

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For Quarter Ended: March 31, 1999

Commission File
No. 0-422

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

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

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

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

08830
(Zip Code)

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

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

YES NO

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

Class	Outstanding at March 31, 1999
Common Stock, No Par Value	4,908,666

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PART I. - FINANCIAL INFORMATION

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	1999	1998	1999	1998
Operating Revenues	\$11,679,893	\$ 9,769,139	\$44,968,720	\$40,727,238
Operating Expenses:				
Operation	6,207,458	4,588,621	21,426,309	18,161,555
Maintenance	640,497	327,865	2,027,989	1,707,952
Depreciation	860,875	808,084	3,337,460	3,123,444
Other Taxes	1,529,849	1,414,457	6,217,111	5,804,928
Federal Income Taxes	495,198	682,250	2,812,236	3,166,635
Total Operating Expenses	9,733,877	7,821,277	35,821,105	31,964,514
Operating Income	1,946,016	1,947,862	9,147,615	8,762,724
Other Income:				
Allowance for funds Used During Construction	486,222	133,803	1,402,463	275,718
Other-Net	212,978	39,107	919,193	177,276
Total Other Income	699,200	172,910	2,321,656	452,994
Income Before Interest Charges	2,645,216	2,120,772	11,469,271	9,215,718
Interest Charges	1,152,007	857,521	4,718,087	3,373,586
Net Income	1,493,209	1,263,251	6,751,184	5,842,132
Preferred Stock Dividend Requirements	79,697	79,697	318,786	265,992
Earnings Applicable to Common Stock	\$ 1,413,512	\$ 1,183,554	6,432,398	5,576,140
Earnings and Dividends per Share of Common Stock				
Earnings per Share:				
Basic	\$0.29	\$0.28	\$1.43	\$1.31
Diluted	\$0.29	\$0.28	\$1.42	\$1.30
Average Number of Common Shares Outstanding				
Basic	4,902,005	4,290,681	4,504,617	4,254,819
Diluted	5,128,431	4,517,107	4,731,043	4,435,868
Dividends Paid per Share	\$0.29 1/2	\$0.28 1/2	\$1.16	\$1.13

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS AND OTHER DEBITS

	March 31, 1999	December 31, 1998
	(Unaudited)	_____
UTILITY PLANT:		
Water Production	\$ 28,193,214	\$ 28,154,961
Transmission and Distribution	118,827,828	118,234,900
General	19,387,014	19,300,406
Construction Work in Progress	31,647,407	25,794,061
	_____	_____
TOTAL	198,055,463	191,484,328
Less Accumulated Depreciation	33,099,847	32,367,936
	_____	_____
UTILITY PLANT-NET	164,955,616	159,116,392
	_____	_____
NONUTILITY ASSETS-NET	4,085,072	3,710,437
	_____	_____
CURRENT ASSETS:		
Cash and Cash Equivalents	8,588,217	9,388,822
Temporary Cash Investments-Restricted	4,461,255	9,776,072
Accounts Receivable-Net	4,509,346	4,886,067
Unbilled Revenues	2,254,108	2,298,148
Materials and Supplies	967,981	906,866
Prepayments and Other Current Assets	522,920	528,348
	_____	_____
TOTAL CURRENT ASSETS	21,303,827	27,784,323
	_____	_____
DEFERRED CHARGES:		
Unamortized Debt Expense	3,110,448	3,143,384
Preliminary Survey and Investigation Charges	313,268	276,202
Regulatory Assets		
Income Taxes	5,863,752	5,788,752
Post Retirement Costs	1,192,540	1,214,092
Other	2,295,467	2,467,674
	_____	_____
TOTAL DEFERRED CHARGES	12,775,475	12,890,104
	_____	_____
TOTAL	\$203,119,990	\$203,501,256
	_____	_____

