing Loan Program of the New Jersey Infrastructure Bank f/k/a New Jersey Environmental Infrastructure Trust, dated September 12, 2018, filed as Exhibit 10.49 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.		
10.44	Loan Agreement, dated August 1, 2019, between New Jersey Economic Development Authority and the Company, filed as Exhibit 10.50 to the Company's Current Report on Form 8-K filed September 6, 2019.		
10.45	Bond Purchase Agreement, dated November 16, 2020, between New York Life Insurance Company and Affiliates and the Company, filed as Exhibit 10.48 of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.		
*10.46	Bond Purchase Agreement, dated November 5, 2021, between New York Life Insurance Company and Affiliates and the Company.		

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Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
*10.47	Financing Agreement, dated December 16, 2021, between the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health & Social Services, and Tidewater Utilities, Inc.		
*21	Middlesex Water Company Subsidiaries.		
*23.1	Consent of Independent Registered Public Accounting Firm, Baker Tilly US, LLP.		
*31	Section 302 Certification by Dennis W. Doll 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 W. Doll pursuant to 18 U.S.C. §1350.		
*32.1	Section 906 Certification by A. Bruce O'Connor pursuant to 18 U.S.C. §1350.		
101.INS	XBRL Instance Document– the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.		
101.SCH	Inline XBRL Taxonomy Extension Schema Document		
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document		

Amended and Restated Revolving Line of Credit Note (Multi-Rate Options)



\$68,000,000.00

February 9, 2022

FOR VALUE RECEIVED, MIDDLESEX WATER COMPANY, PINELANDS WASTEWATER COMPANY, PINELANDS WATER COMPANY, TIDEWATER UTILITIES, INC., UTILITY SERVICE AFFILIATES (PERTH AMBOY) INC., UTILITY SERVICE AFFILIATES INC., and WHITE MARSH ENVIRONMENTAL SYSTEMS, INC. (individually and collectively, the "**Borrower**"), with an address at 1500 Ronson Road, Iselin, NJ 08830-3049, jointly and severally, promise to pay to the order of **PNC BANK, NATIONAL ASSOCIATION** (the "**Bank**"), in lawful money of the United States of America in immediately available funds at its offices located at Two Tower Center Boulevard, East Brunswick, New Jersey 08816, or at such other location as the Bank may designate from time to time, the principal sum of **SIXTY EIGHT MILLION AND 00/100 DOLLARS (\$68,000,000.00)** (the "**Facility**") or such lesser amount as may be advanced to or for the benefit of the Borrower hereunder, together with interest accruing on the outstanding principal balance from the date hereof, all as provided below.

1. Revolving Line of Credit Advances. This Note evidences a revolving line of credit. The Borrower may borrow, repay and reborrow hereunder and the Bank may advance and readvance under this Note from time to time (each an "advance" and together the "advances") until the Expiration Date, subject to the terms and conditions of this Note and the Loan Documents (as defined below). The "**Expiration Date**" shall mean **January 31, 2024**, or such later date as may be designated by the Bank by written notice from the Bank to the Borrower. The Borrower acknowledges and agrees that in no event will the Bank be under any obligation to extend or renew the Facility or this Note beyond the Expiration Date. In no event shall the aggregate unpaid principal amount of advances under this Note exceed the face amount of this Note.

2. Interest Rate. Each advance outstanding under this Note will bear interest at a rate or rates per annum as may be selected by the Borrower from the interest rate options set forth below (each, an "**Option**"):

- (i) **Base Rate Option.** A rate of interest per annum equal to the Base Rate (as defined below).
- (ii) **BSBY Rate Option.** A rate of interest per annum equal to the sum of (A) the BSBY Rate (as defined below) plus (B) ninety (90) basis points (0.90%), for the applicable BSBY Interest Period (as defined below).

The Borrower may select different Options to apply simultaneously to different portions of the advances and may select up to three (3) different interest periods to apply simultaneously to different portions of the advances bearing interest under a Fixed Rate Option (as defined below).

3. Payments. The Borrower shall pay accrued interest on the unpaid principal balance of this Note in arrears: (a) for amounts under this Note bearing interest under the Base Rate Option, on the first day of each month during the term of this Note, (b) for amounts hereunder bearing interest under a Fixed Rate Option, on the last day of the respective interest period for such amounts, and (c) for all outstanding amounts, at maturity, whether by acceleration of this Note or otherwise, and after maturity, on demand until paid in full. All outstanding principal and accrued interest under this Note shall be due and payable in full on the Expiration Date.

4. **Certain Definitions.** If the following terms are used in this Note, such terms shall have the meanings set forth below:

“**Base Rate**” shall mean the highest of (A) the Prime Rate, (B) the sum of the Overnight Bank Funding Rate plus 50 basis points (0.50%), and (C) the sum of the Daily BSBY Rate plus 100 basis points (1.00%), so long as the Daily BSBY Rate is offered, ascertainable and not unlawful; provided, however, if the Base Rate as determined above would be less than zero, then such rate shall be deemed to be zero. If and when the Base Rate as determined above changes, the rate of interest with respect to any amounts under this Note to which the Base Rate Option applies will change automatically without notice to the Borrower, effective on the date of any such change.

“**Bloomberg**” shall mean Bloomberg Index Services Limited (or a successor administrator).

“**BSBY**” shall mean the Bloomberg Short-Term Bank Yield Index rate administered by Bloomberg and published by Bloomberg or another commercially available source providing such quotations as may be designated by the Bank from time to time.

“**BSBY Interest Period**” shall mean, with respect to any amount to which the BSBY Rate Option applies, the period of one (1), two (2) or three (3) month(s) as selected by the Borrower, commencing on the date of disbursement of such amount (or the date of conversion of any amount to the BSBY Rate Option, as the case may be) and each successive period selected by the Borrower thereafter; provided that:

- (A) if a BSBY Interest Period would end on a day that is not a Business Day, it shall end on the next succeeding Business Day unless such day falls in the next succeeding calendar month in which case the BSBY Interest Period shall end on the next preceding Business Day;
- (B) the Borrower may not select a BSBY Interest Period that would end on a day after the Expiration Date; and
- (C) any BSBY Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such BSBY Interest Period) shall end on the last Business Day of the last calendar month of such BSBY Interest Period.

“**BSBY Rate**” shall mean, with respect to any amount to which the BSBY Rate Option applies for any BSBY Interest Period, the interest rate per annum determined by the Bank by dividing (the resulting quotient rounded upwards, at the Bank’s discretion, to the nearest 1/100th of 1%) (A) the rate per annum equal to BSBY two (2) Business Days prior to the first day of such BSBY Interest Period and having a term comparable to such BSBY Interest Period, provided that if the rate is not published on such determination date, then the rate per annum for purposes of this clause (A) shall be BSBY on the first Business Day immediately prior thereto, by (B) a number equal to 1.00 minus the BSBY Reserve Percentage. If the BSBY Rate, determined as provided above, would be less than the Floor, then the BSBY Rate shall be deemed to be the Floor. The BSBY Rate shall be adjusted automatically without notice to the Borrower on and as of the effective date of any change in the BSBY Reserve Percentage.

“**BSBY Reserve Percentage**” shall mean, as of any day, the maximum effective percentage in effect on such day, if any, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to BSBY funding.

“**Business Day**” shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required by law to be closed for business in Pittsburgh, Pennsylvania; provided that, when used in connection with an amount that bears interest at a rate based on BSBY or any direct or indirect calculation or determination of BSBY, the term “Business Day” means any such day that is also a U.S. Government Securities Business Day.

“**Daily BSBY Rate**” shall mean, for any day, the rate per annum determined by the Bank by dividing (the resulting quotient rounded upwards, at the Bank’s discretion, to the nearest 1/100th of 1%) (A) the Published Rate for such day, by (B) a number equal to 1.00 minus the BSBY Reserve Percentage; provided, however, if the Daily BSBY Rate determined as provided above would be less than the Floor, then such rate shall be deemed to be the Floor. The rate of interest will be adjusted automatically as of each Business Day based on changes in the Daily BSBY Rate without notice to the Borrower.

“**Default Rate**” shall mean the rate per annum equal to the lesser of (A) the sum of 3% plus the interest rate otherwise in effect from time to time under this Note and (B) the Maximum Rate.

“**Fixed Rate Option**” shall mean each BSBY Rate Option.

“**Floor**” means a rate of interest per annum equal to _____ basis points (____%) or, if the preceding blanks are not completed, then zero.

“**Maximum Rate**” shall mean the maximum rate of interest allowed by applicable law.

“**NYFRB**” shall mean the Federal Reserve Bank of New York.

“**Overnight Bank Funding Rate**” shall mean, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB, as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Bank for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Bank at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Borrower.

“**Prime Rate**” shall mean the rate publicly announced by the Bank from time to time as its prime rate. The Prime Rate is determined from time to time by the Bank as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index and does not necessarily reflect the lowest rate of interest actually charged by the Bank to any particular class or category of customers.

“**Published Rate**” shall mean the one-month Bloomberg Short-Term Bank Yield Index rate administered by Bloomberg and published by Bloomberg or another commercially available source providing such quotations as may be designated by the Bank from time to time.

“**U.S. Government Securities Business Day**” means any day except for (A) a Saturday or Sunday or (B) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

5. Advance Procedures. The Borrower may request advances hereunder by giving oral or written notice to the Bank by 11:00 a.m. Pittsburgh, Pennsylvania time (a) three (3) Business Days prior to the proposed advance, in the case of advances to bear interest under the BSBY Rate Option and (b) on the day of the proposed advance, in the case of advances to bear interest under any other Option, followed promptly thereafter by the Borrower's written confirmation to the Bank of any oral notice. If permitted by the Bank, a request for advance may be made by telephone or electronic mail, or delivered in accordance with the Bank's security procedures through any automated platform or electronic service provided by the Bank, with such confirmation or verification (if any) as the Bank may require in its discretion from time to time. A request for advance by any Borrower shall be binding upon Borrower, jointly and severally. The Borrower authorizes the Bank to accept telephonic, email, automated and electronic requests for advances, and the Bank shall be entitled to rely upon the authority of any person providing such instructions. The Borrower hereby indemnifies and holds the Bank harmless from and against any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) which may arise or be created by the acceptance of such telephonic, email, automated and electronic requests or by the making of such advances. The Bank will enter on its books and records, which entry when made will be presumed correct, the date and amount of each advance, as well as the date and amount of each payment made by the Borrower.

6. Interest Rate Election. Subject to the terms and conditions of this Note, at the end of each interest period applicable to any amounts hereunder, the Borrower may renew the Option applicable to such amounts or convert such amounts to a different Option; provided that, during any period in which any Event of Default (as hereinafter defined) has occurred and is continuing, any amounts bearing interest under a Fixed Rate Option shall, at the Bank's sole discretion, be converted at the end of the applicable interest period to the Base Rate Option, and any Fixed Rate Option will not be available to the Borrower with respect to any new advances (or with respect to the conversion or renewal of any other amounts) until such Event of Default has been cured by the Borrower or waived by the Bank. The Borrower shall notify the Bank of each election of an Option, each conversion from one Option to another, the amount of the portions hereunder to be allocated to each Option and where relevant the interest period therefor. In the case of converting to the BSBY Rate Option, such notice shall be given at least three (3) Business Days prior to the commencement of any BSBY Interest Period. If no interest period is specified in any such notice for an amount that is to bear interest under the BSBY Rate Option, the Borrower shall be deemed to have selected a BSBY Interest Period of one month's duration. If no notice of election, conversion or renewal is timely received by the Bank with respect to any amount hereunder, the Borrower shall be deemed to have elected the Base Rate Option. Any such election shall be promptly confirmed in writing by such method as the Bank may require.

7. Interest Calculation; Maximum Rate. Interest will be calculated based on the actual number of days that principal is outstanding over a year of 360 days. In no event will the rate of interest hereunder exceed the Maximum Rate. Regardless of any other provision of this Note or the other Loan Documents, if for any reason the effective interest rate should exceed the Maximum Rate, the effective interest rate shall be deemed reduced to, and shall be, the Maximum Rate, and (a) the amount which would be excessive interest shall be deemed applied to the reduction of the principal balance of this Note and not to the payment of interest, and (b) if the loan evidenced by this Note has been or is thereby paid in full, the excess shall be returned to the party paying same, such application to the principal balance of this Note or the refunding of such excess to be a complete settlement and acquittance thereof.

8. Benchmark Replacement Provisions. If the applicable rate is based on a Benchmark (as defined below) and the Bank determines (which determination shall be final and conclusive) that (A) such Benchmark cannot be determined pursuant to its definition other than as a result of a Benchmark Transition Event (as defined below), or (B) any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Bank to make or maintain or fund loans based on such Benchmark, then the Bank shall give notice thereof to the Borrower. Thereafter, until the Bank notifies the Borrower that the circumstances giving rise to such determination no longer exist, (a) the availability of any Option based on such Benchmark shall be suspended, and (b) the interest rate for all amounts then bearing interest under such Option shall be converted to the Base Rate Option either (i) on the last day of the then current applicable interest period(s) if the Bank may lawfully continue to maintain or fund loans based on such Benchmark to such day, or (ii) immediately if the Bank may not lawfully continue to maintain or fund loans based on such Benchmark.

Notwithstanding anything to the contrary herein or in any other Loan Document, if the Bank determines (which determination shall be final and conclusive) that a Benchmark Transition Event has occurred with respect to a Benchmark, the Bank may amend this Note to replace such Benchmark with a Benchmark Replacement (as defined below); and any such amendment shall be in writing, shall specify the date that the Benchmark Replacement is effective and will not require any further action or consent of the Borrower. Until the Benchmark Replacement is effective, amounts bearing interest with reference to a Benchmark will continue to bear interest with reference to such Benchmark as long as such Benchmark is available, and otherwise such amounts automatically will bear interest at the Base Rate Option. In connection with the implementation and administration of a Benchmark Replacement, the Bank will have the right to make technical, administrative or operational changes from time to time that the Bank decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Bank in a manner substantially consistent with market practice or as reasonably necessary as determined by the Bank (which determination shall be final and conclusive) and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such technical, administrative or operational changes will become effective without any further action or consent of the Borrower. The Bank will promptly notify the Borrower of any such technical, administrative or operational changes.

For purposes of this Section, the following terms have the meanings set forth below:

“Benchmark” means, at any time, any interest rate index (or tenor of an interest rate index) then used in the determination of an interest rate under the terms of this Note. Once a Benchmark Replacement becomes effective under this Note, it is a Benchmark. For example, BSBY is a Benchmark under this Note.

“Benchmark Replacement” means, for any Benchmark, the sum of (a) an alternate benchmark rate and (b) an adjustment (which may be a positive or negative value or zero), in each case that has been selected by the Bank as the replacement for such Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the official sector or any official sector-sponsored committee or working group, for U.S. dollar-denominated credit facilities at such time; provided that, if the Benchmark Replacement as determined pursuant to the foregoing would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Note and the other Loan Documents.

“Benchmark Transition Event” shall mean a public statement or publication by or on behalf of the administrator of a Benchmark, the regulatory supervisor of such administrator, the Board of Governors of the Federal Reserve System, NYFRB, an insolvency official or resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, announcing or stating that (a) such administrator has ceased or will cease to provide such Benchmark permanently or indefinitely, provided that at the time of such statement or publication there is no successor administrator that will continue to provide such Benchmark or (b) such Benchmark is or will no longer be representative.

9. Other Payment Terms. If any payment under this Note is due on a day of a calendar month for which there is no numerically corresponding day in certain other months (each, a **“Non-Conforming Month”**), then the payment in a Non-Conforming Month shall be due on the last day of such Non-Conforming Month. If any payment under this Note shall become due on a day other than a Business Day, such payment shall be due on the next succeeding Business Day, except that if such day falls in the next succeeding calendar month and such payment includes interest based on BSBY, such payment shall be due on the next preceding day that is a Business Day. Interest shall be computed to, but excluding, the date payment is due. The Borrower hereby authorizes the Bank to charge the Borrower’s deposit account at the Bank for any payment when due under this Note or any other Loan Document. Payments received will be applied to charges, fees and expenses (including attorneys’ fees), accrued interest and principal in any order the Bank may choose, in its sole discretion.

10. Late Payments; Default Rate. If the Borrower fails to make any payment of principal, interest or other amount coming due pursuant to the provisions of this Note within 15 calendar days of the date due and payable, the Borrower also shall pay to the Bank a late charge equal to the lesser of 5% of the amount of such payment or \$100.00 (the “**Late Charge**”). Such 15-day period shall not be construed in any way to extend the due date of any such payment. Upon maturity, whether by acceleration, demand or otherwise, and at the Bank’s option upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, amounts outstanding under this Note shall bear interest at the Default Rate. The Default Rate shall continue to apply whether or not judgment shall be entered on this Note. Both the Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying the Bank’s expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, the Bank’s exercise of any rights and remedies hereunder, under the other Loan Documents or under applicable law, and any fees and expenses of any agents or attorneys which the Bank may employ. In addition, the Default Rate reflects the increased credit risk to the Bank of carrying a loan that is in default. The Borrower agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by the Bank, and that the actual harm incurred by the Bank cannot be estimated with certainty and without difficulty.

11. Prepayment. The Borrower shall have the right to prepay any amounts outstanding hereunder at any time and from time to time, in whole or in part; subject, however, to payment of any break funding indemnification amounts owing pursuant to the paragraph entitled “Break Funding Indemnification” below.

12. Increased Costs; Yield Protection. On written demand, together with written evidence of the justification therefor, the Borrower agrees to pay the Bank all direct costs incurred, any losses suffered or payments made by the Bank as a result of any Change in Law (hereinafter defined), imposing any reserve, deposit, allocation of capital or similar requirement (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) on the Bank, its holding company or any of their respective assets relative to the Facility. “**Change in Law**” means the occurrence, after the date of this Note, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any governmental authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

13. Break Funding Indemnification. The Borrower agrees to indemnify the Bank against any liabilities, losses or expenses (including, without limitation, loss of margin, any loss or expense sustained or incurred in liquidating or employing deposits from third parties, and any loss or expense incurred in connection with funds acquired to effect, fund or maintain any amounts hereunder (or any part thereof) bearing interest under a Fixed Rate Option) which the Bank sustains or incurs as a consequence of either (i) the Borrower’s failure to make a payment on the due date thereof, (ii) the Borrower’s revocation (expressly, by later inconsistent notices or otherwise) in whole or in part of any notice given to Bank to request, convert, renew or prepay any amounts bearing interest under a Fixed Rate Option, or (iii) the Borrower’s payment or prepayment (whether voluntary, after acceleration of the maturity of this Note or otherwise) or conversion of any amounts bearing interest under a Fixed Rate Option on a day other than the regularly scheduled due date therefor. A notice as to any amounts payable pursuant to this paragraph given to the Borrower by the Bank shall, in the absence of manifest error, be conclusive and shall be payable upon demand. The Borrower’s indemnification obligations hereunder shall survive the payment in full of all amounts payable hereunder.

14. Other Loan Documents. This Note is issued in connection with an Amended and Restated Loan Agreement between the Borrower and the Bank, dated April 29, 2015, and the other agreements and documents executed and/or delivered in connection therewith or referred to therein, the terms of which are incorporated herein by reference (as amended, modified or renewed from time to time, collectively the “**Loan Documents**”), and is secured by the property (if any) described in the Loan Documents and by any and all mortgages, security agreements, assignments, loan agreements, pledge agreements and other documents or instruments evidencing a security interest or other lien in favor of the Bank and delivered by the Borrower or by any third party with reference to indebtedness of the Borrower, whether such documents were previously or are hereafter executed, and whether given expressly as security for payment of this Note or generally as security for any and all indebtedness of the Borrower to the Bank. Such documents may be executed contemporaneously with the execution of this Note, or they may be executed and delivered at another time. Collateral securing other obligations of the Borrower to the Bank may also secure this Note.

15. Events of Default. The occurrence of any of the following events will be deemed to be an “**Event of Default**” under this Note: (i) the nonpayment of any principal, interest or other indebtedness under this Note when due; (ii) the occurrence of any event of default or any default and the lapse of any notice or cure period, or any Obligor’s failure to observe or perform any covenant or other agreement, under or contained in any Loan Document or any other document now or in the future evidencing or securing any debt, liability or obligation of any Obligor to the Bank; (iii) the filing by or against any Obligor of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or similar proceeding (and, in the case of any such proceeding instituted against any Obligor, such proceeding is not dismissed or stayed within 30 days of the commencement thereof, provided that the Bank shall not be obligated to advance additional funds hereunder during such period); (iv) any assignment by any Obligor for the benefit of creditors, or any levy, garnishment, attachment or similar proceeding is instituted against any property of any Obligor held by or deposited with the Bank; (v) a default with respect to any other indebtedness of any Obligor for borrowed money, if the effect of such default is to cause or permit the acceleration of such debt; (vi) the commencement of any foreclosure or forfeiture proceeding, execution or attachment against any collateral securing the obligations of any Obligor to the Bank; (vii) the entry of a final judgment against any Obligor and the failure of such Obligor to discharge the judgment within 10 days of the entry thereof; (viii) any change in any Obligor’s business, assets, operations, financial condition or results of operations that has or could reasonably be expected to have any material adverse effect on any Obligor; (ix) any Obligor ceases doing business as a going concern; (x) any representation or warranty made by any Obligor to the Bank in any Loan Document or any other documents now or in the future evidencing or securing the obligations of any Obligor to the Bank, is false, erroneous or misleading in any material respect; (xi) if this Note or any guarantee executed by any Obligor is secured, the failure of any Obligor to provide the Bank with additional collateral if in the Bank’s opinion at any time or times, the market value of any of the collateral securing this Note or any guarantee has depreciated below that required pursuant to the Loan Documents or, if no specific value is so required, then in an amount deemed material by the Bank; (xii) the revocation or attempted revocation, in whole or in part, of any guarantee by any Obligor; or (xiii) the death, incarceration, indictment or legal incompetency of any individual Obligor or, if any Obligor is a partnership or limited liability company, the death, incarceration, indictment or legal incompetency of any individual general partner or member. As used herein, the term “**Obligor**” means any Borrower and any guarantor of, or any pledgor, mortgagor or other person or entity providing collateral support for, the Borrower’s obligations to the Bank existing on the date of this Note or arising in the future.

Upon the occurrence of an Event of Default: (a) the Bank shall be under no further obligation to make advances hereunder; (b) if an Event of Default specified in clause (iii) or (iv) above shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder shall be immediately due and payable without demand or notice of any kind; (c) if any other Event of Default shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder, at the Bank’s option and without demand or notice of any kind, may be accelerated and become immediately due and payable; (d) at the Bank’s option, this Note will bear interest at the Default Rate from the date of the occurrence of the Event of Default; and (e) the Bank may exercise from time to time any of the rights and remedies available under the Loan Documents or under applicable law.