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND OTHER CREDITS

	March 31, 1999	December 31, 1998
	(Unaudited)	_____
CAPITALIZATION(see accompanying statements)	\$149,973,903	\$149,756,614
	_____	_____
CURRENT LIABILITIES:		
Current Portion of Long-term Debt	88,000	71,730
Notes Payable	0	1,000,000
Accounts Payable	2,660,459	3,373,595
Taxes Accrued	6,854,274	5,220,669
Interest Accrued	689,255	1,701,330
Other	1,672,998	1,832,737
	_____	_____
TOTAL CURRENT LIABILITIES	11,964,986	13,200,061
	_____	_____
DEFERRED CREDITS:		
Customer Advances for Construction	10,810,436	11,275,660
Accumulated Deferred Investment Tax Credits	2,147,465	2,165,384
Accumulated Deferred Federal Income Taxes	12,006,189	12,070,474
Employee Benefit Plans	3,991,847	3,762,516
Other	804,669	791,460
	_____	_____
TOTAL DEFERRED CREDITS	29,760,606	30,065,494
	_____	_____
CONTRIBUTIONS IN AID OF CONSTRUCTION	11,420,495	10,479,087
	_____	_____
TOTAL	\$203,119,990	\$203,501,256
	_____	_____

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CAPITALIZATION AND RETAINED EARNINGS

	March 31, 1999	December 31, 1998
	(Unaudited)	(Unaudited)
CAPITALIZATION:		
Common Stock, No Par Value		
Shares Authorized, 10,000,000		
Shares Outstanding-1999, 4,908,666		
1998, 4,897,069	\$ 45,793,862	\$ 45,507,172
Retained Earnings	21,180,452	21,222,294
	<hr/>	<hr/>
TOTAL COMMON EQUITY	66,974,314	66,729,466
	<hr/>	<hr/>
Cumulative Preference Stock, No Par Value		
Shares Authorized, 100,000; Shares Outstanding, None		
Cumulative Preferred Stock, No Par Value,		
Shares Authorized - 149,980		
Convertible:		
Shares Outstanding, \$7.00 Series - 14,881	1,562,505	1,562,505
Shares Outstanding, \$8.00 Series - 20,000	2,331,430	2,331,430
Nonredeemable:		
Shares Outstanding, \$7.00 Series - 1,017	101,700	101,700
Shares Outstanding, \$4.75 Series - 10,000	1,000,000	1,000,000
	<hr/>	<hr/>
TOTAL CUMULATIVE PREFERRED STOCK	4,995,635	4,995,635
	<hr/>	<hr/>
Long-term Debt:		
8.02% Amortizing Secured Note,		
due December 20, 2021	3,406,954	3,418,243
First Mortgage Bonds:		
7.25%, Series R, due July 1, 2021	6,000,000	6,000,000
5.20%, Series S, due October 1, 2022	12,000,000	12,000,000
5.25%, Series T, due October 1, 2023	6,500,000	6,500,000
6.40%, Series U, due February 1, 2009	15,000,000	15,000,000
5.25%, Series V, due February 1, 2029	10,000,000	10,000,000
5.35%, Series W, due February 1, 2038	23,000,000	23,000,000
0.00%, Series X, due August 1, 2018	1,050,000	1,050,000
4.53%, Series Y, due August 1, 2018	1,135,000	1,135,000
	<hr/>	<hr/>
SUBTOTAL LONG-TERM DEBT	78,091,954	78,103,243
Less: Current Portion of Long-term Debt	(88,000)	(71,730)
	<hr/>	<hr/>
TOTAL LONG-TERM DEBT	78,003,954	78,031,513
	<hr/>	<hr/>
TOTAL CAPITALIZATION	\$149,973,903	\$149,756,614
	<hr/>	<hr/>
	Three Months Ended	Year Ended
	March 31,	December 31,
	1999	1998
	(Unaudited)	(Unaudited)
RETAINED EARNINGS:		
BALANCE AT BEGINNING OF PERIOD	\$ 21,222,294	\$ 20,087,065
Net Income	1,493,209	6,521,226
	<hr/>	<hr/>
TOTAL	22,715,503	26,608,291
	<hr/>	<hr/>
Cash Dividends:		
Cumulative Preferred Stock	79,697	318,751
Common Stock	1,445,197	4,987,013
Common Stock Expenses	10,157	80,233
	<hr/>	<hr/>
TOTAL DEDUCTIONS	1,535,051	5,385,997
	<hr/>	<hr/>
BALANCE AT END OF PERIOD	\$ 21,180,452	\$ 21,222,294
	<hr/>	<hr/>