16. Right of Setoff. In addition to all liens upon and rights of setoff against the Borrower's money, securities or other property given to the Bank by law, the Bank shall have, with respect to the Borrower's obligations to the Bank under this Note and to the extent permitted by law, a contractual possessory security interest in and a contractual right of setoff against, and the Borrower hereby grants the Bank a security interest in, and hereby assigns, conveys, delivers, pledges and transfers to the Bank, all of the Borrower's right, title and interest in and to, all of the Borrower's deposits, moneys, securities and other property now or hereafter in the possession of or on deposit with, or in transit to, the Bank or any other direct or indirect subsidiary of The PNC Financial Services Group, Inc., whether held in a general or special account or deposit, whether held jointly with someone else, or whether held for safekeeping or otherwise, excluding, however, all IRA, Keogh, and trust accounts. Every such security interest and right of setoff may be exercised without demand upon or notice to the Borrower. Every such right of setoff shall be deemed to have been exercised immediately upon the occurrence of an Event of Default hereunder without any action of the Bank, although the Bank may enter such setoff on its books and records at a later time.

17. Anti-Money Laundering/International Trade Law Compliance. The Borrower represents, warrants and covenants to the Bank, as of the date hereof, the date of each advance of proceeds under the Facility, the date of any renewal, extension or modification of the Facility, and at all times until the Facility has been terminated and all amounts thereunder have been indefeasibly paid in full, that: (a) no Covered Entity (i) is a Sanctioned Person; (ii) has any of its assets in a Sanctioned Jurisdiction or in the possession, custody or control of a Sanctioned Person; or (iii) does business in or with, or derives any of its operating income from investments in or transactions with, any Sanctioned Jurisdiction or Sanctioned Person; (b) the proceeds of the Facility will not be used to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Jurisdiction or Sanctioned Person; (c) the funds used to repay the Facility are not derived from any unlawful activity; (d) each Covered Entity is in compliance with, and no Covered Entity engages in any dealings or transactions prohibited by, any laws of the United States, including but not limited to any Anti-Terrorism Laws; and (e) no Collateral is or will become Embargoed Property. The Borrower covenants and agrees that (a) it shall immediately notify the Bank in writing upon the occurrence of a Reportable Compliance Event; and (b) if, at any time, any Collateral becomes Embargoed Property, in addition to all other rights and remedies available to the Bank, upon request by the Bank, the Borrower shall provide substitute Collateral acceptable to the Bank that is not Embargoed Property.

As used herein: "**Anti-Terrorism Laws**" means any laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, or bribery, all as amended, supplemented or replaced from time to time; "**Collateral**" means any collateral securing any debt, liabilities or other obligations of any Obligor to the Bank; "**Compliance Authority**" means each and all of the (a) U.S. Treasury Department/Office of Foreign Assets Control, (b) U.S. Treasury Department/Financial Crimes Enforcement Network, (c) U.S. State Department/Directorate of Defense Trade Controls, (d) U.S. Commerce Department/Bureau of Industry and Security, (e) U.S. Internal Revenue Service, (f) U.S. Justice Department, and (g) U.S. Securities and Exchange Commission; "**Covered Entity**" means the Borrower, its affiliates and subsidiaries, all guarantors, pledgors of collateral, all owners of the foregoing, and all brokers or other agents of the Borrower acting in any capacity in connection with the Facility; "**Embargoed Property**" means any property (a) in which a Sanctioned Person holds an interest; (b) beneficially owned, directly or indirectly, by a Sanctioned Person; (c) that is due to or from a Sanctioned Person; (d) that is located in a Sanctioned Jurisdiction; or (e) that would otherwise cause any actual or possible violation by the Bank of any applicable Anti-Terrorism Law if the Bank were to obtain an encumbrance on, lien on, pledge of or security interest in such property or provide services in consideration of such property; "**Reportable Compliance Event**" means (1) any Covered Entity becomes a Sanctioned Person, or is indicted, arraigned, investigated or custodially detained, or receives an inquiry from regulatory or law enforcement officials, in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or self-discovers facts or circumstances implicating any aspect of its operations with the actual or possible violation of any Anti-Terrorism Law; (2) any Covered Entity engages in a transaction that has caused or may cause the Bank to be in violation of any Anti-Terrorism Laws, including a Covered Entity's use of any proceeds of the Facility to fund any operations in, finance any investments or activities in, or, make any payments to, directly or indirectly, a Sanctioned Jurisdiction or Sanctioned Person; or (3) any Collateral becomes Embargoed Property; "**Sanctioned Jurisdiction**" means a country subject to a sanctions program maintained by any Compliance Authority; and "**Sanctioned Person**" means any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person or entity, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any order or directive of any Compliance Authority or otherwise subject to, or specially designated under, any sanctions program maintained by any Compliance Authority.

18. Indemnity. The Borrower agrees to indemnify each of the Bank, each legal entity, if any, who controls, is controlled by or is under common control with the Bank, and each of their respective directors, officers and employees (the “**Indemnified Parties**”), and to defend and hold each Indemnified Party harmless from and against any and all claims, damages, losses, liabilities and expenses (including all fees and charges of internal or external counsel with whom any Indemnified Party may consult and all expenses of litigation and preparation therefor) (each, a “**Claim**”) which any Indemnified Party may incur or which may be asserted against any Indemnified Party by any person, entity or governmental authority (including any person or entity claiming derivatively on behalf of the Borrower), in connection with or arising out of or relating to the matters referred to in this Note or in the other Loan Documents or the use of any advance hereunder, whether (a) arising from or incurred in connection with any breach of a representation, warranty or covenant by the Borrower, or (b) arising out of or resulting from any suit, action, claim, proceeding or governmental investigation, pending or threatened, whether based on statute, regulation or order, or tort, or contract or otherwise, before any court or governmental authority; provided, however, that the foregoing indemnity agreement shall not apply to any Claim that is determined by a court of competent jurisdiction in a final, non-appealable judgment to have been solely attributable to an Indemnified Party’s gross negligence or willful misconduct. The indemnity agreement contained in this paragraph shall survive the termination of this Note, payment of any amounts hereunder and the assignment of any rights hereunder. The Borrower may participate at its expense in the defense of any such action or claim.

19. Miscellaneous. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder (“**Notices**”) must be in writing (except as may be agreed otherwise above with respect to borrowing requests or as otherwise provided in this Note). Notices may be given in any manner to which the parties may agree. Without limiting the foregoing, first-class mail, postage prepaid, facsimile transmission and commercial courier service are hereby agreed to as acceptable methods for giving Notices. In addition, the parties agree that Notices may be sent electronically to any electronic address provided by a party from time to time or through an automated platform that the Bank provides to the Borrower. Notices may be sent to a party’s address as set forth above or to such other address as any party may give to the other for such purpose in accordance with this paragraph. Notices will be effective upon receipt. For purposes hereof, “receipt” shall mean: (i) for notices sent by U.S. mail, the third business day after the date such notice was sent; (ii) for notices delivered by hand or sent by overnight courier service, the date delivered; (iii) for notices sent by facsimile or electronic communication, the date when sent; and (iv) for notices sent by any other method, the date received. No delay or omission on the Bank’s part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Bank’s action or inaction impair any such right or power. The Bank’s rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Bank may have under other agreements, at law or in equity. Except as otherwise set forth in this Note, no modification, amendment or waiver of, or consent to any departure by the Borrower from, any provision of this Note will be effective unless made in a writing signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Notwithstanding the foregoing, the Bank may modify this Note for the purposes of completing missing content or correcting erroneous content, without the need for a written amendment, provided that the Bank shall send a copy of any such modification to the Borrower (which notice may be given by electronic mail). The Borrower agrees to pay on demand, to the extent permitted by law, all costs and expenses incurred by the Bank in the enforcement of its rights in this Note and in any security therefor, including without limitation reasonable fees and expenses of the Bank’s counsel. If any provision of this Note is found to be invalid, illegal or unenforceable in any respect by a court, all the other provisions of this Note will remain in full force and effect. The Borrower and all other makers and indorsers of this Note hereby forever waive presentment, protest, notice of dishonor, notice of non-payment, notice of intent to accelerate and notice of acceleration, and any other notice of any kind. The Borrower also waives all defenses based on suretyship or impairment of collateral. If this Note is executed by more than one Borrower, the obligations of such persons or entities hereunder will be joint and several. This Note shall bind the Borrower and its heirs, executors, administrators, successors and assigns, and the benefits hereof shall inure to the benefit of the Bank and its successors and assigns; provided, however, that the Borrower may not assign this Note in whole or in part without the Bank’s written consent and the Bank at any time may assign this Note in whole or in part.

20. Amendment and Restatement. This Note amends and restates, and is in substitution for, that certain Amended and Restated Committed Line of Credit Note in the original principal amount of \$68,000,000.00 payable to the order of the Bank and dated October 22, 2019 (the “**Existing Note**”). However, without duplication, this Note shall in no way extinguish, cancel or satisfy Borrower’s unconditional obligation to repay all indebtedness evidenced by the Existing Note or constitute a novation of the Existing Note. Nothing herein is intended to extinguish, cancel or impair the lien priority or effect of any security agreement, pledge agreement or mortgage with respect to any Obligor’s obligations hereunder and under any other document relating hereto.

21. Governing Law and Venue. This Note has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank’s office indicated above is located (the “**State**”). **THIS NOTE WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE BANK AND THE BORROWER DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE, EXCLUDING ITS CONFLICT OF LAWS RULES, INCLUDING WITHOUT LIMITATION THE ELECTRONIC TRANSACTIONS ACT (OR EQUIVALENT) IN EFFECT IN THE STATE (OR, TO THE EXTENT CONTROLLING, THE LAWS OF THE UNITED STATES OF AMERICA, INCLUDING WITHOUT LIMITATION THE ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT).** The Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or federal court in the county or judicial district where the Bank’s office indicated above is located; provided that nothing contained in this Note will prevent the Bank from bringing any action, enforcing any award or judgment or exercising any rights against the Borrower individually, against any security or against any property of the Borrower within any other county, state or other foreign or domestic jurisdiction. The Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the Bank and the Borrower. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

22. Commercial Purpose. The Borrower represents that the indebtedness evidenced by this Note is being incurred by the Borrower solely for the purpose of acquiring or carrying on a business, professional or commercial activity, and not for personal, family or household purposes.

23. USA PATRIOT Act Notice. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each Borrower that opens an account. What this means: when the Borrower opens an account, the Bank will ask for the business name, business address, taxpayer identifying number and other information that will allow the Bank to identify the Borrower, such as organizational documents. For some businesses and organizations, the Bank may also need to ask for identifying information and documentation relating to certain individuals associated with the business or organization.

24. Representation by Counsel. The Borrower hereby represents that it has been represented by competent counsel of its choice, or has knowingly waived its right to use and retain counsel, in the negotiation and execution of this Note and the other Loan Documents; that it has read and fully understood the terms hereof; that the Borrower and any retained counsel have been afforded an opportunity to review, negotiate and modify the terms of this Note and the other Loan Documents; and that it intends to be bound hereby. In accordance with the foregoing, the general rule of construction to the effect that any ambiguities in a contract are to be resolved against the party drafting the contract shall not be employed in the construction and interpretation of this Note or any other Loan Document.

25. Authorization to Obtain Credit Reports. By signing below, each person, who is signing in his or her individual capacity, requests and provides written authorization to the Bank or its designee (and any assignee or potential assignee hereof) to obtain such individual's personal credit profile from one or more national credit bureaus. This authorization extends to obtaining a credit profile in (i) considering an application for credit that is evidenced, guaranteed or secured by this document, (ii) assessing creditworthiness and (iii) considering extensions of credit, including on an ongoing basis, as necessary for the purposes of (a) update, renewal or extension of such credit or additional credit, (b) reviewing, administering or collecting the resulting account and (c) reporting on the repayment and satisfaction of such credit obligations. By signing below, such individual further ratifies and confirms his or her prior requests and authorizations with respect to the matters set forth herein. For the avoidance of doubt, this provision does not apply to persons signing below in their capacities as officers or other authorized representatives of entities, organizations or governmental bodies.

26. Counterparts; Electronic Signatures and Records. This Note and any other Loan Document may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Notwithstanding any other provision herein, the Borrower agrees that this Note, the Loan Documents, any amendments thereto, and any other information, notice, signature card, agreement or authorization related thereto (each, a "**Communication**") may, at the Bank's option, be in the form of an electronic record. Any Communication may, at the Bank's option, be signed or executed using electronic signatures. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format) for transmission, delivery and/or retention.

27. WAIVER OF JURY TRIAL. THE BORROWER IRREVOCABLY WAIVES ANY AND ALL RIGHTS THE BORROWER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS NOTE, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS NOTE OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE BORROWER ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

The Borrower acknowledges that it has read and understands all the provisions of this Note, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

WITNESS the due execution hereof as a document under seal, as of the date first written above, with the intent to be legally bound hereby.

MIDDLESEX WATER COMPANY

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
Senior Vice President & Treasurer

PINELANDS WASTEWATER COMPANY

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
Vice President & Treasurer

SIGNATURES CONTINUE ON NEXT PAGE

PINELANDS WATER COMPANY

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
Vice President & Treasurer

TIDEWATER UTILITIES, INC.

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
President

**UTILITY SERVICE AFFILIATES (PERTH AMBOY)
INC.**

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
Vice President & Treasurer

UTILITY SERVICE AFFILIATES INC.

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
Treasurer

WHITE MARSH ENVIRONMENTAL SYSTEMS, INC.

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
President



Waiver and Amendment to Loan Documents

THIS WAIVER AND AMENDMENT TO LOAN DOCUMENTS (this “**Amendment**”) is made as of February 9, 2022, by and between **MIDDLESEX WATER COMPANY, PINELANDS WASTEWATER COMPANY, PINELANDS WATER COMPANY, TIDEWATER UTILITIES, INC., UTILITY SERVICE AFFILIATES (PERTH AMBOY) INC., UTILITY SERVICE AFFILIATES INC.** and **WHITE MARSH ENVIRONMENTAL SYSTEMS, INC.** (individually and collectively, the “**Borrower**”), and **PNC BANK, NATIONAL ASSOCIATION** (the “**Bank**”).

BACKGROUND

A. The Borrower or another obligor has executed and delivered to the Bank (or a predecessor which is now known by the Bank’s name as set forth above), one or more promissory notes, letter agreements, loan agreements, security agreements, mortgages, pledge agreements, collateral assignments, and other agreements, instruments, certificates and documents, some or all of which are more fully described on attached Exhibit A, which is made a part of this Amendment (collectively as amended from time to time, the “**Loan Documents**”) which evidence or secure some or all of the indebtedness and other obligations of the Borrower to the Bank for one or more loans or other extensions of credit (as used herein, collectively, together with the Obligations, if and as defined in the Loan Documents, the “**Obligations**”). Any initially capitalized terms used in this Amendment without definition shall have the meanings assigned to those terms in the Loan Documents.

B. The Borrower and the Bank desire to amend the Loan Documents, and to waive certain defaults thereunder as provided for in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain of the Loan Documents are amended, and certain defaults under the Loan Documents are waived, as set forth in Exhibit A. Any and all references to any Loan Document in any other Loan Document shall be deemed to refer to such Loan Document as amended by this Amendment. This Amendment is deemed incorporated into each of the Loan Documents. To the extent that any term or provision of this Amendment is or may be inconsistent with any term or provision in any Loan Document, the terms and provisions of this Amendment shall control.

2. The Borrower hereby certifies that: (a) all of its representations and warranties in the Loan Documents, as amended by this Amendment, are, except as may otherwise be stated in this Amendment: (i) true and correct as of the date of this Amendment, (ii) ratified and confirmed without condition as if made anew, and (iii) incorporated into this Amendment by reference, (b) no Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, exists under any Loan Document which will not be cured by the execution and effectiveness of this Amendment, (c) no consent, approval, order or authorization of, or registration or filing with, any third party is required in connection with the execution, delivery and carrying out of this Amendment or, if required, has been obtained, and (d) this Amendment has been duly authorized, executed and delivered so that it constitutes the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms. The Borrower confirms that the Obligations remain outstanding without defense, set off, counterclaim, discount or charge of any kind as of the date of this Amendment.

3. The Borrower hereby confirms that any collateral for the Obligations, including liens, security interests, mortgages, and pledges granted by the Borrower or third parties (if applicable), shall continue unimpaired and in full force and effect, and shall cover and secure all of the Borrower’s existing and future Obligations to the Bank, as modified by this Amendment.

4. As a condition precedent to the effectiveness of this Amendment, the Borrower shall comply with the terms and conditions (if any) specified in Exhibit A.

5. To induce the Bank to enter into this Amendment, the Borrower waives and releases and forever discharges the Bank and its officers, directors, attorneys, agents, and employees from any liability, damage, claim, loss or expense of any kind that it may have against the Bank or any of them arising out of or relating to the Obligations. The Borrower further agrees to indemnify and hold the Bank and its officers, directors, attorneys, agents and employees harmless from any loss, damage, judgment, liability or expense (including attorneys' fees) suffered by or rendered against the Bank or any of them on account of any claims arising out of or relating to the Obligations. The Borrower further states that it has carefully read the foregoing release and indemnity, knows the contents thereof and grants the same as its own free act and deed.

6. This Amendment may be signed in any number of counterpart copies and by the parties to this Amendment on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile transmission shall be effective as delivery of a manually executed counterpart. Upon written request by the other party (which may be made by electronic mail), any party so executing this Amendment by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

7. Notwithstanding any other provision herein or in the other Loan Documents, the Borrower agrees that this Amendment, the Loan Documents, any other amendments thereto and any other information, notice, signature card, agreement or authorization related thereto (each, a "**Communication**") may, at the Bank's option, be in the form of an electronic record. Any Communication may, at the Bank's option, be signed or executed using electronic signatures. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format) for transmission, delivery and/or retention. The Borrower and the Bank acknowledge and agree that the methods for delivering Communications, including notices, under the Loan Documents include electronic transmittal to any electronic address provided by either party to the other party from time to time.

8. The Bank may modify this Amendment for the purposes of completing missing content or correcting erroneous content, without the need for a written amendment, provided that the Bank shall send a copy of any such modification to the Borrower (which notice may be given by electronic mail).

9. This Amendment will be binding upon and inure to the benefit of the Borrower and the Bank and their respective heirs, executors, administrators, successors and assigns.

10. This Amendment will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the State identified in and governing the Loan Documents that are being amended hereby (the "**State**"), excluding its conflict of laws rules, including without limitation the Electronic Transactions Act (or equivalent) in such State (or, to the extent controlling, the laws of the United States of America, including without limitation the Electronic Signatures in Global and National Commerce Act). This Amendment has been delivered to and accepted by the Bank and will be deemed to be made in the State.

11. Except as amended hereby, the terms and provisions of the Loan Documents remain unchanged, are and shall remain in full force and effect unless and until modified or amended in writing in accordance with their terms, and are hereby ratified and confirmed. Except as expressly provided herein, this Amendment shall not constitute an amendment, waiver, consent or release with respect to any provision of any Loan Document, a waiver of any default or Event of Default under any Loan Document, or a waiver or release of any of the Bank's rights and remedies (all of which are hereby reserved). **The Borrower expressly ratifies and confirms the confession of judgment (if applicable) and dispute resolution, waiver of jury trial or arbitration provisions, as applicable, contained in the Loan Documents, all of which are incorporated herein by reference.**

WITNESS the due execution of this Amendment as a document under seal as of the date first written above.

MIDDLESEX WATER COMPANY

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
Senior Vice President & Treasurer

PINELANDS WASTEWATER COMPANY

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
Vice President & Treasurer

PINELANDS WATER COMPANY

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
Vice President & Treasurer

TIDEWATER UTILITIES, INC.

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
President

SIGNATURES CONTINUE ON NEXT PAGE

**UTILITY SERVICE AFFILIATES (PERTH AMBOY)
INC.**

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
Vice President & Treasurer

UTILITY SERVICE AFFILIATES INC.

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
Treasurer

WHITE MARSH ENVIRONMENTAL SYSTEMS, INC.

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
President

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Anthony Frasso
Anthony Frasso
Vice President

**EXHIBIT A TO
WAIVER AND AMENDMENT TO LOAN DOCUMENTS
DATED AS OF FEBRUARY 9, 2022**

- A. **Loan Documents.** The Loan Documents that are the subject of this Amendment include the following (as each of such documents has been amended, modified or otherwise supplemented previously):
1. Amended and Restated Loan Agreement between the Borrower and the Bank dated April 29, 2015 between the Borrower and the Bank (the “**Loan Agreement**”)
 2. \$68,000,000.00 Amended and Restated Committed Line of Credit Note dated October 22, 2019 executed and delivered by the Borrower to the Bank (the “**Existing Note**”)
 3. Amendment to Loan Documents dated June 30, 2015 between the Borrower and the Bank
 4. Amendment to Loan Documents dated September 26, 2017 between the Borrower and the Bank
 5. Amendment to Loan Documents dated May 4, 2018 between the Borrower and the Bank
 6. Amendment to Loan Documents dated February 19, 2019 between the Borrower and the Bank
 7. Amendment to Loan Documents dated October 22, 2019 between the Borrower and the Bank
 8. Amendment to Loan Documents dated April 5, 2021 between the Borrower and the Bank
 9. All other documents, instruments, agreements, and certificates executed and delivered in connection with the Loan Documents listed in this Section A.
- B. **Waiver.** The Borrower has informed the Bank that the Borrower has sold 100% of the common stock of Tidewater Environmental Services, Inc. to Artesian Wastewater Management, Inc. (the “**TESI Sale**”). The Borrower has acknowledged and agreed with the Bank that the TESI Sale was in violation of Section 5.3 of the Loan Agreement. The Borrower’s failure to comply with the foregoing covenant constitutes one or more Events of Default under the Loan Documents. The Borrower has requested that the Bank waive the Event of Default resulting from such non-compliance in connection with the TESI Sale. In reliance upon the Borrower’s representations and warranties and subject to the terms and conditions set forth herein, the Bank agrees to grant a waiver of Borrower’s non-compliance with the foregoing covenant and of the Events of Default resulting from such violation solely in connection with the TESI Sale. The Borrower agrees that it will hereafter comply fully with this covenant and all other provisions of the Loan Documents, which remain in full force and effect. Except as expressly described in this Amendment, this waiver shall not constitute (a) a modification or an alteration of the terms, conditions or covenants of the Loan Documents or (b) a waiver, release or limitation upon the Bank’s exercise of any of its rights and remedies thereunder, which are hereby expressly reserved. This waiver shall not relieve or release the Borrower in any way from any of its respective duties, obligations, covenants or agreements under the Loan Documents or from the consequences of any Event of Default thereunder, except as expressly described above. This waiver shall not obligate the Bank, or be construed to require the Bank, to waive any other Events of Default or defaults, whether now existing or which may occur after the date of this waiver.
- C. **Amendment(s).** The Loan Documents are amended as follows:
1. **Restated Note.** Concurrently with the execution and delivery of this Amendment, the Borrower shall execute and deliver to the Bank an amended and restated note (the “**Restated Note**”) evidencing the Line of Credit in the original principal amount of \$68,000,000.00, in form and substance satisfactory to the Bank. Upon receipt by the Bank of the Restated Note, the Existing Note shall be canceled; the loan evidenced by the Existing Note (the “**Existing Loan**”) and all accrued and unpaid interest on the Existing Note shall thereafter be evidenced by the Restated Note; and all references to the promissory note evidencing the Existing Loan in any documents relating thereto, howsoever named, shall thereafter be deemed to refer to the Restated Note. Without duplication, the Restated Note shall not constitute a novation and shall in no way extinguish the Borrower’s unconditional obligation to repay all indebtedness, including accrued and unpaid interest, evidenced by the Existing Note.

2. **Release of Co-Borrower.** The Bank hereby releases and discharges Tidewater Environmental Services, Inc. (the “Released Party”) from the payment and performance of the Released Party’s obligations under the certain Loan Agreement and Existing Note, and agrees that the Released Party’s obligations under such documents are hereby terminated. Each reference to the “Borrower” in the Loan Documents is hereby changed wherever it appears to refer to “Middlesex Water Company, White Marsh Environmental Systems, Inc., Utility Service Affiliates (Perth Amboy) Inc., Pinelands Wastewater Company, Tidewater Utilities, Inc., Pinelands Water Company and Utility Service Affiliates Inc., jointly and severally”. Notwithstanding the foregoing, the representations, warranties and other undertakings of the Released Party set forth in Sections 2, 3 and 5 of this Amendment shall survive the effectiveness of this Amendment, and nothing contained herein shall limit or otherwise affect any indemnification or other obligation of the Released Party contained in the Loan Agreement and Existing Note which, by their express terms, survive the release of the Released Party or the termination of the Released Party’s obligations.

D. **Conditions to Effectiveness of Amendment.** The Bank’s willingness to agree to the amendments set forth in this Amendment is subject to the prior satisfaction of the following conditions:

1. Execution by all parties and delivery to the Bank of this Amendment and the Restated Note.
2. Payment by the Borrower to the Bank of all fees and expenses required by the Bank in connection with this Amendment.



AMENDMENT NO. 1 TO UNCOMMITTED LOAN AGREEMENT

This Amendment No. 1 (the "Amendment") dated as of January 27, 2022, is between Bank of America, N.A. (the "Bank") and Middlesex Water Company, a New Jersey corporation, Tidewater Utilities, Inc., a Delaware corporation, White Marsh Environmental Systems, Inc., a Delaware corporation, Pinelands Water Company, a New Jersey corporation, Pinelands Wastewater Company, a New Jersey corporation, Utility Service Affiliates, Inc., a New Jersey corporation and Utility Service Affiliates (Perth Amboy) Inc., a New Jersey corporation (individually and collectively, the "Borrower").

RECITALS

A. The Bank, the Borrower and Tidewater Environmental Services, Inc., a Delaware corporation, entered into a certain Uncommitted Loan Agreement dated as of January 28, 2021 (together with any previous amendments, the "Agreement").

B. On January 14, 2022 Middlesex Water Company sold all the shares of stock of Tidewater Environmental Services, Inc., to Artesian Wastewater Management,

C. The Bank and the Borrower desire to amend the Agreement. This Amendment shall be effective on January 27, 2022, subject to any conditions stated in this Amendment.

AGREEMENT

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

1. Amendments. The Agreement is hereby amended as follows:

1.1 In Paragraph 2.1(a), the number "Thirty Million Dollars (\$30,000,000)" is changed to "Sixty Million Dollars (\$60,000,000)."

1.2 In Paragraph 2.2 the date "January 27, 2022" is changed to "January 26, 2023".

1.3 Paragraph 2.3(a) is amended to read in its entirety as follows:

(a) The Borrower will pay interest on any BSBY Daily Floating Rate Loan on the first banking day of each month until payment in full of all principal outstanding under this facility. The Borrower will pay interest on any BSBY Rate Loan at the end of the applicable interest period; provided that no interest period shall expire later than the Loan Maturity Date for the applicable Loan. The amount of each interest payment shall be the amount of accrued interest on the Uncommitted Line of Credit as of the interest payment date or such earlier accrual date as indicated on the billing statement for such interest payment.

1.4 In Paragraph 2.4(a) the words "LIBOR Daily Floating Rate Loan" are changed to "BSBY Daily Floating Rate Loan" and the words "LIBOR Rate Loan" are changed to "BSBY Rate Loan".

1.5 Paragraph 2.4(b) is amended to read in its entirety as follows:

(b) A “BSBY Daily Floating Rate Loan” is a loan that bears interest equal to the BSBY Daily Floating Rate plus 1.15 percentage points. The “BSBY Daily Floating Rate” is a fluctuating rate of interest which can change on each banking day. The rate will be adjusted on each banking day to equal the BSBY Screen Rate for U.S. Dollar deposits two Business Days prior to the date of determination for a one month term beginning on that date; provided that if such rate is not published on such determination date then the rate will be the BSBY Screen Rate on the first Business Day immediately prior thereto. “BSBY Screen Rate” means the Bloomberg Short-Term Bank Yield Index rate (“BSBY”) administered by Bloomberg Index Services Limited and published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Bank from time to time). If such rate is not available at such time for any reason or the Bank makes the determination to incorporate or adopt a new interest rate to replace the BSBY Daily Floating Rate in credit agreements, then the Bank may replace the BSBY Daily Floating Rate with an alternate interest rate and adjustment, if applicable, as reasonably selected by the Bank, giving due consideration to any evolving or then existing conventions for such interest rate and adjustment (any such successor interest rate, as adjusted, the “Successor Rate”). In connection with the implementation of the Successor Rate, the Bank will have the right, from time to time, in good faith to make any conforming, technical, administrative or operational changes to this Agreement as may be appropriate to reflect the adoption and administration thereof and, notwithstanding anything to the contrary herein or in any other loan document, any amendments to this Agreement implementing such conforming changes will become effective upon notice to the Borrower without any further action or consent of the other parties hereto. A “Business Day” is a day other than a Saturday or a Sunday on which banks are open for business in the State of New York. If at any time the BSBY Daily Floating Rate or any Successor Rate is less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

1.6 Paragraph 2.4(c) is amended to read in its entirety as follows:

(c) A “BSBY Rate Loan” is a Loan that bears interest equal to the BSBY Rate plus 1.15 percentage points. No more than ten (10) BSBY Rate Loans may be outstanding at any one time. The “BSBY Rate” means, for any applicable interest period, the rate per annum equal to the BSBY Screen Rate two Business Days prior to the commencement of such interest period with a term equivalent to such interest period; provided that if such rate is not published on such determination date then the rate will be the BSBY Screen Rate on the first Business Day immediately prior thereto. “BSBY Screen Rate” means the Bloomberg Short-Term Bank Yield Index rate (“BSBY”) administered by Bloomberg Index Services Limited and published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Bank from time to time). If the BSBY Rate is not available at such time for any reason or the Bank makes the determination to incorporate or adopt a new interest rate to replace the BSBY Rate in credit agreements, then the Bank may replace the BSBY Rate with an alternate interest rate and adjustment, if applicable, as reasonably selected by the Bank, giving due consideration to any evolving or then existing conventions for such interest rate and adjustment (any such successor interest rate, as adjusted, the “Successor Rate”). In connection with the implementation of the Successor Rate, the Bank will have the right, from time to time, in good faith to make any conforming, technical, administrative or operational changes to this Agreement as may be appropriate to reflect the adoption and administration thereof and, notwithstanding anything to the contrary herein or in any other loan document, any amendments to this Agreement implementing such conforming changes will become effective upon notice to the Borrower without any further action or consent of the other parties hereto. If at any time the BSBY Rate or any Successor Rate is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

1.7 Paragraph 2.4(d) is amended to read in its entirety as follows:

(d) The election of BSBY Rates shall be subject to the following terms and requirements: The interest period during which the BSBY Rate will be in effect will be one (1) or three (3) months, as agreed to by the Bank in its sole and absolute discretion. The first day of the interest period must be a day other than a Saturday or a Sunday on which banks are open for business in New York (a “BSBY Banking Day”). The last day of the interest period and the actual number of days during the interest period will be determined by the Bank using the practices of the inter-bank market (as determined by the Bank in its sole and absolute discretion). The Borrower shall irrevocably request a BSBY Rate Loan no later than 12:00 noon Eastern time on the BSBY Banking Day preceding the day on which the BSBY Rate will be set, as specified above. For example, if there are no intervening holidays or weekend days in any of the relevant locations, the request must be made at least two days before the BSBY Rate takes effect. Each prepayment of a BSBY Rate Loan, whether voluntary, upon the Bank’s demand, by reason of acceleration, maturity or otherwise, will be accompanied by the amount of accrued interest on the amount prepaid and a prepayment fee as described below. A “prepayment” is a payment of an amount on a date earlier than the scheduled payment date for such amount as required by this Agreement. The prepayment fee shall be in an amount sufficient to compensate the Bank for any loss, cost or expense incurred by it as a result of the prepayment, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such BSBY Rate Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by the Bank in connection with the foregoing.

1.8 The following Paragraph 2.4(e) is added as follows:

(e) If the BSBY Rate and the BSBY Daily Floating Rate (each a "Rate") is not available at such time for any reason or the Bank makes the determination to incorporate or adopt a new interest rate to replace a Rate in credit agreements, then the Bank may replace such Rate with an alternate interest rate and adjustment, if applicable, as reasonably selected by the Bank, giving due consideration to any evolving or then existing conventions for such interest rate and adjustment (any such successor interest rate, as adjusted, the "Successor Rate"). In connection with the implementation of any Successor Rate, the Bank will have the right, from time to time, in good faith to make any conforming, technical, administrative or operational changes to this Agreement as may be appropriate to reflect the adoption and administration thereof and, notwithstanding anything to the contrary herein or in any other loan document, any amendments to this Agreement implementing such conforming changes will become effective upon notice to the Borrower without any further action or consent of the other parties hereto. If at any time any Successor Rate is less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

1.9 Amendment to definition of Borrower. The term "Borrower" in the Agreement is hereby amended to mean the "Borrower" as defined in this Amendment the effect of which change is that Tidewater Environmental Services, Inc. is no longer a party to the Agreement as hereby amended.

2. Representations and Warranties. When the Borrower signs this Amendment, the Borrower represents and warrants to the Bank that: (a) there is no event which is, or with notice or lapse of time or both would be, a default under the Agreement except those events, if any, that have been disclosed in writing to the Bank or waived in writing by the Bank, (b) the representations and warranties in the Agreement are true as of the date of this Amendment as if made on the date of this Amendment, (c) this Amendment does not conflict with any law, agreement, or obligation by which the Borrower is bound, (d) if the Borrower is a business entity or a trust, this Amendment is within the Borrower's powers, has been duly authorized, and does not conflict with any of the Borrower's organizational papers, (e) the information included in the Beneficial Ownership Certification most recently provided to the Bank, if applicable, is true and correct in all respects, and (f) as of the date of this Amendment and throughout the term of the Agreement, no Borrower or Guarantor, if any, is (1) an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (2) a plan or account subject to Section 4975 of the Internal Revenue Code of 1986 (the "Code"); (3) an entity deemed to hold "plan assets" of any such plans or accounts for purposes of ERISA or the Code; or (4) a "governmental plan" within the meaning of ERISA.

3. Conditions. The effectiveness of this Amendment is conditioned upon the Bank's receipt of the following items, in form and content acceptable to the Bank:

3.1 A fully executed counterpart of this Amendment from the Borrower in form satisfactory to the Bank.

3.2 KYC Information.

(a) Upon the request of the Bank, the Borrower shall have provided to the Bank, and the Bank shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act.

(b) If the Borrower qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, it shall have provided a Beneficial Ownership Certification to the Bank if so requested.

3.3 Evidence that the execution, delivery and performance by the Borrower of this Amendment and any instrument or agreement required under this Amendment have been duly authorized.

3.4 Payment by the Borrower of all costs, expenses and attorneys’ fees (including allocated costs for in-house legal services) incurred by the Bank in connection with this Amendment.

4. Effect of Amendment. Except as provided in this Amendment, all of the terms and conditions of the Agreement, including but not limited to any Waiver of Jury Trial or Dispute Resolution Provision contained therein, shall remain in full force and effect.

5. Electronic Records and Signatures. This Amendment and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Amendment (each a “Communication”), including Communications required to be in writing, may, if agreed by the Bank, be in the form of an Electronic Record and may be executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. The Borrower agrees that any Electronic Signature (including, without limitation, facsimile or .pdf) on or associated with any Communication shall be valid and binding on the Borrower to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered to the Bank. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Bank may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record (“Electronic Copy”), which shall be deemed created in the ordinary course of the Bank’s business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Bank is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Bank pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Bank has agreed to accept such Electronic Signature, the Bank shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of any Obligor without further verification and (b) upon the request of the Bank any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, “Electronic Record” and “Electronic Signature” shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

6. **FINAL AGREEMENT**. BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, (B) THIS DOCUMENT SUPERSEDES ANY COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS RELATING TO THE SUBJECT MATTER HEREOF, UNLESS SUCH COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS EXPRESSLY PROVIDES TO THE CONTRARY, (C) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (D) THIS DOCUMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

The parties executed this Amendment as of the date stated at the beginning of this Amendment, intending to create an instrument executed under seal.

Bank:

Bank of America, N.A.

By: /s/ Dilcia P. Hill
Dilcia P. Hill, Senior Vice President

Borrower:

Middlesex Water Company

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor, Sr. VP, Treasurer & CFO

Tidewater Utilities, Inc.

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor, President

White Marsh Environmental Systems, Inc.

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor, President

Pinelands Water Company

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor, VP & Treasurer

Pinelands Wastewater Company

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor, VP & Treasurer

Utility Service Affiliates, Inc.

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor, Treasurer

Utility Service Affiliates (Perth Amboy) Inc.

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor, Treasurer

Address where notices to
the Bank are to be sent:
Dilcia P. Hill Senior Vice President
Commercial Credit Officer
Global Commercial Banking
Bank of America
NJ7-550-04-02, 194 Wood Ave. South, Iselin, NJ
08830
T 732 321 5925 F 212 230 8577
dilcia.p.hill@bofa.com

Address where notices to
the Borrower are to be sent:
Middlesex Water Company
485 C Route 1 South, Suite 400, Iselin NJ 08830-3020
Attention: A. Bruce O'Connor
Senior Vice President, Treasurer and
Chief Financial Officer

MIDDLESEX WATER COMPANY

\$19,500,000 First Mortgage Scheduled Interest Rate Bonds, Series 2021A,
due November 5, 2041

\$45,500,000 First Mortgage Scheduled Interest Rate Bonds, Series 2021B,
due November 3, 2051

BOND PURCHASE AGREEMENT

Dated as of November 5, 2021

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MIDDLESEX WATER COMPANY
485C Route 1 South
Iselin, New Jersey 08830

\$19,500,000 First Mortgage Scheduled Interest Rate Bonds, Series 2021A,
due November 5, 2041

\$45,500,000 First Mortgage Scheduled Interest Rate Bonds, Series 2021B,
due November 3, 2051

Dated as of November 5, 2021

TO EACH OF THE PURCHASERS LISTED IN
THE PURCHASER SCHEDULE HERETO:

Ladies and Gentlemen:

MIDDLESEX WATER COMPANY, a corporation organized and existing under the laws of the State of New Jersey (the “**Company**”), agrees with each of the Purchasers as follows:

SECTION 1. AUTHORIZATION OF SERIES 2021 BONDS.

The Company will authorize the issue and sale of \$65,000,000 aggregate principal amount of its first mortgage bonds, consisting of (a) \$19,500,000 aggregate principal amount of its 2.79% First Mortgage Scheduled Interest Rate Bonds, Series 2021A, due November 5, 2041 (the “**Series 2021A Bonds**”) and (b) \$45,500,000 aggregate principal amount of its 2.90% First Mortgage Scheduled Interest Rate Bonds, Series 2021B, due November 3, 2051 (the “**Series 2021B Bonds**”) and together with the Series 2021A Bonds, the “**Series 2021 Bonds**”). The Series 2021A Bonds and the Series 2021B Bonds shall be substantially in the forms set out in Exhibit A-1 and Exhibit A-2 to the Fifty-Fifth Supplement (as hereinafter defined), respectively. The Series 2021 Bonds will be issued under and secured by that certain Indenture of Mortgage dated April 1, 1927 (the “**Original Mortgage Indenture**”), from the Company, as grantor, to U.S. Bank National Association (as successor to Wachovia Bank, National Association, the successor to First Union National Bank, the successor to Meridian Bank, the successor to United Counties Trust Company, in turn the successor to Union County Trust Company), as trustee (the “**Trustee**”), as heretofore supplemented, including as supplemented by the Fifty-Fifth Supplemental Indenture dated as of November 1, 2021 (such Fifty-Fifth Supplemental Indenture being referred to herein as the “**Fifty-Fifth Supplement**”) which will be substantially in the form attached hereto as Schedule 1. The Original Indenture, as heretofore supplemented, including by the Fifty-Fifth Supplement, and as further supplemented or amended according to its terms, is hereinafter referred to as the “**Mortgage Indenture.**” The Series 2021 Bonds constitute bonds under the Mortgage Indenture and are secured thereunder on parity with other bonds issued and outstanding under the Mortgage Indenture. Certain capitalized and other terms used in this Agreement are defined in Schedule A and, for purposes of this Agreement, the rules of construction set forth in Section 24.4 shall govern. Terms used herein but not defined herein shall have the meanings set forth in the Mortgage Indenture.

SECTION 2. SALE AND PURCHASE OF SERIES 2021 BONDS.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Series 2021 Bonds in the principal amount and of the series specified opposite such Purchaser's name in the Purchaser Schedule at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

SECTION 3. CLOSING.

The sale and purchase of the Series 2021 Bonds to be purchased by each Purchaser shall occur at the offices of Schiff Hardin LLP, 1185 Avenue of the Americas, Suite 3000, New York, New York 10036, at 11:00 a.m., New York time, at a closing (the "**Closing**") on November 5, 2021 or on such other Business Day thereafter as may be agreed upon by the Company and the Purchasers. At the Closing, the Company will deliver to each Purchaser the Series 2021 Bonds to be purchased by such Purchaser in the form of a single Series 2021 Bond of each series to be purchased by such Purchaser at such Closing (or such greater number of Series 2021 Bonds of such series in denominations of at least \$100,000 as such Purchaser may request) dated the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer to the account of the Company set forth in the funding instructions delivered pursuant to Section 4.10. If at the Closing the Company shall fail to tender such Series 2021 Bonds to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure by the Company to tender such Series 2021 Bonds or any of the conditions specified in Section 4 not having been fulfilled to such Purchaser's satisfaction.

SECTION 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Series 2021 Bonds to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement shall be correct when made and at the Closing.

Section 4.2. Performance; No Default. The Company and the Trustee shall have performed and complied with all agreements and conditions contained in each Transaction Document required to be performed or complied with by such Person prior to or at the Closing. Before and after giving effect to the issue and sale of the Series 2021 Bonds (and the application of the proceeds thereof as contemplated by Section 5.14), no Default or Event of Default shall have occurred and be continuing.

Section 4.3. Compliance Certificates.

(a) *Officer's Certificate.* The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) *Secretary's Certificate.* The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of the Closing, certifying as to (1) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of this Agreement, the Series 2021 Bonds and the Fifty-Fifth Supplement and (2) the Company's organizational documents as then in effect.

(c) *Certification of the Mortgage Indenture.* Each Purchaser shall have received a copy of the Mortgage Indenture (including all amendments and supplements thereto), certified by the Company as of the date of the Closing, exclusive of property exhibits, recording information and the like.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from Saul Ewing Arnstein & Lehr LLP, counsel for the Company, covering the matters set forth in Schedule 4.4(a) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) from Schiff Hardin LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Schedule 4.4(b) and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted By Applicable Law, Etc. On the date of the Closing, such Purchaser's purchase of Series 2021 Bonds shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a) (8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation. If requested by such Purchaser not later than 10 days prior to the date of the Closing, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Authentication and Sale of Other Series 2021 Bonds. The Series 2021 Bonds to be purchased by each Purchaser shall have been duly authenticated and delivered by the Trustee and contemporaneously with the Closing, the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Series 2021 Bonds to be purchased by it at the Closing as specified in the Purchaser Schedule.

Section 4.7. Payment of Special Counsel Fees. Without limiting Section 15.1, the Company shall have paid on or before the Closing the fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4(b) to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4.8. Private Placement Number. A Private Placement Number issued by CUSIP Global Services (in cooperation with the SVO) shall have been obtained for each series of the Series 2021 Bonds.

Section 4.9. Changes in Corporate Structure. The Company shall not have changed its jurisdiction of incorporation or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.10. Funding Instructions. At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company directing the manner of the payment of the purchase price of the Series 2021 Bonds and setting forth (a) the name and address of the transferee bank, (b) such transferee bank's ABA number, (c) the account name and number into which the purchase price for the Series 2021 Bonds is to be deposited and (d) the name and telephone number of a Responsible Officer of the Company responsible for (1) verifying receipt of the funds and (2) the information set forth in the instructions.

Section 4.11. Mortgage Indenture Conditions. All conditions precedent set forth in the Mortgage Indenture with respect to the execution, delivery and authentication of the Series 2021 Bonds shall have been satisfied, and the Purchaser shall have received copies of all certificates and opinions required to be delivered to the Trustee under the Mortgage Indenture with respect to the issuance and authentication of the Series 2021 Bonds.

Section 4.12. Execution and Delivery and Filing and Recording of the Fifty-Fifth Supplement. The Fifty-Fifth Supplement shall have been duly executed and delivered by the Company and the Trustee, and the Company shall have filed, or delivered for recordation, the Fifty-Fifth Supplement (and financing statements in respect thereof shall have been filed, if necessary) in such manner and in such places as is required by law (and no other instruments are required to be filed) to establish, preserve, perfect and protect the direct security interest and Lien upon the mortgaged property created by the Mortgage Indenture and the Company shall have delivered to such Purchaser or its special counsel satisfactory evidence of such filings and recordings.

Section 4.13. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and the Mortgage Indenture and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey, the only state in which the Company is required to qualify to do business. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Series 2021 Bonds (and had the corporate power and authority to execute and deliver the Mortgage Indenture, including the Fifty-Fifth Supplement, at the time of execution and delivery thereof) and to perform the provisions of the Transaction Documents.