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 1999	1998	Twelve Months 1999	Ended March 31 1998
	_____	_____	_____	_____
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income	\$ 1,493,209	\$ 1,263,251	\$ 6,751,184	\$ 5,842,132
Adjustments To Reconcile Net Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	942,050	883,724	3,854,933	3,256,534
Provision for Deferred Income Taxes	(139,285)	106,947	(111,256)	680,931
Allowance for Funds Used During Construction	(486,222)	(133,803)	(1,402,463)	(275,718)
Changes in Current Assets and Liabilities:				
Accounts Receivable	376,721	(289,638)	(424,848)	(56,198)
Accounts Payable	(713,136)	(658,286)	127,712	1,835,348
Accrued Taxes	1,633,605	1,387,294	324,891	770,070
Accrued Interest	(1,012,075)	(607,804)	113,498	121,985
Unbilled Revenues	44,040	(32,894)	(45,280)	(2,619)
Employee Benefit Plans	229,331	238,067	1,006,544	889,401
Other-Net	(193,199)	(464,704)	705,171	(216,968)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,175,039	1,692,154	10,900,086	12,844,898
CASH FLOWS FROM INVESTING ACTIVITIES:				
Utility Plant Expenditures (Excludes Allowance for Funds Used During Construction)	(6,207,508)	(4,766,355)	(27,716,434)	(14,213,285)
Cash from Acquisition of Subsidiary	0	0	0	158,436
Note Receivable	12,875	(15,112)	(1,591,078)	(9,149)
Preliminary Survey and Investigation Charges	(37,066)	8,275	(107,893)	(316,165)
Other-Net	(274,189)	(13,128)	(915,666)	(1,237,051)
NET CASH USED IN INVESTING ACTIVITIES	(6,505,888)	(4,786,320)	(30,331,071)	(15,617,214)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Redemption of Long-term Debt	(11,289)	(10,321)	(43,678)	(42,665)
Proceeds from Issuance of Long-term Debt	0	23,000,000	2,185,000	23,000,000
Short-term Bank Borrowings	(1,000,000)	2,498,913	(3,063,614)	2,498,913
Deferred Debit Issuance Expenses	(1,107)	0	(503,307)	0
Temporary Cash Investments-Restricted	5,314,817	(22,876,152)	18,633,684	(23,086,827)
Proceeds from Issuance of Common Stock-Net	276,532	727,155	13,837,833	1,613,512
Payment of Common Dividends	(1,445,197)	(1,221,971)	(5,210,239)	(4,805,227)
Payment of Preferred Dividends	(79,696)	(79,662)	(318,785)	(279,291)
Customer Advances and Contributions-Net	476,184	(36,608)	1,081,826	1,130,661
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,530,244	2,001,354	26,598,720	29,076
NET CHANGE IN CASH AND CASH EQUIVALENTS	(800,605)	(1,092,812)	7,167,735	(2,743,240)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,388,822	2,513,294	1,420,482	4,163,722
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 8,588,217	\$ 1,420,482	\$ 8,588,217	\$ 1,420,482
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:				
Cash Paid During the Period for:				
Interest(net of amounts capitalized)	\$ 1,644,621	\$ 1,407,200	\$ 3,047,999	\$ 2,942,889
Income Taxes	\$ 150,500	\$ 359,000	\$ 2,954,475	\$ 2,061,200

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

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

The consolidated notes accompanying the 1998 Form 10-K are applicable to this report and, in the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 1999 and the results of operations and its cash flows for the periods ended March 31, 1999 and 1998. Information included in the Balance Sheet as of December 31, 1998, has been derived from the Company's audited financial statements included in its annual report on Form 10-K for the year ended December 31, 1998.