Section 5.2. Authorization, Etc. The Company has taken all necessary corporate action to authorize the execution, delivery and performance of the Transaction Documents, and the Transaction Documents (other than the Series 2021 Bonds) constitute, and when the 2021 Bonds are executed, issued and delivered by the Company and authenticated by the Trustee and paid for by the Purchasers, each Series 2021 Bond will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (2) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. The Transaction Documents, the financial statements listed in Schedule 5.5 and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company prior to August 5, 2021 in connection with the transactions contemplated hereby and identified in Schedule 5.3 (the Transaction Documents and such documents, certificates or other writings and such financial statements delivered to each Purchaser being referred to, collectively, as the "**Disclosure Documents**"), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since December 31, 2020, there has been no change in the financial condition, operations, business or properties of the Company or any Subsidiary except changes that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists of (1) the Company's Subsidiaries, showing, as to each Subsidiary, the name thereof, the jurisdiction of its organization, the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, (2) the Company's Affiliates, other than Subsidiaries, and (3) the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and non-assessable and are owned by the Company or another Subsidiary free and clear of any Lien that is prohibited by this Agreement or the Mortgage Indenture.

(c) Each Subsidiary is a corporation or other legal entity duly organized, validly existing and, where applicable, in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and, where applicable, is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is subject to any legal, regulatory, contractual or other restriction (other than the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law or similar statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

Section 5.5. Financial Statements; Material Liabilities. The Company has delivered to each Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of such financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company and its Subsidiaries do not have any Material liabilities that are not disclosed in the Disclosure Documents.

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of the Transaction Documents (including the prior execution and delivery of the Mortgage Indenture and the Fifty-Fifth Supplement) will not (1) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien (other than the Lien of the Mortgage Indenture) in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter, regulations or by-laws, shareholders agreement or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (2) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (3) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

Section 5.7. Governmental Authorizations, Etc. Except for the filing of the Fifty-Fifth Supplement in the appropriate filing office in Middlesex County, New Jersey and Union County, New Jersey (which filings will be made at Closing), no consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement, the Fifty-Fifth Supplement or the Series 2021 Bonds.

Section 5.8. Litigation; Observance of Statutes and Orders.

(a) There are no actions, suits, investigations or proceedings pending or, to the best knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is (1) in violation of any order, judgment, decree or ruling of any court, any arbitrator of any kind or any Governmental Authority or (2) in violation of any applicable law, ordinance, rule or regulation of any Governmental Authority (including Environmental Laws, the USA PATRIOT Act or any of the other laws and regulations that are referred to in Section 5.16), which violation would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments payable by them, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which, individually or in the aggregate, is not Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of U.S. federal, state or other taxes for all fiscal periods are adequate. The U.S. federal income tax liabilities of the Company and its Subsidiaries have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended December 31, 2016.

Section 5.10. Title to Property; Leases. The Company and its Subsidiaries have good and sufficient title to their respective Material properties, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after such date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement or the Mortgage Indenture, except for those defects in title that, individually or in the aggregate, would not have a Material Adverse Effect. All Material leases are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others, except for those conflicts that, individually or in the aggregate, would not have a Material Adverse Effect.

Section 5.12. Compliance with Employee Benefit Plans.

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA (except for ongoing funding purposes) or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that would, individually or in the aggregate, reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to section 430(k) of the Code or to any such penalty or excise tax provisions under the Code or federal law or section 4068 of ERISA or by the granting of a security interest in connection with the amendment of a Plan, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities.

(c) The Company and its ERISA Affiliates do not contribute to, and have never contributed to, a Multiemployer Plan.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Series 2021 Bonds hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.2 as to the sources of the funds to be used to pay the purchase price of the Series 2021 Bonds to be purchased by such Purchaser.

(f) The Company and its Subsidiaries do not have any Non-U.S. Plans.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Series 2021 Bonds or any similar Securities for sale to, or solicited any offer to buy the Series 2021 Bonds or any similar Securities from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers, each of which has been offered the Series 2021 Bonds at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Series 2021 Bonds to the registration requirements of section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the (a) Series 2021A Bonds hereunder for capital projects and (b) Series 2021B Bonds hereunder to redeem and defease the Company's outstanding 2012B Bonds and 2012C Bonds issued by the New Jersey Economic Development Authority. No part of the proceeds from the sale of the Series 2021 Bonds hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any Securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute any of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute any of the value of such assets. As used in this Section, the terms "**margin stock**" and "**purpose of buying or carrying**" shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Indebtedness.

(a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries as of October 31, 2021 (including descriptions of the obligors and obligees, principal amounts outstanding, any collateral therefor and any Guaranty thereof), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Subsidiaries. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary the outstanding principal amount of which exceeds \$1,000,000 that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including its charter or any other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except as disclosed in Schedule 5.15.

Section 5.16. Foreign Assets Control Regulations, Etc.

(a) Neither the Company nor any Controlled Entity (1) is a Blocked Person, (2) has been notified that its name appears or may in the future appear on a State Sanctions List or (3) is a target of sanctions that have been imposed by the United Nations or the European Union.

(b) Neither the Company nor any Controlled Entity (1) has violated, been found in violation of, or been charged or convicted under, any applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws or (2) to the Company's knowledge, is under investigation by any Governmental Authority for possible violation of any U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws.

(c) No part of the proceeds from the sale of the Series 2021 Bonds hereunder:

(1) constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, (i) in connection with any investment in, or any transactions or dealings with, any Blocked Person, (ii) for any purpose that would cause any Purchaser to be in violation of any U.S. Economic Sanctions Laws or (iii) otherwise in violation of any U.S. Economic Sanctions Laws;

(2) will be used, directly or indirectly, in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Money Laundering Laws; or

(3) will be used, directly or indirectly, for the purpose of making any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage, in each case which would be in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Corruption Laws.

(d) The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws and Anti-Corruption Laws.

Section 5.17. Status under Certain Statutes. Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, the Public Utility Holding Company Act of 2005, the ICC Termination Act of 1995, or the Federal Power Act.

Section 5.18. Environmental Matters.

(a) Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim and no proceeding has been instituted asserting any claim against the Company or any of its Subsidiaries or any of their respective real properties or other assets now or formerly owned, leased or operated by any of them, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(c) Neither the Company nor any Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them in a manner which is contrary to any Environmental Law that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(d) Neither the Company nor any Subsidiary has disposed of any Hazardous Materials in a manner which is contrary to any Environmental Law that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(e) All buildings on all real properties now owned, leased or operated by the Company or any Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

Section 5.19. Lien of the Mortgage Indenture. The provisions of the Mortgage Indenture (including the Fifty-Fifth Supplement) are effective to create in favor of the Trustee, for the equal and ratable benefit of the holders of the Series 2021 Bonds and the holders of the other bonds issued and outstanding under the Mortgage Indenture, a legal, valid and enforceable Lien on, and security interest in and to, all right, title and interest of the Company in the mortgaged property. The Mortgage Indenture (including the Fifty-Fifth Supplement) has been duly recorded or filed in each place in which such recording or filing is required to protect and preserve the Lien of the Mortgage Indenture (including the Fifty-Fifth Supplement) as a valid, perfected and continuing first priority Lien (subject to Permissible Encumbrances) on, and security interest in and to, all right, title and interest of the Company in the mortgaged property and all taxes and recording or filing fees required to be paid in connection with the execution, recording or filing of the Mortgage Indenture (including the Fifty-Fifth Supplement) have been duly paid.

Section 5.20. Series 2021 Bonds Pari Passu. The Company's obligations under the Series 2021 Bonds rank pari passu in right of payment, without preference or priority, with the other bonds issued and outstanding under the Mortgage Indenture.

Section 5.21. No Mortgage Indenture Default. No "event of default" under the Mortgage Indenture exists or will exist immediately after giving effect to the transactions contemplated by this Agreement and the other Transaction Documents and the applications of the proceeds from the issue and sale of the Series 2021 Bonds.

SECTION 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that (a) it is purchasing the Series 2021 Bonds for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control, and (b) it is (1) a Qualified Institutional Buyer or (2) an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act. Each Purchaser understands that the Series 2021 Bonds have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Series 2021 Bonds.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by such Purchaser to pay the purchase price of the Series 2021 Bonds to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption ("PTE") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the "NAIC Annual Statement")) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) *plus* surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (1) an insurance company pooled separate account, within the meaning of PTE 90-1 or (2) a bank collective investment fund, within the meaning of PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the "**QPAM Exemption**")) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a Person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (1) the identity of such QPAM and (2) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Part IV(h) of PTE 96-23 (the "**INHAM Exemption**")) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a Person controlling or controlled by the INHAM (applying the definition of "control" in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the Company and (1) the identity of such INHAM and (2) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms “**employee benefit plan**,” “**governmental plan**,” and “**separate account**” shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 7. INFORMATION AS TO COMPANY.

Section 7.1. Financial and Business Information. The Company shall deliver to each holder of a Series 2021 Bond that is an Institutional Investor, which delivery may be made in accordance with Section 7.4:

(a) *Quarterly Statements* — within 60 days (or such shorter period as is 15 days greater than the period applicable to the filing of the Company’s Quarterly Report on Form 10-Q (the “**Form 10-Q**”) with the SEC regardless of whether the Company is subject to the filing requirements thereof) after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of

(1) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(2) consolidated statements of income, changes in shareholders’ equity and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

(b) *Annual Statements* — within 105 days (or such shorter period as is 15 days greater than the period applicable to the filing of the Company’s Annual Report on Form 10-K (the “**Form 10-K**”) with the SEC regardless of whether the Company is subject to the filing requirements thereof) after the end of each fiscal year of the Company, duplicate copies of

(1) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, and

(2) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon (without a "going concern" or similar qualification or exception and without any qualification or exception as to the scope of the audit on which such opinion is based) of independent public accountants of recognized national standing or otherwise reasonably acceptable to the Required Holders, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances;

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (1) each financial statement, report, notice, proxy statement or similar document sent by the Company or any Subsidiary (1) to its principal lending banks as a whole (excluding information sent to such banks in the ordinary course of administration of a bank facility, such as information relating to pricing and borrowing availability) or (2) to its public Securities holders generally, and (2) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC;

(d) *Notice of Default or Event of Default* — promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or "event of default" under and as defined in the Mortgage Indenture, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *Employee Benefits Matters* — promptly, and in any event within 10 days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(1) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date of this Agreement;

(2) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan;

(3) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, would reasonably be expected to have a Material Adverse Effect; or

(4) receipt of notice of the imposition of a Material financial penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more Non-U.S. Plans;

(f) *Supplemental Indentures* – promptly, and in any event within 10 days after the execution and delivery thereof, a copy of any supplemental indenture to the Mortgage Indenture that the Company from time to time may hereafter execute and deliver which amends the Indenture in any material respect, *provided* that the Company shall not be required to deliver a copy of any supplemental indenture that is executed and delivered solely to (1) evidence a new series of bonds or (2) subject additional property to the Lien of the Mortgage Indenture; and

(g) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries (including actual copies of the Company's Form 10-Q and Form 10-K) or relating to the ability of the Company to perform its obligations hereunder, under the Series 2021 Bonds or under any other Transaction Document as from time to time may be reasonably requested by any such holder of a Series 2021 Bond.

Section 7.2. Officer's Certificate. Each set of financial statements delivered to a holder of a Series 2021 Bond pursuant to Section 7.1(a) or Section 7.1(b), shall be accompanied by a certificate of a Senior Financial Officer the delivery of which may be made in accordance with Section 7.4:

(a) *Covenant Compliance* — if the Mortgage Indenture included one or more financial covenants during the quarterly or annual period covered by the financial statements then being furnished, setting forth the information from such financial statements that is required in order to establish whether the Company was in compliance with each such financial covenant during such quarterly or annual period (including with respect to each such provision that involves mathematical calculations, the information from such financial statements that is required to perform such calculations) and detailed calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such financial covenant, and the calculation of the amount, ratio or percentage then in existence. In the event that the Company or any Subsidiary has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of determining compliance with any such financial covenant or this Agreement pursuant to Section 22.2) as to the period covered by any such financial statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election; and

(b) *Event of Default* — certifying that such Senior Financial Officer has reviewed the relevant terms hereof and of the Mortgage Indenture and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or an “event of default” under and as defined in the Mortgage Indenture or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Visitation. The Company shall permit the representatives of each holder of a Series 2021 Bond that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such holder and upon not less than five Business Days’ prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company’s officers, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

Section 7.4. Electronic Delivery. Financial statements, opinions of independent certified public accountants, other information and Officer’s Certificates that are required to be delivered by the Company pursuant to Sections 7.1(a), (b), (c), (d), (e) and (f) and Section 7.2 shall be deemed to have been delivered if the Company satisfies any of the following requirements with respect thereto:

(a) such financial statements satisfying the requirements of Section 7.1(a) or (b) and related Officer’s Certificate satisfying the requirements of Section 7.2 and any other information required under Section 7.1(c), (d), (e) or (f) are delivered to each holder of a Series 2021 Bond by e-mail at the e-mail address set forth in such holder’s Purchaser Schedule or as communicated from time to time in a separate writing delivered to the Company;

(b) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of Section 7.1(a) or Section 7.1(b), as the case may be, with the SEC on EDGAR and shall have made such form and the related Officer's Certificate satisfying the requirements of Section 7.2 available on its home page on the internet, which is located at <http://www.middlesexwater.com> as of the date of this Agreement;

(c) such financial statements satisfying the requirements of Section 7.1(a) or Section 7.1(b) and related Officer's Certificate satisfying the requirements of Section 7.2 and any other information required under Section 7.1(c), (d), (e) or (f) are timely posted by or on behalf of the Company on IntraLinks or on any other similar website to which each holder of Series 2021 Bonds has free access; or

(d) the Company shall have timely filed any of the items referred to in Section 7.1(c), (d), (e) or (f) with the SEC on EDGAR and shall have made such items available on its home page on the internet or on IntraLinks or on any other similar website to which each holder of Series 2021 Bonds has free access;

provided however, that in no case shall access to such financial statements, other information and Officer's Certificates be conditioned upon any waiver or other agreement or consent (other than confidentiality provisions consistent with Section 20 of this Agreement); *provided further*, that in the case of any of clauses (b), (c) or (d), the Company shall have given each holder of a Series 2021 Bond concurrent written notice, which may be by e-mail or in accordance with Section 18, of such posting or filing in connection with each delivery.

SECTION 8. PAYMENT AND PREPAYMENT OF THE SERIES 2021 BONDS.

Section 8.1. Maturity. As provided therein, the entire unpaid principal balance of each Series 2021 Bond shall be due and payable on the Maturity Date thereof.

Section 8.2. Optional Prepayments with Make-Whole Amount. The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Series 2021 Bonds, in an amount not less than 10% of the aggregate principal amount of the Series 2021 Bonds then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the applicable Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Series 2021 Bonds written notice of each optional prepayment under this Section 8.2 not less than 10 days and not more than 60 days prior to the date fixed for such prepayment unless the Company and the Required Holders agree to another time period pursuant to Section 17. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Series 2021 Bonds to be prepaid on such date, the principal amount of each Series 2021 Bond held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Series 2021 Bonds a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

Section 8.3. Required Prepayments upon Certain Events. If (a) all or substantially all of the mortgaged property shall have been damaged or destroyed to such extent that the Series 2021 Bonds shall be required to be redeemed pursuant to subsection B of Section 4 of Article VIII of the Second Supplement, or (b) title to, or the use of, all or substantially all of the mortgaged property shall have been taken under the exercise of the power of eminent domain, or shall be purchased, by, any governmental body or by any person, firm or corporation acting under governmental authority and the same shall require the Series 2021 Bonds to be redeemed pursuant to subsection B of Section 4 of Article VIII of the Second Supplement, then the Company shall, by notice as provided below, prepay all of the Series 2021 Bonds then outstanding at 100% of the principal amount thereof, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Series 2021 Bonds written notice of any required prepayment under this Section 8.3 within 90 days following the event resulting in such prepayment. Such notice shall specify the date of prepayment (which shall be a Business Day not less than 50 days nor more than 90 days after the date of such notice), the aggregate principal amount of the Series 2021 Bonds to be prepaid on such date, the principal amount of each Series 2021 Bond held by such holder to be prepaid, and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Series 2021 Bonds a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

Section 8.4. Allocation of Partial Prepayments. In the case of each partial prepayment of the Series 2021 Bonds pursuant to Section 8.2, the principal amount of the Series 2021 Bonds to be prepaid shall be allocated among all of the Series 2021 Bonds at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 8.5. Maturity; Surrender, Etc. In the case of each prepayment of Series 2021 Bonds pursuant to this Section 8, the principal amount of each Series 2021 Bond to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Series 2021 Bond paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Series 2021 Bond shall be issued in lieu of any prepaid principal amount of any Series 2021 Bond.

Section 8.6. Purchase of Series 2021 Bonds. The Company will not, and will not permit any Affiliate to, purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Series 2021 Bonds except (a) upon the payment or prepayment of the Series 2021 Bonds in accordance with this Agreement and the Series 2021 Bonds or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Series 2021 Bonds at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 15 Business Days. If the holders of more than 25% of the principal amount of the Series 2021 Bonds then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Series 2021 Bonds of such offer shall be extended by the number of days necessary to give each such remaining holder at least 15 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Series 2021 Bonds acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Series 2021 Bonds pursuant to this Agreement and no Series 2021 Bonds may be issued in substitution or exchange for any such Series 2021 Bonds.

Section 8.7. Make-Whole Amount.

The term **“Make-Whole Amount”** means, with respect to any Series 2021 Bond, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Series 2021 Bond over the amount of such Called Principal, *provided that* the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

“Called Principal” means, with respect to any Series 2021 Bond, the principal of such Series 2021 Bond that is to be prepaid pursuant to Section 8.2 or Section 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

“Discounted Value” means, with respect to the Called Principal of any Series 2021 Bond, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Series 2021 Bonds is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“Reinvestment Yield” means, with respect to the Called Principal of any Series 2021 Bond, the sum of (a) 0.50% *plus* (b) the yield to maturity implied by the **“Ask Yield(s)”** reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as **“Page PX1”** (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities (**“Reported”**) having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (1) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (2) interpolating linearly between the **“Ask Yields”** Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (i) closest to and greater than such Remaining Average Life and (ii) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Series 2021 Bond.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then **“Reinvestment Yield”** means, with respect to the Called Principal of any Series 2021 Bond, the sum of (x) 0.50% *plus* (y) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (A) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (B) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Series 2021 Bond.

“Remaining Average Life” means, with respect to any Called Principal, the number of years obtained by dividing (a) such Called Principal into (b) the sum of the products obtained by multiplying (1) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (2) the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“Remaining Scheduled Payments” means, with respect to the Called Principal of any Series 2021 Bond, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the Series 2021 Bonds, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 8.3 or Section 12.1.

“Settlement Date” means, with respect to the Called Principal of any Series 2021 Bond, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or Section 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

Section 8.8. Payments Due on Non-Business Days. Anything in this Agreement or the Series 2021 Bonds to the contrary notwithstanding, (a) except as set forth in clause (b), any payment of interest on any Series 2021 Bond that is due on a date that is not a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; and (b) any payment of principal of or Make-Whole Amount on any Series 2021 Bond (including principal due on the Maturity Date of such Series 2021 Bond) that is due on a date that is not a Business Day shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

SECTION 9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Series 2021 Bonds are outstanding:

Section 9.1. Compliance with Laws. Without limiting Section 10.4, the Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject (including ERISA, Environmental Laws, the USA PATRIOT Act and the other laws and regulations that are referred to in Section 5.16) and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance.

(a) The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

(b) In addition to the foregoing, until payment in full of the Series 2021 Bonds, the Company will at a minimum, maintain general comprehensive liability insurance against claims for bodily injury, death or property damage occurring on, in or about the mortgaged property (such coverage to include provisions waiving subrogation) in amounts not less than \$1,000,000 with respect to bodily injury to any one person, \$3,000,000 with respect to bodily injury to two or more persons in any one accident and, \$1,000,000 with respect to property damage resulting from any one occurrence.

(c) In addition to the provisions of Section 9.2(a) and Section 9.2(b), the Company shall also comply with all insurance requirements set forth in the Mortgage Indenture.

Section 9.3. Maintenance of Properties. The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided* that this Section 9.3 shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or is permitted under the Mortgage Indenture.

Section 9.4. Payment of Taxes. The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges or levies payable by any of them, to the extent the same have become due and payable and before they have become delinquent, *provided* that neither the Company nor any Subsidiary need pay any such tax, assessment, charge or levy if (a) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (b) the nonpayment of all such taxes, assessments, charges and levies would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.5. Corporate Existence, Etc. The Company will at all times preserve and keep its corporate existence in full force and effect. The Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Wholly-Owned Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Books and Records. The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be. The Company will, and will cause each of its Subsidiaries to, keep books, records and accounts which, in reasonable detail, accurately reflect all transactions and dispositions of assets. The Company and its Subsidiaries have devised a system of internal accounting controls sufficient to provide reasonable assurances that their respective books, records, and accounts accurately reflect all transactions and dispositions of assets and the Company will, and will cause each of its Subsidiaries to, continue to maintain such system.

Section 9.7. Compliance with Other Covenant and Conditions. The Company will comply with all covenants, terms and conditions contained in the Mortgage Indenture (including each supplemental indenture).

Section 9.8. Series 2021 Bond to Rank Pari Passu. The Company will cause all Series 2021 Bonds and all other obligations of the Company under this Agreement to at all times rank in right of payment pari passu with all other Indebtedness and obligations of the Company secured by the Mortgage Indenture.

Section 9.9. Rating Requirement. The Company will at all times maintain a credit rating from an NRSRO on at least one series of its first mortgage bonds issued and outstanding under the Mortgage Indenture, which series of first mortgage bonds shall be secured equally and ratably with the Series 2021 Bonds but not have the benefit of any credit enhancement (herein, the **“Rated Bonds”**). If at any time the Company does not have any Rated Bonds outstanding, then the Company shall get within six months from the date that it does not have any Rated Bonds outstanding a credit rating of the Series 2021 Bonds from an NRSRO and shall at all times maintain a credit rating on the Series 2021 Bonds for so long as any Series 2021 Bonds are outstanding.

SECTION 10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Series 2021 Bonds are outstanding:

Section 10.1. Transactions with Affiliates. The Company will not, and will not permit any Subsidiary to, enter into directly or indirectly any Material transaction or Material group of related transactions (including the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except pursuant to the reasonable requirements of the Company’s or such Subsidiary’s business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm’s-length transaction with a Person not an Affiliate.

Section 10.2. Merger, Consolidation, Etc. The Company will not consolidate with or merge with any other Person or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to any Person unless:

(a) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of the Company as an entirety, as the case may be, shall be (1) a solvent corporation or limited liability company with a net worth immediately following such transaction or each transaction in a series of transactions equal to or greater than the net worth of the Company immediately preceding such transaction or each transaction in such series of transactions, (2) organized and existing under the laws of the United States or any state thereof (including the District of Columbia), and, (3) if the Company is not such corporation or limited liability company, such corporation or limited liability company shall have (i) executed and delivered to each holder of any Series 2021 Bonds its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement, the Series 2021 Bonds and each other Transaction Document and (ii) caused to be delivered to each holder of any Series 2021 Bonds an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(b) immediately before and immediately after giving effect to such transaction or each transaction in any such series of transactions, no Default or Event of Default shall have occurred and be continuing.

No such conveyance, transfer or lease of substantially all of the assets of the Company shall have the effect of releasing the Company or any successor corporation or limited liability company that shall theretofore have become such in the manner prescribed in this Section 10.2, from its liability under this Agreement, the Series 2021 Bonds or any other Transaction Document.

Anything in this Agreement to the contrary notwithstanding, except to the extent prohibited by Section 9.5 or the Mortgage Indenture, the Company may create and/or dissolve or otherwise terminate the existence of Subsidiaries and Affiliates without notice to or consent of any holder of a Series 2021 Bond.

Section 10.3. Line of Business. The Company will not, and will not permit any Subsidiary to, engage in any business if, as a result, the general nature of the business in which the Company and its Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Company and its Subsidiaries, taken as a whole, are engaged on the date of this Agreement.

Section 10.4. Economic Sanctions, Etc. The Company will not, and will not permit any Controlled Entity to (a) become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or (b) directly or indirectly have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving the proceeds of the Series 2021 Bonds) with any Person if such investment, dealing or transaction (1) would cause any holder or any affiliate of such holder to be in violation of, or subject to sanctions under, any law or regulation applicable to such holder, or (2) is prohibited by or subject to sanctions under any U.S. Economic Sanctions Laws.

Section 11. Events of Default.

An “**Event of Default**” shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Series 2021 Bond when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Series 2021 Bond for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Section 7.1(d) or Section 10; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in Sections 11(a), (b) and (c)) and such default is not remedied within 30 days after the earlier of (1) a Responsible Officer obtaining actual knowledge of such default and (2) the Company receiving written notice of such default from any holder of a Series 2021 Bond (any such written notice to be identified as a “notice of default” and to refer specifically to this Section 11(d)); or

(e) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) the occurrence of an “event of default” under the Mortgage Indenture other than an event of default resulting from a default in the payment of any installment of the principal or interest on the Series 2021 Bonds on the date when due, and the acceleration of the Series 2021 Bonds as a result of such “event of default”;

(g) (1) the Company or any Significant Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least \$25,000,000 (or its equivalent in the relevant currency of payment) beyond any period of grace provided with respect thereto, or (2) the Company or any Significant Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least \$25,000,000 (or its equivalent in the relevant currency of payment) or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition, such Indebtedness has become or has been declared due and payable before its stated maturity or before its regularly scheduled dates of payment; or

(h) the Company or any Significant Subsidiary (1) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (2) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (3) makes an assignment for the benefit of its creditors, (4) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (5) is adjudicated as insolvent or to be liquidated, or (6) takes corporate action for the purpose of any of the foregoing; or

(i) a court or other Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Significant Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Significant Subsidiaries, or any such petition shall be filed against the Company or any of its Significant Subsidiaries and such petition shall not be dismissed within 60 days; or

(j) one or more final judgments or orders for the payment of money aggregating in excess of \$25,000,000 (or its equivalent in the relevant currency of payment), including any such final order enforcing a binding arbitration decision, are rendered against one or more of the Company and its Significant Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(k) if (1) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (2) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC (unless a Plan is fully funded on a termination basis) or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (3) there is any "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under one or more Plans, determined in accordance with Title IV of ERISA, (4) the aggregate present value of accrued benefit liabilities under all funded Non-U.S. Plans exceeds the aggregate current value of the assets of such Non-U.S. Plans allocable to such liabilities, (5) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA (other than ongoing funding obligations) or the penalty or excise tax provisions of the Code relating to employee benefit plans, (6) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, (7) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder, (8) the Company or any Subsidiary fails to administer or maintain a Non-U.S. Plan in compliance with the requirements of any and all applicable laws, statutes, rules, regulations or court orders or any Non-U.S. Plan is involuntarily terminated or wound up, or (9) the Company or any Subsidiary becomes subject to the imposition of a financial penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more Non-U.S. Plans; and any such event or events described in clauses (1) through (9) above, either individually or together with any other such event or events, would reasonably be expected to have a Material Adverse Effect. As used in this Section 11(k), the terms "**employee benefit plan**" and "**employee welfare benefit plan**" shall have the respective meanings assigned to such terms in section 3 of ERISA; or

(l) any Transaction Document shall cease to be in full force and effect, the Company or any Person acting on behalf of the Company shall contest in any manner the validity, binding nature or enforceability of any Transaction Document, or the obligations of the Company under any Transaction Document are not or cease to be legal, valid, binding and enforceable in accordance with the terms of the Company.

SECTION 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration. (a) If an Event of Default with respect to the Company described in Section 11(h) or (i) (other than an Event of Default described in clause (1) of Section 11(h) or described in clause (6) of Section 11(h) by virtue of the fact that such clause encompasses clause (1) of Section 11(h)) has occurred, all the Series 2021 Bonds then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Holders may at any time at its or their option, by notice or notices to the Company, declare all the Series 2021 Bonds then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 11(a) or (b) has occurred and is continuing, any holder or holders of Series 2021 Bonds at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Series 2021 Bonds held by it or them to be immediately due and payable.

Upon any Series 2021 Bonds becoming due and payable under this Section 12.1, whether automatically or by declaration, such Series 2021 Bonds will forthwith mature and the entire unpaid principal amount of such Series 2021 Bonds, *plus* (x) all accrued and unpaid interest thereon (including interest accrued thereon at the applicable Default Rate) and (y) the Make-Whole Amount determined in respect of such principal amount, shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Series 2021 Bond has the right to maintain its investment in the Series 2021 Bonds free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Series 2021 Bonds are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Series 2021 Bonds have become or have been declared immediately due and payable under Section 12.1, the holder of any Series 2021 Bond at the time outstanding may proceed to protect and enforce the rights of such holder hereunder or under any other Transaction Document by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein, in any Series 2021 Bond or in any other Transaction Document, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise; *provided* that the exercise of rights and remedies in respect of the mortgaged property shall be made only in accordance with the terms of the Mortgage Indenture.

Section 12.3. Rescission. At any time after any Series 2021 Bonds have been declared due and payable pursuant to Section 12.1(b) or (c), the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Series 2021 Bonds, all principal of and Make-Whole Amount, if any, on any Series 2021 Bonds that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Series 2021 Bonds, at the applicable Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Series 2021 Bonds. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Series 2021 Bond in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement, any Series 2021 Bond or any other Transaction Document upon the holder of any Series 2021 Bond shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Series 2021 Bond on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including reasonable attorneys' fees, expenses and disbursements.

SECTION 13. REGISTRATION; TRANSFER AND EXCHANGE; REPLACEMENT OF SERIES 2021 BONDS.

The Company shall cause the Trustee to keep a register for the registration and registration of transfers of Series 2021 Bonds in accordance with the Fifty-Fifth Supplement. Registration of transfer or exchange of any Series 2021 Bond and replacement of any Series 2021 Bond that has been lost, stolen, destroyed or mutilated shall be done in accordance with the Mortgage Indenture.

SECTION 14. PAYMENTS ON SERIES 2021 BONDS.

Section 14.1. Place of Payment. Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Series 2021 Bonds shall be made in New York, New York at the principal office of JPMorgan Chase Bank, N.A. in such jurisdiction. The Company may at any time, by notice to each holder of a Series 2021 Bond, change the place of payment of the Series 2021 Bonds so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Payment by Wire Transfer. So long as any Purchaser or its nominee shall be the holder of any Series 2021 Bond, and notwithstanding anything contained in Section 14.1 or in such Series 2021 Bond to the contrary, the Company will pay all sums becoming due on such Series 2021 Bond for principal, Make-Whole Amount, if any, interest and all other amounts becoming due hereunder by the method and at the address specified for such purpose below such Purchaser's name in the Purchaser Schedule, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Series 2021 Bond or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Series 2021 Bond, such Purchaser shall surrender such Series 2021 Bond for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Series 2021 Bond held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Series 2021 Bond to the Company in exchange for a new Series 2021 Bond or Series 2021 Bonds of the same series pursuant to Section 13. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Series 2021 Bond purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Series 2021 Bond as the Purchasers have made in this Section 14.2.

Section 14.3. FATCA Information. By acceptance of any Series 2021 Bond, the holder of such Series 2021 Bond agrees that such holder will with reasonable promptness duly complete and deliver to the Company, or to such other Person as may be reasonably requested by the Company, from time to time (a) in the case of any such holder that is a United States Person, such holder's United States tax identification number or other Forms reasonably requested by the Company necessary to establish such holder's status as a United States Person under FATCA and as may otherwise be necessary for the Company to comply with its obligations under FATCA and (b) in the case of any such holder that is not a United States Person, such documentation prescribed by applicable law (including as prescribed by section 1471(b)(3)(C)(i) of the Code) and such additional documentation as may be necessary for the Company to comply with its obligations under FATCA and to determine that such holder has complied with such holder's obligations under FATCA or to determine the amount, if any, to deduct and withhold from any such payment made to such holder. Nothing in this Section 14.3 shall require any holder to provide information that is confidential or proprietary to such holder unless the Company is required to obtain such information under FATCA and, in such event, the Company shall treat any such information it receives as confidential.

SECTION 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Series 2021 Bond in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, the Series 2021 Bonds or any other Transaction Document (whether or not such amendment, waiver or consent becomes effective), including: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, the Series 2021 Bonds or any other Transaction Document or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, the Series 2021 Bonds or any other Transaction Document, or by reason of being a holder of any Series 2021 Bond, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Series 2021 Bonds and by the other Transaction Documents and (c) the costs and expenses incurred in connection with the initial filing of this Agreement and all related documents and financial information with the SVO *provided*, that such costs and expenses under this clause (c) shall not exceed \$5,000. If required by the NAIC, the Company shall obtain and maintain at its own cost and expense a Legal Entity Identifier (LEI).

The Company will pay, and will save each Purchaser and each other holder of a Series 2021 Bond harmless from, (i) all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Series 2021 Bonds), (ii) any and all wire transfer fees that any bank or other financial institution deducts from any payment under such Series 2021 Bond to such holder or otherwise charges to a holder of a Series 2021 Bond with respect to a payment under such Series 2021 Bond and (iii) any judgment, liability, claim, order, decree, fine, penalty, cost, fee, expense (including reasonable attorneys' fees and expenses) or obligation resulting from the consummation of the transactions contemplated hereby, including the use of the proceeds of the Series 2021 Bonds by the Company; *provided* that the Company shall have no obligation under this clause (iii) to any Purchaser or any holder to the extent the relevant judgment, liability, claim, order, decree, fine, penalty, cost, fee, expense or obligation is determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Purchaser or such holder.

Section 15.2. Certain Taxes. The Company agrees to pay all stamp, documentary or similar taxes or fees which may be payable in respect of the execution and delivery or the enforcement of this Agreement or any other Transaction Document or the execution and delivery (but not the transfer) or the enforcement of any of the Series 2021 Bonds in the United States or any other jurisdiction where the Company has assets or of any amendment of, or waiver or consent under or with respect to, this Agreement, any of the Series 2021 Bonds or any other Transaction Document, and to pay any value added tax due and payable in respect of reimbursement of costs and expenses by the Company pursuant to this Section 15, and will save each holder of a Series 2021 Bond to the extent permitted by applicable law harmless against any loss or liability resulting from nonpayment or delay in payment of any such tax or fee required to be paid by the Company hereunder.

Section 15.3. Survival. The obligations of the Company under this Section 15 will survive the payment or transfer of any Series 2021 Bond, the enforcement, amendment or waiver of any provision of this Agreement, the Series 2021 Bonds or any other Transaction Document, and the termination of this Agreement or the Mortgage Indenture.

SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement, the Series 2021 Bonds and the Fifty-Fifth Supplement, the purchase or transfer by any Purchaser of any Series 2021 Bond or portion thereof or interest therein and the payment of any Series 2021 Bond, and may be relied upon by any subsequent holder of a Series 2021 Bond, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Series 2021 Bond. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement, the Series 2021 Bonds and the other Transaction Documents embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements. This Agreement and the Series 2021 Bonds may be amended, and the observance of any term hereof or of the Series 2021 Bonds may be waived (either retroactively or prospectively), only with the written consent of the Company and the Required Holders, except that:

(a) no amendment or waiver of any of Sections 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing; and

(b) no amendment or waiver may, without the written consent of each Purchaser and the holder of each Series 2021 Bond at the time outstanding, (1) subject to Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of (i) interest on the Series 2021 Bonds or (ii) the Make-Whole Amount, (2) change the percentage of the principal amount of the Series 2021 Bonds the holders of which are required to consent to any amendment or waiver, or (3) amend any of Sections 8 (except as set forth in the second sentence of Section 8.2 and Section 17.1(c)), 11(a), 11(b), 12, 17 or 20.

Section 17.2. Solicitation of Holders of Series 2021 Bonds.

(a) *Solicitation.* The Company will provide each holder of a Series 2021 Bond with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Series 2021 Bonds or of any other Transaction Document. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to this Section 17 or any other Transaction Document to each holder of a Series 2021 Bond promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Series 2021 Bonds.

(b) *Payment.* The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of a Series 2021 Bond as consideration for or as an inducement to the entering into by such holder of any waiver or amendment of any of the terms and provisions hereof or any Series 2021 Bond unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of a Series 2021 Bond even if such holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer.* Any consent given pursuant to this Section 17 by a holder of a Series 2021 Bond that has transferred or has agreed to transfer its Series 2021 Bond to (1) the Company, (2) any Subsidiary or any other Affiliate or (3) any other Person in connection with, or in anticipation of, such other Person acquiring, making a tender offer for or merging with the Company and/or any of its Affiliates, in each case in connection with such consent, shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Series 2021 Bonds that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

Section 17.3. Binding Effect, Etc. Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Series 2021 Bonds and is binding upon them and upon each future holder of any Series 2021 Bond and upon the Company without regard to whether such Series 2021 Bond has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and any holder of a Series 2021 Bond and no delay in exercising any rights hereunder or under any Series 2021 Bond shall operate as a waiver of any rights of any holder of such Series 2021 Bond.

Section 17.4. Series 2021 Bonds Held by Company, Etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Series 2021 Bonds then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Series 2021 Bonds, or have directed the taking of any action provided herein or in the Series 2021 Bonds to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Series 2021 Bonds then outstanding, Series 2021 Bonds directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

SECTION 18. NOTICES.

Except to the extent otherwise provided in Section 7.4, all notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by an internationally recognized overnight delivery service (charges prepaid), (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by an internationally recognized overnight delivery service (charges prepaid). Any such notice must be sent:

(1) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in the Purchaser Schedule, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(2) if to any other holder of any Series 2021 Bond, to such holder at such address as such other holder shall have specified to the Company in writing, or

(3) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Jay Kooper, Secretary, or at such other address as the Company shall have specified to the holder of each Series 2021 Bond in writing.

Notices under this Section 18 will be deemed given only when actually received.

SECTION 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating hereto, including (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Series 2021 Bonds themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Series 2021 Bonds from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, “**Confidential Information**” means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary, *provided* that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser’s behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, *provided* that such Purchaser may deliver or disclose Confidential Information to (1) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Series 2021 Bonds), (2) its auditors, financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with this Section 20, (3) any other holder of any Series 2021 Bond, (4) any Institutional Investor to which it sells or offers to sell such Series 2021 Bond or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (5) any Person from which it offers to purchase any Security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (6) any federal or state regulatory authority having jurisdiction over such Purchaser, (7) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser’s investment portfolio, or (8) any other Person to which such delivery or disclosure may be necessary or appropriate (i) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (ii) in response to any subpoena or other legal process, (iii) in connection with any litigation to which such Purchaser is a party or (iv) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser’s Series 2021 Bonds, this Agreement or any other Transaction Document. Each holder of a Series 2021 Bond, by its acceptance of a Series 2021 Bond, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Series 2021 Bond of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying this Section 20.

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement, any Purchaser or holder of a Series 2021 Bond is required to agree to a confidentiality undertaking (whether through IntraLinks, another secure website, a secure virtual workspace or otherwise) which is different from this Section 20, this Section 20 shall not be amended thereby and, as between such Purchaser or such holder and the Company, this Section 20 shall supersede any such other confidentiality undertaking.

SECTION 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates or another Purchaser or any one of such other Purchaser’s Affiliates (a “**Substitute Purchaser**”) as the purchaser of the Series 2021 Bonds that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Substitute Purchaser, shall contain such Substitute Purchaser’s agreement to be bound by this Agreement and shall contain a confirmation by such Substitute Purchaser of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Substitute Purchaser in lieu of such original Purchaser. In the event that such Substitute Purchaser is so substituted as a Purchaser hereunder and such Substitute Purchaser thereafter transfers to such original Purchaser all of the Series 2021 Bonds then held by such Substitute Purchaser, upon receipt by the Company of notice of such transfer, any reference to such Substitute Purchaser as a “Purchaser” in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Substitute Purchaser, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Series 2021 Bonds under this Agreement.

SECTION 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including any subsequent holder of a Series 2021 Bond) whether so expressed or not, except that, subject to Section 10.2, the Company may not assign or otherwise transfer any of its rights or obligations hereunder or under the Series 2021 Bonds without the prior written consent of each holder. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

Section 22.2. Accounting Terms. All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (a) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (b) all financial statements shall be prepared in accordance with GAAP. For purposes of determining compliance with this Agreement (including Section 9, Section 10 and the definition of "Indebtedness"), any election by the Company to measure any financial liability using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Topic No. 825-10-25 – *Fair Value Option*, International Accounting Standard 39 – *Financial Instruments: Recognition and Measurement* or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

Section 22.3. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.4. Construction, Etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Defined terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein) and, for purposes of the Series 2021 Bonds, shall also include any such notes issued in substitution therefor pursuant to Section 13, (b) subject to Section 22.1, any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections and Schedules shall be construed to refer to Sections of, and Schedules to, this Agreement, and (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

Section 22.5. Counterparts; Electronic Contracting. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. The parties agree to electronic contracting and signatures with respect to this Agreement, and all other documents delivered hereunder (other than the Series 2021 Bonds). Delivery of an electronic signature to, or a signed copy of, this Agreement and all other documents delivered hereunder (other than the Series 2021 Bonds) by facsimile, email or other electronic transmission shall be fully binding on the parties to the same extent as the delivery of the signed originals and shall be admissible into evidence for all purposes. Notwithstanding the foregoing, if any Purchaser shall request manually signed counterpart signatures to any document delivered hereunder, the Company hereby agrees to use its reasonable endeavors to provide such manually signed signature pages as soon as reasonably practicable.

Section 22.6. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.7. Jurisdiction and Process; Waiver of Jury Trial.

(a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Series 2021 Bonds. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company agrees, to the fullest extent permitted by applicable law, that a final judgment in any suit, action or proceeding of the nature referred to in Section 22.7(a) brought in any such court shall be conclusive and binding upon it subject to rights of appeal, as the case may be, and may be enforced in the courts of the United States of America or the State of New York (or any other courts to the jurisdiction of which it or any of its assets is or may be subject) by a suit upon such judgment.

(c) The Company consents to process being served by or on behalf of any holder of Series 2021 Bonds in any suit, action or proceeding of the nature referred to in Section 22.7(a) by mailing a copy thereof by registered, certified priority or express mail (or any substantially similar form of mail), postage prepaid, return receipt or delivery confirmation requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (1) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (2) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(d) Nothing in this Section 22.7 shall affect the right of any holder of a Series 2021 Bond to serve process in any manner permitted by law, or limit any right that the holders of any of the Series 2021 Bonds may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(e) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE SERIES 2021 BONDS OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH.

Section 22.8. Transaction References. The Company agrees that each of NYL Investors LLC, the Purchasers and their respective Affiliates may (a) refer to the identity of the Company and the Series 2021 Bonds on its internet site or in marketing materials, press releases, published “tombstone” announcements or any other print or electronic medium and (b) display the Company’s corporate logo in conjunction with any such reference.

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

MIDDLESEX WATER COMPANY

By /s/ A. Bruce O'Connor

Name: A. Bruce O'Connor

Title: Senior Vice President, Treasurer
and Chief Financial Officer

[Signature Page to Bond Purchase Agreement]

This Agreement is hereby
accepted and agreed to as
of the date hereof.

NEW YORK LIFE INSURANCE COMPANY

By /s/ Christopher H. Carey

Name: Christopher H. Carey

Title: Vice President

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION

By: NYL Investors LLC, its Investment Manager

By /s/ Christopher H. Carey

Name: Christopher H. Carey

Title: Vice President

[Signature Page to Bond Purchase Agreement]

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

“Affiliate” means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person. Unless the context otherwise clearly requires, any reference to an “Affiliate” is a reference to an Affiliate of the Company.

“Agreement” means this Bond Purchase Agreement, including all Schedules attached to this Agreement.

“Anti-Corruption Laws” means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding bribery or any other corrupt activity, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010.

“Anti-Money Laundering Laws” means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes, including the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act) and the USA PATRIOT Act.

“Blocked Person” means (a) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by OFAC, (b) a Person, entity, organization, country or regime that is blocked or a target of sanctions that have been imposed under U.S. Economic Sanctions Laws or (c) a Person that is an agent, department or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, any Person, entity, organization, country or regime described in clause (a) or (b).

“Business Day” means (a) for the purposes of Section 8.6 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York are required or authorized to be closed.

“Capital Lease” means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

“Closing” is defined in Section 3.

“Code” means the Internal Revenue Code of 1986 and the rules and regulations promulgated thereunder from time to time.

“Company” is defined in the first paragraph of this Agreement.

SCHEDULE A
(to Bond Purchase Agreement)

“Confidential Information” is defined in Section 20.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms **“Controlled”** and **“Controlling”** shall have meanings correlative to the foregoing.

“Controlled Entity” means (a) any of the Subsidiaries of the Company and any of their or the Company’s respective Controlled Affiliates and (b) if the Company has a parent company, such parent company and its Controlled Affiliates.

“Default” means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“Default Rate” means, with respect to any Series 2021 Bond, the rate of interest per annum that is the greater of (a) 2.00% above the rate of interest stated in clause (a) of the first paragraph of such Series 2021 Bond or (b) 2.00% over the rate of interest publicly announced by JPMorgan Chase Bank, N.A. in New York, New York as its “base” or “prime” rate.

“Disclosure Documents” is defined in Section 5.3.

“EDGAR” means the SEC’s Electronic Data Gathering, Analysis and Retrieval System or any successor SEC electronic filing system for such purposes.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to Hazardous Materials.

“ERISA” means the Employee Retirement Income Security Act of 1974 and the rules and regulations promulgated thereunder from time to time in effect.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

“Event of Default” is defined in Section 11.