Note 2 - Regulatory Matters

On May 12, 1999, the New Jersey Board of Public Utilities approved an 11.5% or \$4.3 million base rate increase for Middlesex. The purpose of the increase is to allow Middlesex the opportunity to earn a return on and recover the capital investment in the upgrade and expansion of the Carl J. Olsen Water Treatment Plant. This project was necessary to meet the new and anticipated regulatory standards concerning water quality and to increase the plant's production capacity.

Note 3 - Capitalization

Common Stock - During the three months ended March 31, 1999, 11,597 common shares (\$0.3 million) were issued under the Company's Dividend Reinvestment and Common Stock Purchase Plan.

Note 4 - Earnings Per Share

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

	Three Months Ended March 30,				Twelve Months Ended March 30,			
	1999 Income	Shares	1998 Income	Shares	1999 Income	Shares	1998 Income	Shares
BASIC:								
Net Income	\$ 1,493,209	4,902,005	\$ 1,263,251	4,290,681	\$ 6,751,184	4,504,617	\$ 5,842,132	4,254,819
Preferred Dividend	(79,697)		(79,697)		(318,786)		(265,992)	
Earnings Applicable to Common Stock	\$ 1,413,512	4,902,005	\$ 1,183,554	4,290,681	\$ 6,432,398	4,504,617	\$ 5,576,140	4,254,819
Basic EPS	\$0.29		\$0.28		\$1.43		\$1.31	
DILUTED:								
Earnings Applicable to Common Stock	\$ 1,413,512	4,902,005	\$ 1,183,554	4,290,681	\$ 6,432,398	4,504,617	\$ 5,576,140	4,254,819
\$7.00 Series Dividend	26,042	89,286	26,042	89,286	104,167	89,286	104,307	89,372
\$8.00 Series Dividend	40,000	137,140	40,000	137,140	160,000	137,140	106,959	91,677
Adjusted Earnings Applicable to Common Stock	\$ 1,479,554	5,128,431	\$ 1,249,596	4,517,107	\$ 6,696,565	4,731,043	\$ 5,787,406	4,435,868
Diluted EPS	\$0.29		\$0.28		\$1.42		\$1.30	

Note 5 - Business Segment Data

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

Operations by Segments	Three Months Ended March 31,		Twelve Months Ended March 31,	
	1999	1998	1999	1998
Revenues:				
Regulated	\$ 9,930	\$ 9,659	\$ 42,888	\$ 40,316
Non-Regulated	1,761	116	2,110	435
Intersegment Elimination	(11)	(6)	(29)	(24)
Consolidated Revenues	\$ 11,680	\$ 9,769	\$ 44,969	\$ 40,727

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	1999	1998	1999	1998
Operating Income:				
Regulated	\$ 1,817	\$ 1,884	\$ 8,874	\$ 8,545
Non-Regulated	129	64	274	220
Intersegment Elimination	0	0	0	(2)
Consolidated Operating Income	\$ 1,946	\$ 1,948	\$ 9,148	\$ 8,763
Depreciation/Amortization:				
Regulated	\$ 856	\$ 808	\$ 3,332	\$ 3,123
Non-Regulated	5	0	5	0
Intersegment Elimination	0	0	0	0
Consolidated Depreciation/Amortization	\$ 861	\$ 808	\$ 3,337	\$ 3,123
Other Income:				
Regulated	\$ 840	\$ 297	\$ 3,175	\$ 1,121
Non-Regulated	0	0	0	0
Intersegment Elimination	(141)	(124)	(853)	(668)
Consolidated Other Income	\$ 699	\$ 173	\$ 2,322	\$ 453
Interest Expense:				
Regulated	\$ 1,228	\$ 886	\$ 4,954	\$ 3,476
Non-Regulated	47	22	164	79
Intersegment Elimination	(123)	(50)	(400)	(181)
Consolidated Interest Expense	\$ 1,152	\$ 858	\$ 4,718	\$ 3,374
Net Income:				
Regulated	\$ 1,429	\$ 1,294	\$ 7,095	\$ 6,189
Non-Regulated	82	42	110	142
Intersegment Elimination	(18)	(73)	(454)	(489)
Consolidated Net Income	\$ 1,493	\$ 1,263	\$ 6,751	\$ 5,842
Capital Expenditures:				
Regulated	\$ 6,208	\$ 4,766	\$ 27,716	\$ 14,213
Non-Regulated	150	0	150	0
Intersegment Elimination	0	0	0	0
Total Capital Expenditures	\$ 6,358	\$ 4,766	\$ 27,866	\$ 14,213
	As of March 31, 1999	As of December 31, 1999		
Assets:				
Regulated	\$ 218,950	\$ 219,014		
Non-Regulated	2,815	2,377		
Intersegment Elimination	(18,645)	(17,890)		
Consolidated Assets	\$ 203,120	\$ 203,501		