“FATCA” means (a) sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), together with any current or future regulations or official interpretations thereof, (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other jurisdiction, which (in either case) facilitates the implementation of the foregoing clause (a), and (c) any agreements entered into pursuant to section 1471(b)(1) of the Code.

“Fifty-Fifth Supplement” is defined in Section 1.

“Form 10-K” is defined in Section 7.1(b).

“Form 10-Q” is defined in Section 7.1(a).

“GAAP” means (a) generally accepted accounting principles as in effect from time to time in the United States of America and (b) for purposes of Section 9.6, with respect to any Subsidiary, generally accepted accounting principles (including International Financial Reporting Standards, as applicable) as in effect from time to time in the jurisdiction of organization of such Subsidiary.

“Governmental Authority” means

(a) the government of

(1) the United States of America or any state or other political subdivision thereof, or

(2) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

“Governmental Official” means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

“Guaranty” means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (1) for the purchase or payment of such indebtedness or obligation, or (2) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

“Hazardous Materials” means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law, including asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

“holder” means, with respect to any Series 2021 Bond, the Person in whose name such Series 2021 Bond is registered in the register maintained by the Trustee pursuant to the Fifty-Fifth Supplement.

“Indebtedness” with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) (1) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases and (2) all liabilities which would appear on its balance sheet in accordance with GAAP in respect of Synthetic Leases assuming such Synthetic Leases were accounted for as Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);

(f) the aggregate Swap Termination Value of all Swap Contracts of such Person; and

(g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) hereof.

Indebtedness of any Person shall include all obligations of such Person of the character described in clauses (a) through (g) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

“INHAM Exemption” is defined in Section 6.2(e).

“Institutional Investor” means (a) any Purchaser of a Series 2021 Bond, (b) any holder of a Series 2021 Bond holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount of the Series 2021 Bonds then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Series 2021 Bond.

“Lien” means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

“Make-Whole Amount” is defined in Section 8.7.

“Material” means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement, the Series 2021 Bonds and the other Transaction Documents or (c) the validity or enforceability of this Agreement, the Series 2021 Bonds or any other Transaction Document.

“Maturity Date” is defined in the first paragraph of each Series 2021 Bond.

“Mortgage Indenture” is defined in Section 1.

“Multiemployer Plan” means any Plan that is a “multiemployer plan” (as such term is defined in section 4001(a)(3) of ERISA).

“NAIC” means the National Association of Insurance Commissioners.

“Non-U.S. Plan” means any plan, fund or other similar program that (a) is established or maintained outside the United States of America by the Company or any Subsidiary primarily for the benefit of employees of the Company or one or more Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and (b) is not subject to ERISA or the Code.

“NRSRO” means any Nationally Recognized Statistical Rating Organization so designated by the SEC whose status has been confirmed by the SVO.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“OFAC Sanctions Program” means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.

“Officer’s Certificate” means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

“Original Mortgage Indenture” is defined in Section 1.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“Person” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

“Plan” means an “employee benefit plan” (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

“Preferred Stock” means any class of capital stock of a Person that is preferred over any other class of capital stock (or similar equity interests) of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

“property” or **“properties”** means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

“PTE” is defined in Section 6.2(a).

“Purchaser” or **“Purchasers”** means each of the purchasers that has executed and delivered this Agreement to the Company and such Purchaser’s successors and assigns (so long as any such assignment complies with section 4 of the Fifty-Fifth Supplement), *provided, however*, that any Purchaser of a Series 2021 Bond that ceases to be the registered holder or a beneficial owner (through a nominee) of such Series 2021 Bond as the result of a transfer thereof pursuant to section 4 of the Fifty-Fifth Supplement shall cease to be included within the meaning of “Purchaser” of such Series 2021 Bond for the purposes of this Agreement upon such transfer.

“Purchaser Schedule” means the Purchaser Schedule to this Agreement listing the Purchasers of the Series 2021 Bonds and including their notice and payment information.

“Qualified Institutional Buyer” means any Person who is a “qualified institutional buyer” within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

“QPAM Exemption” is defined in Section 6.2(d).

“Related Fund” means, with respect to any holder of any Series 2021 Bond, any fund or entity that (a) invests in Securities or bank loans, and (b) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

“Required Holders” means at any time on or after the Closing, the holders of more than 50% in principal amount of the Series 2021 Bonds at the time outstanding (exclusive of Series 2021 Bonds then owned by the Company or any of its Affiliates).

“Responsible Officer” means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States of America.

“Second Supplement” means Second Supplemental Indenture dated October 1, 1939 between the Company and the Trustee.

“Securities” or **“Security”** shall have the meaning specified in section 2(1) of the Securities Act.

“Securities Act” means the Securities Act of 1933 and the rules and regulations promulgated thereunder from time to time in effect.

“Senior Financial Officer” means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

“Series 2021 Bonds” is defined in Section 1.

“Series 2021A Bonds” is defined in Section 1.

“Series 2021B Bonds” is defined in Section 1.

“Significant Subsidiary” means at any time any Subsidiary that would at such time constitute a “significant subsidiary” (as such term is defined in Regulation S-X of the SEC as in effect on the date of the Closing) of the Company.

“Source” is defined in Section 6.2.

“State Sanctions List” means a list that is adopted by any state Governmental Authority within the United States of America pertaining to Persons that engage in investment or other commercial activities in Iran or any other country that is a target of economic sanctions imposed under U.S. Economic Sanctions Laws.

“Subsidiary” means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a “Subsidiary” is a reference to a Subsidiary of the Company.

“Substitute Purchaser” is defined in Section 21.

“SVO” means the Securities Valuation Office of the NAIC.

“Swap Contract” means (a) any and all interest rate swap transactions, basis swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward foreign exchange transactions, cap transactions, floor transactions, currency options, spot contracts or any other similar transactions or any of the foregoing (including any options to enter into any of the foregoing), and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amounts(s) determined as the mark-to-market values(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

“Synthetic Lease” means, at any time, any lease (including leases that may be terminated by the lessee at any time) of any property (a) that is accounted for as an operating lease under GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor.

“Transaction Documents” means this Agreement, the Mortgage (including the Fifty-Fifth Supplement) and the Series 2021 Bonds.

“Trustee” is defined on Section 1.

“United States” or **“U.S.”** means the United States of America.

“United States Person” has the meaning set forth in Section 7701(a)(30) of the Code.

“USA PATRIOT Act” means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the rules and regulations promulgated thereunder from time to time in effect.

“U.S. Economic Sanctions Laws” means those laws, executive orders, enabling legislation or regulations administered and enforced by the United States pursuant to which economic sanctions have been imposed on any Person, entity, organization, country or regime, including the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Iran Sanctions Act, the Sudan Accountability and Divestment Act and any other OFAC Sanctions Program.

“Wholly-Owned Subsidiary” means, at any time, any Subsidiary all of the equity interests (except directors’ qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company’s other Wholly-Owned Subsidiaries at such time.

FORM OF FIFTY-FIFTH SUPPLEMENTAL INDENTURE

[See Attached]

SCHEDULE 1
(to Bond Purchase Agreement)

**FORM OF OPINION OF SPECIAL COUNSEL
FOR THE COMPANY**

We have acted as special counsel to Middlesex Water Company, a New Jersey corporation (the “Borrower”), in connection with the Bond Purchase Agreement dated as of November 5, 2021 (the “Agreement”) by and between the Borrower and the Purchasers named therein and the authorization, issuance, sale, execution and delivery by the Borrower of \$65,000,000 in aggregate principal amount of its first mortgage bonds consisting of (a) \$19,500,000 First Mortgage Scheduled Interest Rate Bonds, Series 2021A (the “Series 2021A Bonds”) and (b) \$45,500,000 First Mortgage Scheduled Interest Rate Bonds, Series 2021B (the “2021B Bonds” and together with the Series 2021A Bonds, the “Series 2021 Bonds”) to the Purchasers. All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement.

In so acting, we have examined the Constitution and laws of the State of New Jersey, including, without limitation, the “New Jersey Business Corporation Act”, P.L. 1968, c. 263, as amended (N.J.S.A. 14A:1-1 *et seq.*), the certificate of incorporation and by-laws of the Borrower, and the various resolutions of the Borrower identified herein. We also have examined originals, or copies certified or otherwise identified to our satisfaction, of the following:

the 2021 Bonds;

the Agreement;

the Mortgage Indenture; and

the Orders of the New Jersey Board of Public Utilities dated (a) May 5, 2020, Docket No. WF20020188 and (b) June 9, 2021, Docket No. WF21020622, and

the Resolution (as defined herein).

We also have examined and relied as to factual matters upon originals, or copies certified or otherwise authenticated to our satisfaction, of such other records, documents, certificates and other instruments, and have made such investigation of law as in our judgment we have deemed necessary or appropriate, to enable us to render the opinions expressed below.

We are of the opinion that:

1. The Borrower is a corporation duly organized and validly existing and in good standing under the laws of the State of New Jersey and has the corporate power and authority to conduct its business as currently conducted and currently proposed to be conducted, to execute and deliver the Agreement, the Fifty-Fifth Supplement and the 2021 Bonds being issued on the date hereof and to perform the provisions thereof.

2. On February 19, 2020 and February 11, 2021, the Borrower adopted resolutions (collectively, the “Resolution”): (i) authorizing the execution and delivery by the Borrower of the Agreement and the Fifty-Fifth Supplement and the issuance, sale, execution, and delivery by the Borrower of the 2021 Bonds to the Purchasers, (ii) authorizing the Borrower to consummate the transactions contemplated by the Agreement, the Fifty-Fifth Supplement and the 2021 Bonds, and (iii) authorizing the execution and delivery of all other certificates, agreements, documents and instruments in connection with the execution and delivery of the 2021 Bonds. The Resolution was duly and lawfully adopted and authorized in accordance with applicable law, including, without limitation, the New Jersey Business Corporation Act, and the By-laws of the Borrower, and the Resolution constitutes all of the actions necessary to be taken by the Borrower to authorize its actions contemplated by clauses (i) through (iii) above.

SCHEDULE 4.4(a)
(to Bond Purchase Agreement)

3. The Agreement has been duly authorized, executed and delivered by the Borrower and constitutes a legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms.

4. The Fifty-Fifth Supplement has been duly authorized, executed and delivered by the Borrower and constitutes a legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms.

5. The 2021 Bonds being issued on the date hereof have been duly authorized, executed and delivered by the Borrower and, when authenticated by the Trustee, constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms.

6. The Mortgage Indenture constitutes the legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms.

7. All approvals, consents or authorizations of, or registrations of or filings with, any Governmental Authority required to date on the part of the Borrower in connection with the authorization, execution, delivery and performance of the Agreement and the Fifty-Fifth Supplement, the authorization, issuance, sale, execution, delivery and performance of the 2021 Bonds or the performance of the Mortgage Indenture have been obtained or made.

8. The Fifty-Fifth Supplement is in appropriate form for recording in the recording offices listed on Schedule A attached hereto. The Mortgage Indenture (excluding the Fifty-Fifth Supplement) creates, and when the Fifty-Fifth Supplement is filed in the recording offices listed on Schedule A, it will create, a valid and perfected lien on or security interest in all right, title and interest of the Borrower in (a) the real property described in the Fifty-Fifth Supplement, and (b) to the extent that a security interest in such personal property and fixtures may be created under the Uniform Commercial Code in effect in the State of New Jersey, the personal property and fixtures described in the Fifty-Fifth Supplement.

9. It is not necessary in connection with the offering, sale and delivery of the 2021 Bonds being delivered on the date hereof, under the circumstances contemplated by the Agreement, to register such 2021 Bonds under the Securities Act or to qualify an indenture in respect of such 2021 Bonds under the Trust Indenture Act of 1939.

10. The Borrower is not an “investment company” or, to our knowledge, a Person directly or indirectly controlled by or acting on behalf of an “investment company” within the meaning of the Investment Company Act of 1940.

11. None of the transactions contemplated by the Agreement (including the use of the proceeds from the sale of the 2021 Bonds being delivered on the date hereof) will violate or result in a violation of Regulation T, U or X of the Board of Governors of the United States Federal Reserve System, 12 CFR, Part 220, Part 221 and Part 224, respectively.

12. The authorization, execution and delivery by the Borrower of the Agreement and the Fifty-Fifth Supplement, the authorization, issuance, sale, execution, and delivery of the 2021 Bonds by the Borrower to the Purchasers and the observation and performance by the Borrower of its duties, covenants, obligations and agreements under the foregoing documents and under the Mortgage Indenture, including, without limitation, the repayment of the 2021 Bonds and the consummation of the transactions contemplated in the foregoing documents, do not and will not (i), result in the creation or imposition of any lien, charge or encumbrance, other than the lien created under the Mortgage Indenture, upon any properties or assets of the Borrower or any Subsidiary, (ii) result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument described on Schedule 5.15 to the Agreement, or (iii) result in any violation of the provisions of the Certificate of Incorporation or By-laws of the Borrower, the Resolution, or any laws, injunctions, judgments, decrees, rules, regulations or existing orders of any Governmental Authority known to us to which the Borrower or its properties or operations is subject.

This opinion is limited by, subject to and based on the following:

- (i) Each document submitted to us for review is accurate and complete; each such document submitted to us as an original is authentic; each such document submitted to us as a copy conforms to the original document.
- (ii) Parties who are natural persons, and natural persons acting on a party's behalf, have the requisite legal capacity.
- (iii) Each of the parties to the documents signed by the Borrower (the "Borrower Documents") other than the Borrower ("Other Parties") has satisfied all legal requirements necessary to make the Borrower Documents to which it is a party enforceable against it. Without limiting the generality of the foregoing, we have assumed that each Other Party: (a) has legal existence; (b) has taken all corporate or other action necessary to complete the transactions contemplated by the Borrower Documents; (c) has duly authorized, executed and delivered each Borrower Document to which it is a party; (d) has the power to enter into the Borrower Documents to which it is a party; (e) has satisfied the legal requirements that are applicable to it, to the extent necessary to make the Borrower Documents to which it is a party enforceable against it, and has complied with all legal requirements pertaining to its status as such status relates to its rights to enforce the Borrower Documents against the Borrower.

- (iv) The Other Parties will (a) act in good faith in the exercise of any rights or enforcement of any remedies under the Borrower Documents; and (b) comply with all requirements of applicable procedural and substantive law in exercising any rights or enforcing any remedies under the Borrower Documents.
- (v) The Borrower Documents accurately reflect the complete understanding of the parties with respect to the transactions contemplated thereby and the rights and obligations of the parties thereunder.
- (vi) There are no agreements or understandings among the parties, written or oral, and there is no usage of trade or course of prior dealing among the parties that would, in either case, define, supplement, modify, amend or qualify the terms of the Borrower Documents.
- (vii) There has not been any mutual mistake of fact or misunderstanding, fraud, duress or undue influence.
- (viii) We express no opinion with respect to any of the following: (a) title to any real property, personal property or fixtures; (b) the creation, perfection, or priority of any liens, encumbrances or security interests in real property, personal property or fixtures; or (c) the accuracy or sufficiency of the descriptions of any real property, personal property or fixtures.
- (ix) The Other Parties and any agent acting for the Other Parties have acted in good faith and without notice of any defense against the enforcement of any rights created by, or adverse claim to any property or security interest transferred or created as part of the Borrower Documents.

We have no actual knowledge that the foregoing assumptions are false. We have no actual knowledge of facts that, under the circumstances, would make our reliance upon the foregoing assumptions unreasonable.

(a) This opinion is limited in all respects to the laws of the State of New Jersey and applicable federal law.

(b) Except as expressly set forth herein, we have made no independent investigation as to the accuracy or completeness of any representation, warranty, data or other information, written or oral, made or furnished in connection with the Borrower Documents or otherwise, and we have assumed that neither the Borrower Documents, nor any other information furnished to us contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein not misleading.

(c) In rendering this opinion we have assumed that funds will be advanced to the Borrower pursuant to the terms of the Borrower Documents.

(d) The qualification of any opinion or statement herein by the use of the words “to our knowledge” or “known to us” means that during the course of our representation as described in this opinion letter, no information has come to the attention of the attorneys in this firm involved in the transactions described herein which would give such attorneys current actual knowledge of the existence of the facts so qualified. Except as set forth herein, we have not undertaken any investigation to determine the existence of such facts, but have relied on representations and warranties in the Borrower Documents and on information provided to us by the Borrower in connection with our preparation of this opinion letter, and no inference as to our knowledge thereof shall be drawn from the fact of our representation of any party or otherwise.

(e) We express no opinion as to the enforceability of any provisions of the Borrower Documents providing for (i) the waiver of a trial by jury, waiver of venue or forum selection, or waiver of damage claims; (ii) a right of setoff against or a waiver or release by the Borrower; (iii) the indemnification or exculpation of any person (A) in violation of public policy, (B) to the extent precluded by federal or state securities laws, or (C) purporting to indemnify or exculpate such person from the consequences of its own negligence, willful misconduct or strict liability; (iv) any party’s consent to jurisdiction; (v) self-help remedies; (vi) confession of judgment provisions; (vii) waivers and releases of the benefit of procedural or substantive rights or defenses; (viii) waivers and releases of errors, defects and imperfections in proceedings; (ix) waivers and releases of obligations of good faith, fair dealing, diligence, and reasonableness; (x) provisions that entitle any party, as a matter of right, to the appointment of a receiver after the occurrence of a default; (xi) provisions imposing increased interest rates or late payment charges upon delinquency in payment or the occurrence of a default; (xii) provisions requiring that all waivers under and/or modifications of the Borrower Documents be in writing; or (xiii) provisions for the concurrent or cumulative exercise of remedies which would have the effect of compensating the Other Parties for an amount in excess of their actual loss.

(f) We also bring to your attention that the enforceability of the Borrower Documents may be limited to the extent that remedies are sought for a breach that a court concludes is immaterial or does not adversely affect the party seeking to enforce its rights thereunder. The enforceability of the Borrower Documents may also be limited by unconscionable or inequitable conduct on the part of the Other Parties, defenses arising from the Other Parties’ failure to act in accordance with the terms and conditions of the Borrower Documents, defenses arising as a consequence of the passage of time, or defenses arising as a result of the Other Parties’ failure to act reasonably or in good faith.

(g) We have made no examination of and express no opinion with respect to (i) title to or rights in or descriptions of the properties contemplated as security by the Borrower Documents; (ii) the filing or recording of the Borrower Documents or any financing statements or other instruments relating thereto; (iii) except as expressly set forth herein, the creation perfection, or enforcement of any liens or security interest in any collateral; or (iv) the priority of any liens or security interest in any collateral.

(h) We express no opinion with respect to (a) permits, consents, authorizations or approvals relating to the construction, development, use or occupancy of the Property; (b) compliance of the Borrower with any law, order, rule or regulation relating to the construction, development, use or occupancy of the Property; or (c) compliance of the Property with applicable laws, including, without limitation, laws relating to subdivision, zoning, building, or environmental matters. We have assumed that the Property constitutes a separately subdivided parcel.

(i) Except as expressly set forth herein, we express no opinion with respect to compliance with, or the applicability of, any state or federal securities laws, rules or regulations to the transactions contemplated by the Borrower Documents.

This opinion is given as of the date hereof and we assume no obligation to advise you of changes that may hereafter be brought to our attention. This opinion letter is limited to the matters expressly stated herein and no opinions may be inferred or implied beyond the matters expressly stated herein. This opinion may be relied upon by each of the Purchasers and any subsequent holder of the 2021 Bonds. This opinion may be provided to any Governmental Authority, including, without limitation, the National Association of Insurance Commissioners.

**FORM OF OPINION OF SPECIAL COUNSEL
FOR THE PURCHASERS**

The closing opinion of Schiff Hardin LLP, special counsel to the Purchasers, called for by Section 4.4(b) of the Agreement, shall be dated the date of the Closing and addressed to the Purchasers, shall be satisfactory in form and substance to the Purchasers and shall be to the effect that:

1. The Company is a corporation in good standing under the laws of the State of New Jersey.
2. The Agreement constitutes the legal, valid and binding contract of the Company, enforceable against the Company in accordance with its terms.
3. The issuance, sale and delivery of the Series 2021 Bonds being delivered on the date of the Closing under the circumstances contemplated by the Agreement do not, under existing law, require the registration of such Series 2021 Bonds under the Securities Act or the qualification of an indenture under the Trust Indenture Act of 1939.

The opinion of Schiff Hardin LLP shall also state that the opinion of Saul Ewing Arnstein & Lehr LLP, counsel for the Company, is satisfactory in scope and form to Schiff Hardin LLP and that, in their opinion, the Purchasers are justified in relying thereon.

In rendering the opinion set forth in paragraph 1 above, Schiff Hardin LLP may rely solely upon an examination of the good standing of the Company from the Secretary of State of the State of New Jersey. The opinion of Schiff Hardin LLP is limited to the laws of the State of New York and the federal laws of the United States.

With respect to matters of fact upon which such opinion is based, Schiff Hardin LLP may rely on appropriate certificates of public officials and officers of the Company and upon representations of the Company and the Purchasers delivered in connection with the issuance and sale of the Series 2021 Bonds.

SCHEDULE 4.4(b)
(to Bond Purchase Agreement)

DISCLOSURE MATERIALS

Documents Delivered Prior to August 5, 2021

New Jersey Board of Public Utilities, I/M/O application of Middlesex Water Company for Authority to Issue and Sell up to \$100.0 million of Principal Amount Debt Securities, Docket No. WF20020188, Order (Issued May 5, 2020).

New Jersey Board of Public Utilities, I/M/O application of Middlesex Water Company for Authority to Issue up to \$45.5 million of First Mortgage Bonds and to Redeem Certain Outstanding First Mortgage Bonds, Docket No. WF21020622, Order (Issued June 9, 2021).

Middlesex Water Company List of Top 10 Largest Commercial and Industrial Customers (by 2020 Revenues).

SCHEDULE 5.3
(to Bond Purchase Agreement)

**SUBSIDIARIES OF THE COMPANY AND
OWNERSHIP OF SUBSIDIARY STOCK**

(i) Subsidiaries:

Name	Jurisdiction	% of Shares
Tidewater Utilities, Inc.	Delaware	100
Tidewater Environmental Systems, Inc.	Delaware	100
White Marsh Environmental Systems, Inc.	Delaware	100
Pinelands Water Company	New Jersey	100
Pinelands Wastewater Company	New Jersey	100
Utility Service Affiliates, Inc.	New Jersey	100
Utility Service Affiliates (Perth Amboy), Inc.	New Jersey	100
Twin Lakes Utilities, Inc.	Pennsylvania	100
Southern Shores Water Company, LLC ¹	Maryland/Delaware	100

¹ Tidewater Utilities, Inc. is the direct owner of this entity.

SCHEDULE 5.4
(to Bond Purchase Agreement)

(ii) Affiliates:

N/A/ (See Section (i) for Subsidiaries).

(iii) Company's Directors and Senior Officers:

Directors

Dennis W. Doll (Chairman)

Joshua Bershada, M.D.

James F. Cosgrove, Jr.

Kim C. Hanemann

Steven M. Klein

Amy B. Mansue

Vaughn L. McKoy

Ann L. Noble

Walter G. Reinhard

Senior Officers

Dennis W. Doll (President and Chief Executive Officer)

A. Bruce O'Connor (Senior Vice President, Treasurer and Chief Financial Officer)

Jay L. Kooper (Vice President, General Counsel and Secretary)

G. Christian Andreasen, Jr. (Vice President, Enterprise Engineering)

Robert K. Fullagar (Vice President, Operations)

Lorrie B. Ginegaw (Vice President, Human Resources)

Bernadette M. Sohler (Vice President, Corporate Affairs)

Georgia M. Simpson (Vice President, Information Technology)

FINANCIAL STATEMENTS

Middlesex Water Company

Form 10-K – For the Fiscal Year Ended December 31, 2018

Form 10-K – For the Fiscal Year Ended December 31, 2019

Form 10-K – For the Fiscal Year Ended December 31, 2020

Form 10-Q – For the Quarterly Period Ended March 31, 2021

Form 10-Q – For the Quarterly Period Ended June 30, 2021

Form 10-Q – For the Quarterly Period Ended September 30, 2021

SCHEDULE 5.5
(to Bond Purchase Agreement)

EXISTING INDEBTEDNESS

SCHEDULE 5.15

Existing Indebtedness of the Company as of October 31, 2021

Item	Obligor	Creditor	CUSIP	Description of Indebtedness	Interest Rate	Collateral	Final Maturity	Outstanding Principal Amount
1	(1) MWC	(7) NJDEP	(3) N/A	0.00%, Series EE	0.00%	(5) FMB	08/01/23	\$ 620,053
2	(1) MWC	(2) NJIB	(3) N/A	3.00% to 5.50%, Series FF	(4) Various	(5) FMB	08/01/24	\$ 1,275,000
3	(1) MWC	(7) NJDEP	(3) N/A	0.00%, Series GG	0.00%	(5) FMB	08/01/26	\$ 450,528
4	(1) MWC	(2) NJIB	(3) N/A	4.00% to 5.00%, Series HH	(4) Various	(5) FMB	08/01/26	\$ 530,000
5	(1) MWC	(7) NJDEP	(3) N/A	0.00%, Series II	0.00%	(5) FMB	08/01/27	\$ 249,256
6	(1) MWC	(2) NJIB	(3) N/A	3.40% to 5.00%, Series JJ	(4) Various	(5) FMB	08/01/27	\$ 411,000
7	(1) MWC	(7) NJDEP	(3) N/A	0.00%, Series KK	0.00%	(5) FMB	08/01/28	\$ 630,786
8	(1) MWC	(2) NJIB	(3) N/A	5.00% to 5.50%, Series LL	(4) Various	(5) FMB	08/01/28	\$ 760,000
9	(1) MWC	(7) NJDEP	(3) N/A	0.00%, Series MM	0.00%	(5) FMB	08/01/30	\$ 836,558
10	(1) MWC	(2) NJIB	(3) N/A	3.00% to 4.375%, Series NN	(4) Various	(5) FMB	08/01/30	\$ 1,015,000
11	(1) MWC	(7) NJDEP	(3) N/A	0.00%, Series OO	0.00%	(5) FMB	08/01/31	\$ 1,505,085
12	(1) MWC	(2) NJIB	(3) N/A	2.00% to 5.00%, Series PP	(4) Various	(5) FMB	08/01/31	\$ 555,000
13	(1) MWC	(6) NJEDA	645780FH5	5.00%, Series QQ	5.00%	(5) FMB	10/01/23	\$ 9,915,000
14	(1) MWC	(6) NJEDA	645780FG7	4.25%, Series SS	4.25%	(5) FMB	10/01/47	\$ 23,000,000
15	(1) MWC	(7) NJDEP	(3) N/A	0.00%, Series TT	0.00%	(5) FMB	08/01/32	\$ 1,655,593
16	(1) MWC	(2) NJIB	(3) N/A	3.00% to 3.25%, Series UU	(4) Various	(5) FMB	08/01/32	\$ 655,000
17	(1) MWC	(7) NJDEP	(3) N/A	0.00%, Series VV	0.00%	(5) FMB	08/01/33	\$ 1,717,783
18	(1) MWC	(2) NJIB	(3) N/A	3.00% to 5.00%, Series WW	(4) Various	(5) FMB	08/01/33	\$ 675,000
19	(1) MWC	(7) NJDEP	(3) N/A	0.00%, Series XX	0.00%	(5) FMB	08/01/47	\$ 9,867,591
20	(1) MWC	(2) NJIB	(3) N/A	3.00% to 5.00%, Series YY	(4) Various	(5) FMB	08/01/47	\$ 3,630,000
21	(1) MWC	(7) NJDEP	(3) N/A	0.00%, Series 2018A	0.00%	(5) FMB	08/01/47	\$ 6,007,770
22	(1) MWC	(2) NJIB	(3) N/A	3.00%-5.00%, Series 2018B	(4) Various	(5) FMB	08/01/47	\$ 2,230,000
23	(1) MWC	(6) NJEDA	645780FK8	4.00% Series 2019A	4.00%	(5) FMB	08/01/59	\$ 32,500,000
24	(1) MWC	(6) NJEDA	645780FJ1	5.00% Series 2019B	5.00%	(5) FMB	08/01/59	\$ 21,200,000
25	(1) MWC	(9) NYL	(3) N/A	2.90%, Series 2020A	2.90%	(5) FMB	11/18/50	\$ 40,000,000
26	(1) MWC	(2) NJIB	(3) N/A	Construction Note CFP-19-1	0.00%	None	(8) 12/31/21	\$ 43,474,714
27	(1) MWC	(2) NJIB	(3) N/A	Construction Note CFP-1	0.00%	None	(8) 12/31/21	\$ 8,656,747
28	(1) MWC	PNC Bank, N.A.	(3) N/A	Line of Credit	0.99813%	None	11/01/21	\$ 6,000,000
29	(1) MWC	PNC Bank, N.A.	(3) N/A	Line of Credit	0.99525%	None	11/02/21	\$ 4,000,000
30	(1) MWC	PNC Bank, N.A.	(3) N/A	Line of Credit	0.99263%	None	11/08/21	\$ 5,000,000
31	(1) MWC	PNC Bank, N.A.	(3) N/A	Line of Credit	0.98600%	None	11/12/21	\$ 21,000,000
32	(1) MWC	PNC Bank, N.A.	(3) N/A	Line of Credit	0.98588%	None	11/18/21	\$ 4,000,000
33	(1) MWC	Bank of America	(3) N/A	Line of Credit	1.33700%	None	11/05/21	\$ 3,000,000
Total Indebtedness as of October 31, 2021								<u>\$ 257,023,464</u>

(1) - MWC is defined as Middlesex Water Company.

(2) - NJIB is defined as New Jersey Infrastructure Bank (f/k/a the New Jersey Environmental Infrastructure Trust (a/k/a the NJEIT)).

(3) - N/A is defined as Not Applicable.

(4) - There are Various interest rates since there are multiple scheduled maturity dates of portions of the loan before the final maturity date.

(5) - FMB is defined as First Mortgage Bonds issued by Middlesex Water Company.

(6) - NJEDA is defined as the New Jersey Economic Development Authority.

(7) - NJDEP is defined as the New Jersey Department of Environmental Protection (State of New Jersey)

(8) - Settlement of the Construction Loan Note will be accomplished by MWC issuing FMBs to the NJIB for 25% of the Construction Loan Note balance and to the NJDEP for 75% of the Construction Loan Note balance. Final maturity the FMBs is expected to be a maximum of thirty years from the date of the Construction Loan Note settlement.

(9) - NYL is defined as New York Life Insurance Company.

INFORMATION RELATING TO PURCHASERS
REDACTED AND PROVIDED TO THE COMPANY UNDER SEPARATE COVER

NAME AND ADDRESS OF PURCHASER	SERIES OF SERIES 2021 BONDS	PRINCIPAL AMOUNT OF SERIES 2021 BONDS TO BE PURCHASED
NEW YORK LIFE INSURANCE COMPANY	Series 2021A	\$ 14,820,000
51 Madison Avenue, 2 nd Floor New York, New York 10010	Series 2021B	\$ 45,500,000

Redacted and provided to the Company under separate cover

NAME AND ADDRESS OF PURCHASER	SERIES OF SERIES 2021 BONDS	PRINCIPAL AMOUNT OF SERIES 2021 BONDS TO BE PURCHASED
NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION 51 Madison Avenue, 2 nd Floor New York, New York 10010	Series 2021A	\$ 4,680,000

Redacted and provided to the Company under separate cover

FINANCING AGREEMENT

BETWEEN

TIDEWATER UTILITIES, INC.

AND

DELAWARE DRINKING WATER STATE REVOLVING FUND,
ACTING BY AND THROUGH THE
DELAWARE DEPARTMENT OF HEALTH AND SOCIAL SERVICES,
DIVISION OF PUBLIC HEALTH

Loan No. 22000027

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this “Agreement”) is made as of this 16th day of December, 2021, between the DELAWARE DRINKING WATER STATE REVOLVING FUND, acting by and through the DELAWARE DEPARTMENT OF HEALTH & SOCIAL SERVICES, DIVISION OF PUBLIC HEALTH, a public agency of The State of Delaware (the “Department”) and TIDEWATER UTILITIES, INC., a corporation organized under the laws of The State of Delaware (the “Borrower”).

Pursuant to Title 29 Delaware Code Section 7903 (the “Act”), the General Assembly established a permanent and perpetual fund known as the “Delaware Drinking Water State Revolving Fund” (the “Fund”) and empowered the Secretary of the Department of Health & Social Services to administer such Fund. From the Fund, the Department from time to time makes loans to and acquires obligations of eligible persons in Delaware to finance the costs of drinking water facilities in accordance with the Federal Safe Drinking Water Act.

The Borrower requested a loan (the “Loan”) from the Fund and will evidence its obligation to repay the Loan by the signing of this Agreement and by the delivery of its General Obligation Bond (South Rehoboth District Elevated Storage Tank Project), Series 2021-SRF (the “Bond”). The Borrower will use the Loan Proceeds from the Fund to: (i) finance the engineering and construction of a 1,000,000 gallon elevated drinking water storage tank in the South District of Rehoboth Beach, Delaware, as more fully described in **Exhibit A** and (ii) if desired, pay certain administrative costs and costs of issuing the Bond (collectively, the “Project”).

ARTICLE I
DEFINITIONS

Section 1.1. Definitions.

The capitalized terms contained in this Agreement shall have the meanings set forth below unless the context requires otherwise and any capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Act:

“Agreement” means this Financing Agreement between the Department and the Borrower, together with any amendments or supplements hereto.

“Authorized Representative” means the President, Vice President, Chairman, Treasurer, and Secretary of the Borrower or any employee of the Borrower authorized by resolution or certificate of the Borrower to perform the act or sign the document in question.

“Business Day” means a day of the year which is not a Saturday or Sunday or a day on which banking institutions located in New York or Delaware are required or authorized to remain closed or on which the New York Stock Exchange is closed.

“Closing Date” means the date this Agreement is executed and delivered by the Borrower and the Department.

“Commitment Letter” shall mean the commitment letter from the Department to the Borrower dated September 20, 2021 and all extensions and amendments thereto.

“Consulting Engineer” means any firm of independent consulting engineers of recognized standing and experienced in the field of environmental engineering and registered to do business in Delaware. Any such firm shall be subject to the reasonable approval of the Department.

“Department” means the Department of Health and Social Services, Division of Public Health.

“Event of Default” shall have the meaning set forth in Section 9.1.

“Fiscal Year” means the period of twelve months established by the Borrower as its annual accounting period.

“Loan” means the loan from the Department to the Borrower pursuant to this Agreement.

“Loan Proceeds” means the funds applied to make the loan to the Borrower pursuant to this Agreement.

“Notice to Proceed” means a written notice given by the Borrower and signed by an Authorized Representative issued to each construction contractor fixing the date on which construction, equipping, acquisition, expansion or renovation of the Project as described in **Exhibit A** will commence, a copy of which must be furnished to the Department by the Borrower within one year of the Closing Date.

“Penalty” shall have the meaning set forth in Section 3.3.

“Project” means, collectively, the various improvements and upgrades to the System of the Borrower, as more fully described in **Exhibit A**, the costs of the construction, acquisition or equipping of which are to be financed in whole or in part with the Loan Proceeds.

“Project Budget” means the budget for the financing of the Project, a copy of which is attached to this Agreement as **Exhibit B**.

“Project Costs” means the costs of the construction, acquisition or equipping of the Project, as further described in the Project Budget, and such other costs as may be approved in writing by the Department, provided such costs are permitted by the Act.

“System” means all plants, systems, facilities, equipment or property, of which the Project constitutes the whole or a part, owned, operated or maintained by the Borrower and used in connection with the drinking water services for the systems which comprise the Project, all as described in **Exhibit A**.

Section 1.2. Rules of Construction.

The following rules shall apply to the construction of this Agreement unless the context requires otherwise:

(a) Singular words shall connote the plural number as well as the singular and vice versa.

(b) All references in this Agreement to particular Sections or Exhibits are references to Sections or Exhibits of this Agreement unless otherwise indicated.

(c) The headings and table of contents as used in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

ARTICLE II
REPRESENTATIONS

Section 2.1. Representations by Borrower.

The Borrower makes the following representations as the basis for its undertakings under this Agreement:

(a) The Borrower is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware.

(b) The Borrower has full right, power and authority to (i) execute this Agreement and the other documents related thereto, (ii) own and operate the System, (iii) construct, acquire or equip the Project and finance the Project Costs by borrowing money for such purpose pursuant to this Agreement, and (iv) carry out and consummate all of the transactions contemplated by this Agreement.

(c) All permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the date of signing of this Agreement have been obtained for (i) the execution by the Borrower of this Agreement, (ii) the performance and enforcement of the obligations of the Borrower thereunder, (iii) the acquisition, construction, equipping, occupation, operation and use of the Project, and (iv) the operation and use of the System. The Borrower knows of no reason why any other necessary permits or approvals cannot be obtained as required.

(d) This Agreement has been executed by a duly authorized officer of the Borrower and constitutes the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with the terms of this Agreement.

(e) There are not pending nor, to the best of the knowledge of the undersigned officer of the Borrower, threatened, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature, in which a judgment, order or resolution may have a material adverse effect on the Borrower, or its business, assets, condition (financial or otherwise), operations or prospects or in its ability to perform its obligations under this Agreement.

(f) There have been no material defaults by any contractor or subcontractor under any contract made in connection with the construction or equipping of the Project.

(g) No material adverse change has occurred in the financial condition of the Borrower from that indicated in the financial statements, application and other information furnished to the Department in connection with this Agreement.

(h) No Event of Default has occurred and is continuing.

(i) Except as may otherwise be approved by the Department or permitted by the terms hereof, the Project and the System at all times will be owned by the Borrower and will not be operated or controlled by any other entity or person.

(j) The Project will be a part of the System.

(k) The Loan Proceeds and funds available from the other sources specified in the Project Budget will be sufficient to pay the estimated Project Costs.

(l) The Borrower has received or has commitments to obtain all funds and other financing for the Project as contemplated in the Project Budget.

(m) As of the date hereof, the Borrower acknowledges that the construction contract was signed in September of 2021, with construction beginning after that. The Borrower expects to complete the acquisition, construction and equipping of the Project on or before the projected date of December 31, 2023. The Borrower expects to adhere to the estimated drawdown schedule attached hereto as **Exhibit D** and certified to in the "Certificate of the Borrower and Projected Drawdown Schedule of the Project" attached hereto as **Exhibit F** and made a part hereof. This projected date of completion is subject to an extension if such extension is mutually agreed upon by the Department and the Borrower. Noncompliance with this Section 2.1(m) may cause loan funds to become de-obligated and reallocated to other drinking water projects at the discretion of the Department.

ARTICLE III

ADVANCE AND USE OF LOAN PROCEEDS; CONSTRUCTION OF PROJECT

Section 3.1. Advance of Loan Proceeds.

The Department agrees to advance to the Borrower pursuant to this Agreement up to Five Million Five Thousand Eight Hundred Thirty Dollars (\$5,005,830) to pay Project Costs in accordance with the Project Budget.

Section 3.2. Application of Loan Proceeds.

(a) The Borrower agrees to apply the Loan Proceeds solely and exclusively to the payment, or the reimbursement of the Borrower for the payment, of Project Costs and further agrees, upon the request of the Department, to exhibit to the Department, vouchers, statements, bills of sale or other evidence of the actual payment of such Project Costs. The Department shall disburse the Loan Proceeds to or for the account of the Borrower upon execution of this Agreement and upon receipt by the Department of the following:

(1) A requisition (upon which the Department shall be entitled to rely) signed by an Authorized Representative and containing all information called for by, and otherwise being in the form of, **Exhibit C** attached hereto.

(2) If such requisition includes an item for payment for labor or to contractors, builders or materialmen (i) a certificate, signed by an Authorized Representative, stating that such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the construction of the Project; and (ii) a certificate signed by an Authorized Representative stating either that such materials, supplies or equipment are not subject to any lien or security interest or that such lien or security interest will be released or discharged upon payment of the requisition.

Upon receipt of each such requisition and accompanying certificate or certificates, the Department shall disburse Loan Proceeds hereunder to or for the account of the Borrower in accordance with such requisition in an amount and to the extent approved by the Department. The Borrower expects to adhere to the estimated drawdown schedule attached hereto as Exhibit D. The Department shall have no obligation to disburse any such Loan Proceeds if the Borrower is in default hereunder, nor shall the Department have any obligation to approve any requisition if the Borrower is not in compliance with the terms of this Agreement.

(b) The Borrower shall comply with all applicable State of Delaware and federal laws. Except as may otherwise be approved by the Department, disbursements shall be held at ninety-five percent (95%) of the maximum amount authorized hereunder to ensure satisfactory completion of the Project. Upon receipt from the Borrower of the certificate specified in Section 3.4 and a final requisition detailing all retainages to which the Borrower is then entitled, the Department, to the extent approved by the Department and subject to the provisions of this Section and Section 3.4, will disburse Loan Proceeds to or for the account of the Borrower to the extent of such approval.

(c) The Department may apply Loan Proceeds to pay any Penalty assessed pursuant to Section 3.3.

(d) The Department shall have no obligation to disburse Loan Proceeds in excess of the amount necessary to pay for approved Project Costs.

(e) The Borrower shall comply in all respects with all applicable federal laws, regulations and other requirements related to or arising out of or in connection with the Project and the funding thereto by the Fund. The Borrower shall also comply in all respects with the Federal Single Audit Act and OMB Circular A-133, 2 CFR 200 Subpart F, as a sub-recipient of Federal funds.

(f) The Borrower shall comply with the Delaware Drinking Water State Revolving Fund's Davis-Bacon Wage Rate Act Requirement as set forth in the closing documents. The Borrower agrees that all contractors or subcontractors utilized by the Borrower in the Project will complete and file the U.S. Department of Labor's payroll form WH-347.

(g) As a recipient of Fund assistance, the Borrower shall comply with the Prohibition on Certain Telecommunication and Video Surveillance Services or Equipment located in 2 CFR 200.216, as such regulation relates to the Project. The Borrower agrees that none of the Loan Proceeds shall be used to procure, enter into, extend or renew contracts or obtain equipment, services or systems that use "covered telecommunications equipment or services," as identified in the regulation, as a substantial or essential component of any system, or as critical technology as part of any system.

(h) As a recipient of Fund assistance, the Borrower agrees that none of the Loan Proceeds made available to the Borrower shall be used for the Project for the construction, alteration, maintenance, or repair of the System unless all of the iron and steel products used in the Project are produced in the United States ("American Iron and Steel Requirement"), unless: (i) the Borrower has requested and obtained a waiver from the Environmental Protection Agency pertaining to the Project or (ii) the Department has otherwise advised the Borrower in writing that the American Iron and Steel Requirement is not applicable to the Project.

In this section 3.2(h), the term "iron and steel products" means the following products made primarily of iron or steel-lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

Section 3.3. Agreement to Draw Loan Proceeds and Penalty for Delay.

The Borrower agrees after the Closing Date to commence work in earnest on the Project and make draws on the Loan Proceeds of at least ten percent (10%) of the Project Costs within one year of the Closing Date. The Borrower further agrees to provide a Notice to Proceed within one year of the Closing Date.

If by December 16, 2022, which is one year from the Closing Date, (i) the Borrower has not submitted requisition(s), in the manner required by Section 3.2, for more than ten percent (10%) of the Project Costs, and (ii) the Department has not received a Notice to Proceed, the Department may in its discretion assess a penalty equal to one percent (1%) of the Loan Proceeds (the "Penalty"). Such Penalty may be drawn by the Department from the Loan Proceeds. It is within the Department's complete discretion whether to impose the Penalty based upon its review of affirmative steps taken by the Borrower to commence and complete the Project and the totality of the circumstances surrounding any such delay in requesting disbursement of Loan Proceeds.

Section 3.4. Agreement to Accomplish Project.

The Borrower will cause the Project to be acquired, constructed, expanded, renovated or equipped as described in **Exhibit A** and in accordance with the Project Budget and the plans, specifications and designs prepared by the Consulting Engineer and approved by the Department. The Borrower will complete the Project by the date set forth in Section 2.1(m). All plans, specifications and designs have been approved by all applicable regulatory agencies. The Borrower agrees to maintain complete and accurate books and records of the Project Costs and permit the Department through its duly authorized representatives to inspect such books and records at any reasonable time. The Borrower and the Department may amend the description of the Project set forth in **Exhibit A**.

The Borrower will deliver to the Department a certificate signed by an Authorized Representative of the Borrower and by the Consulting Engineer stating (i) that the Project has been completed substantially in accordance with this Section, the plans and specifications as amended from time to time, as approved by the Department, and in substantial compliance with all material applicable laws, ordinances, rules and regulations, (ii) the date of such completion, (iii) that all certificates of occupancy or other material permits necessary for the Project's use, occupancy and operation have been issued or obtained, and (iv) the amount, if any, to be reserved for payment of Project Costs.

Section 3.5. Permits.

The Borrower, at its sole cost and expense, shall comply with, and shall obtain all permits, consents and approvals required by local, state or federal laws, ordinances, rules, regulations or requirements in connection with the acquisition, construction, equipping, occupation, operation or use of the Project. The Borrower shall, upon request, promptly furnish to the Department copies of all such permits, consents and approvals. The Borrower shall also comply with all lawful program or procedural guidelines or requirements duly promulgated and amended as of the date hereof by the Department in connection with the acquisition, construction, equipping, occupation, operation or use of projects financed by the Fund under the Act. The Borrower shall also comply in all respects with all applicable State of Delaware and federal laws, regulations and other requirements relating to or arising out of or in connection with the Project and the funding thereof by the Fund.