MIDDLESEX WATER COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations - Three Months Ended March 31, 1999

Operating revenues for the three months ended March 31, 1999 were up \$1.9 million or 19.6% from the same period in 1998. A large part of the increase relates to \$1.6 million in contract service revenues from USA-PA, a subsidiary established to provide operating and maintenance services to the water and wastewater systems of the City of Perth Amboy, which was effective January 1, 1999. In addition, the full benefit of Middlesex's 4.4% rate increase implemented in late January 1998 and the third phase of the Pinelands Water and Wastewater rate increases implemented in late January 1999 added \$0.2 million to revenues. Continued growth in the customer base of our Delaware operations also contributed \$0.1 million to revenues.

Offsetting higher revenues were increased operating expenses of \$1.9 million or 24.5% over last year. The inclusion of USA-PA's operations and maintenance expenses accounted for \$1.5 million of the increase. Higher pumpage and pump configurations used during the ongoing construction at the Carl J. Olsen Water Treatment Plant (CJO Plant) increased purchased power expenses by \$0.1 million. Increases were also experienced in administrative and general expenses of \$0.1 million, maintenance within the transmission and distribution area of \$0.1 million and labor costs of \$0.2 million.

Other taxes, which rose \$0.1 million or 8.2%, included higher revenue related taxes, real estate taxes and payroll taxes. Federal income taxes were lower by \$0.2 million, which reflected a lower amount of deferred taxes, which offset an increased amount of current taxable income.

Other income increased \$0.5 million compared to the same three-month period in 1998. An increase of \$0.4 million in Allowance for Funds Used During Construction was related to the capital expenditures incurred in connection with the upgrade of the CJO Plant. Interest income increased \$0.1 million resulting in part from the unexpended proceeds available for investment from the Series W Mortgage Bonds.

Total interest charges rose \$0.3 million and reflect debt service on the Series W First Mortgage Bonds issued in March 1998.

The rise in net income to \$1.5 million, up 18.2% from \$1.3 million, was attributable to the net financing activity related to the CJO Plant construction.

Results of Operations - Twelve Months Ended March 31, 1999

Operating revenues for the twelve months ended March 31, 1999 were higher by \$4.2 million or 10.4%. The following factors contributed to this increase. The inclusion of USA-PA for three months and Public for an entire year attributed \$1.6 million and \$0.4 million, respectively, to revenues. USA-PA began operation in January 1999 and Public was acquired in July 1997. Rate increases implemented by Middlesex and the Pinelands Water and Wastewater Companies accounted for \$1.7 million of additional revenues. Tidewater's continued growth in its customer base also contributed \$0.5 million in revenues. Total operating expenses increased \$3.9 million or 12.0%. Primary factors contributing to the increase are

the inclusion of USA-PA's and Public's operating and maintenance expenses for \$1.5 million and \$0.2 million, respectively. Purchased water cost rose \$0.2 million due to a change in the composition of the water sources used to supply Middlesex customers. Purchased power also increased by \$0.2 million due to the pump configurations used at the CJO Plant. Mandated recognition of postretirement benefit costs other than pensions and amortization of regulatory deferrals approved by the New Jersey Board of Public Utilities added \$0.4 million and \$0.1 million, respectively, to expenses. Labor costs also added \$0.7 million to increased expenses.

Depreciation expense increased \$0.2 million or 6.9% as a result of newly constructed utility plant placed in service during the twelve-month period and utility plant acquired through the acquisition of Public.

Other Taxes increased \$0.4 million or 7.1%. The increase primarily relates to higher revenue-related taxes, employers' payroll taxes and the inclusion of USA-PA. Federal income taxes decreased \$0.3 million or 11.2% as a result of a lower amount of deferred taxes offsetting an increased amount of current taxes.

Other income rose \$1.8 million with the Allowance for Funds Used During Construction, (AFUDC), accounting for \$1.1 million. The increase in AFUDC reflects capitalized interest on expenditures associated with the upgrade of the CJO Plant. Unexpended proceeds available for investment from the Series W First Mortgage Bonds, which were issued in March 1998, increased interest income by \$0.7 million.

Interest expense related to the Series W First Mortgage Bonds issued in March 1998 contributed \$1.2 million to the increase in total interest charges of \$1.3 million. The remainder of the increase is due to short-term borrowings, incurred to provide interim financing for the Company's capital program.

The \$0.1 million increase in preferred stock dividend requirements reflects the issuance on July 31, 1997 of the \$8.00 preferred stock series to complete the acquisition of Public. Basic and diluted earnings per share increased \$0.12. The \$0.01 per share dilution for the twelve months ended March 31, 1999 and 1998 is the result of the two series of convertible preferred stock currently outstanding.

Capital Resources

The Company's capital program for 1999 is estimated to be \$26.6 million and includes \$15.0 million for the upgrade of the CJO scheduled for completion in June 1999, \$2.0 million for the RENEW Program, which is our program to clean and cement line approximately nine miles of unlined mains in the Middlesex System. There is a total of approximately 170 miles of unlined mains in the 670 mile Middlesex System. The capital program also includes \$5.8 million for water system additions and improvements for our Delaware systems and \$3.8 million for scheduled upgrades to our existing systems in New Jersey. The scheduled upgrades consists of \$1.0 million for mains, \$0.7 million for service lines, \$0.5 million for meters, \$0.4 for hydrants and \$1.2 million for various other items.

Liquidity

Proceeds from the \$23.0 million Series W First Mortgage Bonds and the December 1998, \$12.7 million common stock offering are being used to finance the CJO Plant expenditures in 1999. Middlesex issued \$2.2 million of First Mortgage Bonds in November 1998 through the New Jersey State Revolving Fund (SRF) to cover the cost of the 1999 RENEW Program. The Company intends to apply for SRF funding in

1999 for the years 2000 and 2001. The capital program in Delaware will be financed through a combination of a capital contribution from Middlesex and long-term debt financing from either a financial institution or the Company. Other capital expenditures will be financed through internally generated funds and sale of common stock through the Dividend Reinvestment and Common Stock Purchase Plan (DRP). Capital expenditures of \$6.2 million have been incurred in the three months ended March 31, 1999. The Company may also utilize short-term borrowings through \$28.0 million of available lines of credit it has with three commercial banks for working capital purposes. At March 31, 1999, there were no outstanding loans against the lines of credit.

Accounting Standards

In June 1998, The Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts. The Company is currently evaluating the requirements of the accounting standard, which is required to be adopted in the first quarter of 2000.

Year 2000 Readiness

The Company, through its year 2000 (Y2K) Committee, continues to advance in its efforts to ensure that our ability to provide service will not be interrupted by Y2K related problems.

Responses to our critical vendor questionnaire have reached approximately 70%. There was a 100% response rate from the most important vendors, namely electric utilities, chemical companies, bulk water suppliers and telecommunications providers. Each vendor has indicated their level of readiness. This information is being used to finalize Middlesex contingency plans, which are scheduled to be completed in June 1999.