Section 3.6. Construction Contractors.

Each construction contractor employed in the accomplishment of the Project shall be required in the construction contract to furnish a performance bond and a payment bond, each in an amount equal to one hundred percent (100%) of the particular contract price. Such bonds shall list the Borrower as beneficiary. Each contractor shall be required to maintain, during the construction period covered by the particular construction contract, builder's risk insurance, workers compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms customarily maintained on such projects. Upon request of the Department, the Borrower shall cause each contractor to furnish evidence of such bonds and insurance to the Department. In addition to the foregoing,

(a) Each construction contractor employed in the accomplishment of the Project is required to comply with the Anti-Kickback Act (and is required to insert similar requirements in all subcontracts) and all other applicable federal laws and regulations.

(b) All construction contracts and contractors' estimate forms will be prepared so that materials and equipment may be readily itemized and identified as to eligible and noneligible costs.

(c) Any change in a construction contract that will alter the contract price or completion time or will substantially modify the proposed use of the Project must be submitted to the Department for prior approval via a change order in the form of the change order attached hereto as **Exhibit E**.

(d) The construction of the Project facilities will conform to applicable federal, state and local laws, ordinances and regulations.

(e) The Borrower will proceed expeditiously and complete the Project facilities in accordance with the approved application, project schedule, surveys, plans, profiles, cross-sections, specifications and amendments approved by the Department.

Recipients and sub-recipients of Fund assistance, including the Borrower, shall not make any award or permit any award (sub-grant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension." Grantees and sub-grantees, including the Borrower, shall refer to the "List of Parties Excluded From Federal Procurement and Non-Procurement Programs" to insure that the contractor or subcontracts are not on this list. A search for exclusion records can be made at the official US government System for Award Management website at <https://www.sam.gov>. For assistance visit the Federal Service Desk online at www.fsd.gov or by calling (866) 606-8220.

Section 3.7. Engineering Services.

The Borrower has retained or employed the Consulting Engineer to provide engineering services covering planning and design, operation of the System, and the supervision and inspection of the construction of the Project. The Consulting Engineer will provide to the Department the certificate required by Section 3.4.

Section 3.8. Borrower Required to Complete Project.

Subject to the provisions of Section 8.5 hereof, if the Loan Proceeds are not sufficient to pay in full the cost of the Project, the Borrower will complete the Project at its own expense and shall not be entitled to any reimbursement therefor from the Department or the Fund or to any abatement, diminution or postponement of the Borrower's repayments under this Agreement.

Section 3.9. Inclusion of Eligible Project Reimbursement Costs Within The Loan.

Project Costs incurred prior to the initiation of construction and after approval of the Project by the Department are eligible for reimbursement from Loan Proceeds provided that the Project continues to meet all the criteria and requirements set forth by the Department. Notwithstanding anything to the contrary herein, costs incurred and associated with the initial stages of the Project, such as planning and design, are eligible for reimbursement regardless of when such costs were incurred.

ARTICLE IV
REPAYMENT OF LOAN; GENERAL OBLIGATION

Section 4.1. Repayment of Loan.

The Borrower shall repay the Loan pursuant to the terms of the Bond issued to the Department.

Section 4.2. General Obligation.

The Borrower's repayment obligation constitutes a general obligation of the Borrower, secured by a pledge of its full faith, revenue and credit.

Section 4.3. [RESERVED]

ARTICLE V
PREPAYMENTS

Section 5.1. Prepayments of Loan.

At its option and upon providing prior written notice to the Department, the Borrower may prepay the Loan, in whole or in part, without penalty, at any time. Such prior written notice shall specify the date on which the Borrower will make such prepayment and whether the Loan will be prepaid in full or in part, and if in part, the principal amount to be prepaid. Any such prepayment shall be applied against Loan principal installments then outstanding as shall be directed by the Borrower.

ARTICLE VI
OPERATION AND USE OF SYSTEM

Section 6.1. Inspection of System and Borrower's Books and Records.

The Department and its duly authorized representatives and agents shall have such reasonable rights of access to the System as may be necessary to determine whether the Borrower is in compliance with the requirements of this Agreement and shall have the right at all reasonable times and upon reasonable prior notice to the Borrower to examine and copy the books and records of the Borrower insofar as such books and records relate to the System.

Section 6.2. Performance Certification.

The Borrower will notify the Department when the Project is completed and operation commenced on or before the date set out in Section 2.1(m).

Section 6.3. Operation, Maintenance and Use of System.

At its own cost and expense, the Borrower shall operate the System in a proper, sound and economical manner and in compliance with all legal requirements, shall maintain the System in good repair and operating condition and from time to time shall make all necessary repairs, renewals and replacements.

ARTICLE VII
INSURANCE, DAMAGE AND DESTRUCTION

Section 7.1. Insurance.

Unless the Department otherwise agrees in writing, the Borrower shall maintain or cause to be maintained insurance against such risks as are customarily insured against by owners of systems similar in size and character to the System.

ARTICLE VIII
SPECIAL COVENANTS

Section 8.1. Maintenance of Existence.

The Borrower shall maintain its existence as a "Person" (as defined in the Federal Safe Drinking Water Act) and, without consent of the Department, which consent shall not be unreasonably withheld, shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate or merge with or into another entity. Notwithstanding the foregoing, the Borrower may consolidate or merge with or into, or sell or otherwise transfer all or substantially all of its assets to a political subdivision of The State of Delaware, and the Borrower thereafter may dissolve, if the surviving, resulting or transferee political subdivision, if other than the Borrower, assumes, in written form acceptable to the Department, all of the obligations of the Borrower contained in this Agreement, and there is furnished to the Department an Opinion of Counsel acceptable to the Department subject to customary exceptions and qualifications, to the effect that such assumption constitutes the legal, valid and binding obligations of the surviving, resulting or transferee entity in accordance with its terms.

Section 8.2. Financial Records and Statements.

The Borrower shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted accounting principles, consistently applied, of all its business and affairs related to the System. The Borrower shall have an annual audit made by an independent certified public accountant within one hundred twenty (120) days after the end of each Fiscal Year. Such report shall include either (a) disclosure language confirming the Borrower's continued compliance with its loan and mortgage covenants and restrictions or (b) a certificate of the accountants to the effect that, during the course of such accountant's regular examination of the Borrower's financial condition, nothing came to such accountant's attention that would constitute an Event of Default hereunder. A copy of the audited annual report shall be forwarded to the Department when completed.

Section 8.3. Certificate as to No Default.

The Borrower shall deliver to the Department, within one hundred twenty (120) days after the close of each Fiscal Year, a certificate signed by an Authorized Representative stating that, during such year and as of the date of such certificate, no event or condition has happened or existed, or is happening or existing, which constitutes an Event of Default, or if such an event or condition has happened or existed, or is happening or existing, specifying the nature and period of such event or condition and what action the Borrower has taken, is taking or proposes to take to rectify it.

Section 8.4. Further Assurances.

The Borrower shall to the fullest extent permitted by law pass, make, do, execute, acknowledge and deliver such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights of the Department under this Agreement, or as may be required to carry out the purpose of this Agreement. The Borrower shall at all times, to the fullest extent permitted by law, defend, preserve and protect all rights of the Department under this Agreement against all claims and demands of all persons.

Section 8.5. Other Indebtedness.

In the event that the Borrower is required to borrow additional funds in order to complete the Project, the Borrower agrees to consult with the Department before borrowing any such additional funds. The Borrower agrees to pay when due all amounts required by any other bonded indebtedness and to perform all of its obligations in connection therewith.

Section 8.6. Assignment by Borrower.

The Borrower may not assign its rights under this Agreement without the prior written consent of the Department, which consent shall not be unreasonably withheld. If the Borrower desires to assign its rights under this Agreement to another "Person" (as defined in the Federal Safe Drinking Water Act), the Borrower shall give notice of such fact to the Department. If the Department consents to the proposed assignment, the Borrower may proceed with the proposed assignment, but such assignment shall not become effective until the Department is furnished: (i) an assumption agreement in form and substance satisfactory to the Department by which the assignee agrees to assume all of the Borrower's obligations under this Agreement, and (ii) an Opinion of Counsel to the assignee, subject to customary exceptions and qualifications, that the assumption agreement and this Agreement constitute legal, valid and binding obligations of the assignee enforceable against the assignee in accordance with their terms and that the assignment and assumption comply in all respects with the provisions of this Agreement. Notwithstanding the foregoing, the assignment of the rights of the Borrower under this Agreement or the assumption of the obligations thereunder by the assignee shall in no way be construed as releasing the Borrower's obligations unless specifically agreed to by the Department.

ARTICLE IX
DEFAULTS AND REMEDIES

Section 9.1. Events of Default.

Each of the following events shall be an “Event of Default” hereunder:

(a) The failure to pay any payment of principal, interest and/or any administrative fee when due hereunder or under the Bond;

(b) The Borrower’s failure to perform or observe any of the other covenants, agreements or conditions of this Agreement and the continuation of such failure for a period of thirty (30) days after the Department gives the Borrower written notice specifying such failure and requesting that it be cured, unless the Department shall agree in writing to an extension of such time prior to its expiration; *provided, however*, if the failure stated in the notice is correctable but cannot be corrected within the applicable period, the Department will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the default is corrected;

(c) Any warranty, representation or other statement by or on behalf of Borrower contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement is false or misleading in any material respect;

(d) An order or decree shall be entered, with the Borrower’s consent or acquiescence, appointing a receiver or receivers of the System or any part thereof or of the income thereof, or if such order or decree, having been entered without the Borrower’s consent or acquiescence, shall not be vacated, discharged or stayed on appeal within ninety (90) days after the entry thereof;

(e) Any proceeding shall be instituted, with the Borrower’s consent or acquiescence, for the purpose of effecting a composition between the Borrower and its creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the revenues of the System; or

(f) Any bankruptcy, insolvency or other similar proceeding shall be instituted by or against the Borrower under any federal or state bankruptcy or insolvency law now or hereinafter in effect and, if instituted against the Borrower, is not dismissed within ninety (90) days after filing.

Section 9.2. Notice of Default.

The Borrower agrees to give the Department prompt written notice if any order, decree or proceeding referred to in Sections 9.1(d) through (f), inclusive, is entered or instituted against the Borrower or of the occurrence of any other event or condition which constitutes an Event of Default immediately upon becoming aware of the existence thereof.

Section 9.3. Remedies on Default.

Whenever any Event of Default referred to in Section 9.1 shall have happened and be continuing, the Department shall, in addition to any other remedies provided herein or by law, have the right, at its option without any further demand or notice, to take one or both of the following remedial steps:

(a) Discontinue advances of Loan Proceeds hereunder;

(b) Declare immediately due and payable all payments due or to become due under this Agreement or under the Bond, and upon notice to the Borrower, the same shall become immediately due and payable by the Borrower without further notice or demand; and

(c) Take whatever other action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due under this Agreement or to enforce any other of the Department's rights under this Agreement or to enforce performance by the Borrower of its covenants, agreements or undertakings contained herein.

Section 9.4. Delay and Waiver.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default under this Agreement shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereto.

Section 9.5. Right to Cure Default.

If the Borrower shall fail to make any payment or to perform any act required by it under this Agreement, the Department without prior notice to or demand upon the Borrower and without waiving or releasing any obligation or default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by the Department and all costs, fees and expenses so incurred shall be payable by the Borrower as an additional obligation under this Agreement, together with interest thereon at the rate of interest of five percent (5%) per annum until paid. The Borrower's obligation under this Section shall survive the repayment of the Bond.

ARTICLE X
MISCELLANEOUS

Section 10.1. Successors and Assigns.

This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 10.2. Amendments.

The Department and the Borrower shall have the right to amend from time to time any of the terms and conditions of this Agreement, *provided* that all amendments shall be in writing and shall be signed by or on behalf of the Department and the Borrower.

Section 10.3. Limitation of Liability of Borrower's Officers.

No present or future director, official, officer, employee or agent of the Borrower shall be liable personally in respect of this Agreement or for any other action taken by such individual pursuant to or in connection with the financing provided for in this Agreement.

Section 10.4. Applicable Law.

This Agreement shall be governed by the applicable laws of The State of Delaware.

Section 10.5. Severability.

If any clause, provision, or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or Section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement. If any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Department and the Borrower, as the case may be, only to the extent permitted by law.

Section 10.6. Notice.

Unless otherwise provided for herein, all demands, notices, approvals, consents, requests, opinions and other communications under this Agreement shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed as follows:

Department: Delaware Department of Health and Social Services
Division of Public Health
Office of Drinking Water
Jesse Cooper Building
417 Federal Street – Room 226
Dover, DE 19901
Attention: DWSRF Program Director

With a copy to:

Delaware Department of Natural Resources
& Environmental Control, on behalf of the Delaware Department
of Health and Social Services
Office Of The Secretary, Environmental Finance
97 Commerce Way, Suite 106
Dover, DE 19904
Attention: Chief of Administration

and

Borrower: Tidewater Utilities, Inc.
1100 South Little Creek Road
Dover, DE 19901
Attention: Mr. A. Bruce O'Connor, President

With a copy to:

Middlesex Water Company
485C Route One South, Suite 400
Iselin, NJ 08830
Attn: Jay L. Kooper, Vice President, General Counsel & Secretary

The Department, and the Borrower may designate, by notice given hereunder, any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinion or other communications shall be sent or persons to whose attention the same shall be directed.

Section 10.7. Headings.

The headings of the several articles and sections of this Agreement are inserted for convenience only and do not comprise a part of this Agreement.

Section 10.8. Terms of Agreement.

This Agreement shall be effective upon its execution and delivery by the Borrower and the Department. Except as otherwise specified, the Borrower's obligations under this Agreement shall expire upon payment in full of the Bond and all other amounts payable by the Borrower under this Agreement.

Section 10.9. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

WITNESS the following signatures, all duly authorized.

FOR THE DELAWARE DRINKING WATER STATE
REVOLVING FUND, ACTING BY AND THROUGH THE
DELAWARE DEPARTMENT OF HEALTH AND SOCIAL
SERVICES, DIVISION OF PUBLIC HEALTH

By: /s/ Laura Robbins
Laura Robbins
DNREC, Chief of Administration
Delaware Department of Natural Resources and
Environmental Control, on behalf of the
Delaware Department of Health and Social Services

TIDEWATER UTILITIES, INC.

By: /s/ A. Bruce O'Connor
Name: A. Bruce O'Connor
Title: President

(SEAL)

Attest:

By: /s/ Jay L. Kooper
Jay L. Kooper
Secretary

EXHIBIT A

Project Description

The engineering and construction of a 1,000,000-gallon elevated drinking water storage tank in the South District of Rehoboth Beach, Delaware. This project would bring the water system into compliance with storage requirements and ease the strain on the existing wells during high flow time periods.

EXHIBIT B

Project Budget

Project Budget:	Total Cost
Administrative	\$ 5,000.00
Engineering	\$ 152,000.00
Construction	\$ 4,808,830.00
Total Budget	<u>\$ 5,005,830.00</u>
Source of Funds:	
DWSRF Loan	<u>\$ 5,005,830.00</u>

EXHIBIT C

Form of Requisition

PROJECT NAME: _____

FUNDING RECIPIENT: _____

E. I. # _____

**UNITED STATES
DEPARTMENT OF
AGRICULTURE
RURAL DEVELOPMENT**

AND/
OR

**STATE OF DELAWARE
DHSS**

REQUISITION NO: _____

DATE: _____

USDA LOAN NO. _____

STATE LOAN NO. _____

USDA GRANT NO. _____ **SEPARATELY OR
JOINTLY FUNDED PROJECT**

STATE GRANT NO. _____

ACCOUNT SUMMARY AND REQUEST FOR LOAN/GRANT DISBURSEMENT

DISBURSEMENT ITEMS	AMOUNT BUDGETED	PREVIOUS DISBURSEMENTS	THIS PERIOD	TOTAL TO DATE	REMAINING FUNDS
CONSTRUCTION					
CONTRACT NAME OR #					
CONTRACT NAME OR #					
CONTRACT NAME OR #					
LAND AND R.O.W.					
LEGAL AND ADMIN					
ENGINEERING FEES					
INTEREST					
CONTINGENCIES					
INITIAL O & M					
OTHER (describe)					
DISBURSEMENT TOTALS					
SOURCES OF FUNDING					
USDA LOAN					
USDA GRANT					
STATE LOAN					
STATE GRANT					
OTHER (describe)					
OTHER (describe)					
OTHER (describe)					
SOURCE TOTALS (must equal disbursement totals above)					

See Notes on Page 2 (other side)

 PREPARED BY (BORROWER/GRANTEE) DATE

 APPROVED BY (DHSS/ODW) DATE

 APPROVED BY (ARCHITECT/ENGINEER) DATE

 APPROVED BY(USDA/RD) DATE

Borrower/Grantee's Certification	Consulting Engineer's Certification
<p>The undersigned certifies that (1) the amounts requested by this requisition will be applied solely and exclusively to the payment, or the reimbursement of the recipient for the payment, of Project Costs, and (2) any materials, supplies or equipment covered by this requisition are not subject to any lien or security interest or such lien or security interest will be released upon payment of this requisition.</p>	<p>The undersigned Consulting Engineer for the Recipient hereby Certifies that insofar as the amounts covered by this Requisition include payment for labor or to contractors, builders or materialmen, such work was actually performed or such materials, supplies or equipment were actually furnished to or installed in the Project.</p>
<p>Recipient's Authorized Representative Name, Title (PRINTED)</p>	<p>Title and Company Name (PRINTED)</p>
<p>Recipient's Authorized Representative Signature Date</p>	<p>Consulting Engineer's Name (PRINTED)</p>
	<p>Authorized Consulting Engineer Signature Date</p>

- NOTES:**
1. Include copies of all invoices or other acceptable documentation to support above request. Provide one (1) set for each funding agency.
 2. On jointly funded projects, disbursements will not be processed until this document is approved by authorized representatives of both the U. S. Department of Agriculture and the State of Delaware, Department of Health and Social Services.

EXHIBIT D

Schedule of Disbursements

Date	Amount (\$)
Dec-21	960,000
Mar-22	790,000
May-22	450,000
Sep-22	850,000
Oct-22	950,000
Dec-22	195,000
Jan-23	230,000
Mar-23	300,000
Jun-23	225,000
Jul-23	55,830

EXHIBIT E

Form of Change Order

**UNITED STATES
DEPARTMENT OF
AGRICULTURE
RURAL DEVELOPMENT**

AND
OR

**STATE OF DELAWARE
DHSS OR DNREC**

ORDER NO: _____

DATE: _____

STATE: _____

SEPARATELY OR JOINTLY FUNDED PROJECT

COUNTY: _____

CONTRACT CHANGE ORDER

CONTRACT FOR: _____

OWNER: _____

To: _____

(Contractor)

You are hereby requested to comply with the following changes from the contract plans and specifications:

Description of Changes (Supplemental Plans and Specifications Attached)	DECREASE in Contract Price	INCREASE In Contract Price
	\$	\$
TOTALS	\$	\$
NET CHANGE IN CONTRACT PRICE	\$	\$

JUSTIFICATION: Explain (Differing Site Conditions) (Errors or Omissions in Drawings or Specifications) (Changes in Regulatory Requirements) (Design Changes) (Over run or Under run in Quantities) (Factors Affecting Time of Completion) (Other: Describe below)

The original amount of the Contract: _____

_____ Dollars (\$ _____)

The amount of the Contract as adjusted by all previously approved Change Orders: _____

_____ Dollars (\$ _____)

The amount of the Contract will be (Decreased) (Increased) through this Change Order by the sum of: _____

_____ Dollars (\$ _____)

The Contract Total including this and all previous Change Orders will be: _____

_____ Dollars (\$ _____)

The Contract Period provided for completion will be (Increased) (Decreased) (Unchanged) by: _____ Calendar Days

This document will become a supplement to the contract and all provisions will apply hereto.

Requested: _____
(Owner) (Date)

Recommended: _____
(Owner's Architect/Engineer) (Date)

Accepted: _____
(Contractor) (Date)

Approved by State of Delaware: _____
(Date)

Approved by U. S. Department of Agriculture: _____
(Date)

After all five (5) copies of the Change Order have been signed and dated by authorized representatives of all the applicable parties in the spaces provided above, transmit one (1) copy to each party as listed below.

- () U. S. Department of Agriculture's Copy
- () State of Delaware's Copy
- () Contractor's Copy
- () Borrower/Grantee's Copy
- () Architect/Engineer's Copy

Forms- Jointly Funded-Change Order.doc This form provides all information required by USDA Form RD 1924 (Rev. 2-97)

EXHIBIT "F"

**CERTIFICATE OF THE BORROWER AND
PROJECTED DRAWDOWN SCHEDULE OF THE
PROJECT**

The undersigned, as representatives of Tidewater Utilities, Inc. (the "Borrower") in connection with the issuance of its \$5,005,830 General Obligation Bond (South Rehoboth District Elevated Storage Tank Project), Series 2021-SRF, have reviewed the estimated drawdown schedule prepared by the Borrower, as attached hereto as Exhibit D and made a part hereof.

We hereby certify that the estimated drawdown schedule attached hereto as Exhibit D and statements made under Section 2.1(m) "Representations by Borrower" in the foregoing Financing Agreement between the Borrower and the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health, are to the best of our knowledge true and correct as of the date hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Date: December 16, 2021

TIDEWATER UTILITIES, INC.

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
President

Attest:

By: /s/ Jay L. Kooper
Jay L. Kooper
Secretary

Middlesex Water Company

Subsidiaries

	Jurisdiction of Organization
Tidewater Utilities, Inc.	Delaware
Pinelands Water Company	New Jersey
Pinelands Wastewater Company	New Jersey
Utility Service Affiliates (Perth Amboy) Inc.	New Jersey
Utility Service Affiliates, Inc.	New Jersey
Twin Lakes Utilities, Inc.	Pennsylvania

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-233649) and Form S-8 (File No. 333-156269) of Middlesex Water Company of our report dated February 25, 2022, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ Baker Tilly US, LLP

Baker Tilly US, LLP

Philadelphia, Pennsylvania

February 25, 2022

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

I, Dennis W. Doll, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 Act 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 W. Doll

Dennis W. Doll

Chief Executive Officer

Date: February 25, 2022

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 Annual Report on Form 10-K 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 Act 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: February 25, 2022

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

I, Dennis W. Doll, 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 W. Doll
Dennis W. Doll
Chief Executive Officer

Date: February 25, 2022

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.

SECTION 906 CERTIFICATION PURSUANT TO 18 U.S.C. §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: February 25, 2022

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.