The Y2K Committee continues to focus on completing its inventory of equipment that may contain embedded chips. We are working with the equipment manufacturers to help identify the affected equipment and the ability to modify or replace the equipment in a timely manner. The ability of our financial system to recognize post 1999 dates was tested and determined to be compliant. Our customer billing and information system is scheduled for testing during May 1999.

Forward Looking Information

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

Item 3. Quantitative and Qualitative Disclosures of Market Risk

The Company is subject to the risk of fluctuating interest rates in the normal course of business. Our policy is to manage interest rates through the use of fixed rate long-term debt and, to a lesser extent, short-term debt. The Company's interest rate risk related to existing fixed rate, long-term debt is not material due to the term of the majority of our First Mortgage Bonds, which have maturity dates ranging from 2009 to 2038. Over the next twelve months approximately \$0.1 million of the current portion of three existing long-term debt instruments will mature. Applying a hypothetical change in the rate of interest charged by 10% on those borrowings, would not have a material effect on earnings.

PART II. OTHER INFORMATION

- Item 1. Legal Proceedings
None
- Item 2. Changes in Securities
None.
- Item 3. Defaults upon Senior Securities
None.
- Item 4. Submission of Matters to a Vote of Security Holders
None.
- Item 5. Other Information
None
- Item 6. Exhibits and Reports on Form 8-K
(a) Exhibits: No. 11, Statement Regarding Computation
of Per Share Earnings
No. 27, Financial Data Schedule.
(b) Reports on Form 8-K: None

SIGNATURE

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

MIDDLESEX WATER COMPANY
(Registrant)

Date: May 10, 1999

/s/A. Bruce O'Connor
A. Bruce O'Connor
Vice President and Controller

UT
0000066004
MIDDLESEX WATER COMPANY

		3-MOS	
	DEC-31-1999		
		MAR-31-1999	
		PER-BOOK	
164,955,616			
4,085,072			
21,303,827			
12,775,475			
		0	
	203,119,990		
		45,793,862	
	0		
66,974,314	21,180,452		
	0		
		4,995,635	
	78,003,954		
		0	
	0		
88,000			
	0		
		0	
53,058,087			
203,119,990			
11,679,893			
	495,198		
9,238,679			
9,733,877			
1,946,016			
	699,200		
2,645,216			
1,152,007			
		1,493,209	
	79,697		
1,413,512			
	1,445,197		
4,163,988			
2,175,039			
		0.29	
		0.29	

EXHIBIT 11
MIDDLESEX WATER COMPANY
STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS

	Three Months Ended March 30,				Twelve Months Ended March 30,			
	1999		1998		1999		1998	
	Income	Shares	Income	Shares	Income	Shares	Income	Shares
BASIC:								
Income Before Preferred Stock Dividend Requirement	\$ 1,493,209	4,902,005	\$ 1,263,251	4,290,681	\$ 6,751,184	4,504,617	\$ 5,842,132	4,254,819
Less Preferred Stock Dividend Requirement	(79,697)		(79,697)		(318,786)		(265,992)	
Earnings Applicable to Common Stock	\$ 1,413,512	4,902,005	\$ 1,183,554	4,290,681	\$ 6,432,398	4,504,617	\$ 5,576,140	4,254,819
Basic Earnings Per Share of Common Stock	\$0.29		\$0.28		\$1.43		\$1.31	
DILUTED:								
Earnings Applicable to Common Stock	\$ 1,413,512	4,902,005	\$ 1,183,554	4,290,681	\$ 6,432,398	4,504,617	\$ 5,576,140	4,254,819
Convertible Preferred Stock \$7.00 Series Dividend	26,042	89,286	26,042	89,286	104,167	89,286	104,307	89,372
Convertible Preferred Stock \$8.00 Series Dividend	40,000	137,140	40,000	137,140	160,000	137,140	106,959	91,677
Adjusted Earnings Applicable to Common Stock	\$ 1,479,554	5,128,431	\$ 1,249,596	4,517,107	\$ 6,696,565	4,731,043	\$ 5,787,406	4,435,868
Diluted Earnings Per Share of Common Stock	\$0.29		\$0.28		\$1.42		\$1.30	