

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, 1995
Commission File
No. 0-422

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

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

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

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

08830
(Zip Code)

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

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

YES NO

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

Class: Outstanding at March 31, 1995:
Common Stock, No Par Value 4,044,832

PART I. - FINANCIAL INFORMATION

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Three Months Ended March 31,	
	1995	1994
Operating Revenues	\$ 8,739,873	\$ 8,569,432
Operating Expenses:		
Operation and Maintenance	4,168,008	4,104,051
Depreciation	676,866	649,450
Taxes, other than Income Taxes	1,301,550	1,288,553
Federal Income Taxes	623,213	577,141
Total Operating Expenses	6,769,637	6,619,195
Utility Operating Income	1,970,236	1,950,237

Other Income(Expense)-Net	(1,263)	410
	<hr/>	<hr/>
Income before Interest Charges	1,968,973	1,950,647
Interest Charges	755,973	742,455
	<hr/>	<hr/>
Net Income	1,213,000	1,208,192
Preferred Stock Dividend Requirements	39,737	61,519
	<hr/>	<hr/>
Earnings Applicable to Common Stock	\$ 1,173,263	\$ 1,146,673
	<hr/>	<hr/>
Earnings per Share of Common Stock	\$0.29	\$0.29
	<hr/>	<hr/>
Average Number of Common Shares Outstanding	4,037,147	3,983,525
	<hr/>	<hr/>
Cash Dividends Paid per Common Share	\$0.27	\$0.26 1/4

See Notes to Consolidated Financial Statements

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS AND OTHER DEBITS

	March 31, 1995	December 31, 1994
	<u>(Unaudited)</u>	<u></u>
UTILITY PLANT:		
Water Production	\$ 25,755,520	\$ 25,612,023
Transmission and Distribution	94,006,270	93,334,300
General	11,266,147	11,202,947
Construction Work in Progress	451,035	262,249
	<u>131,478,972</u>	<u>130,411,519</u>
TOTAL	131,478,972	130,411,519
Less Accumulated Depreciation	22,204,975	21,668,506
	<u>109,273,997</u>	<u>108,743,013</u>
UTILITY PLANT-NET	109,273,997	108,743,013
	<u>465,312</u>	<u>400,209</u>
NONUTILITY PROPERTY-NET	465,312	400,209
CURRENT ASSETS:		
Cash and Cash Equivalents	5,611,466	3,854,186
Marketable Securities	954,086	933,298
Accounts Receivable(net of allowance for doubtful accounts)	3,243,666	4,236,800
Unbilled Revenues	2,109,494	2,143,795
Materials and Supplies(at average cost)	1,046,685	991,116
Prepayments	384,449	503,808
	<u>13,349,846</u>	<u>12,663,003</u>
TOTAL CURRENT ASSETS	13,349,846	12,663,003
DEFERRED CHARGES:		
Regulatory Assets	5,908,531	5,818,530
Unamortized Debt Expense	3,059,979	3,082,420
Preliminary Survey and Investigation Charges	655,587	653,328
Other	822,739	1,052,255
	<u>10,446,836</u>	<u>10,606,533</u>
TOTAL DEFERRED CHARGES	10,446,836	10,606,533
	<u>\$133,535,991</u>	<u>\$132,412,758</u>
TOTAL	\$133,535,991	\$132,412,758

See Notes to Consolidated Financial Statements

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND OTHER CREDITS

	March 31, 1995 Unaudited)	December 31, 1994
	<u> </u>	<u> </u>
CAPITALIZATION(see accompanying statements)	\$ 97,355,761	\$ 97,141,200
CURRENT LIABILITIES:		
Accounts Payable	1,491,005	1,616,945
Customer Deposits	322,351	308,174
Taxes Accrued	6,067,494	4,444,372
Interest Accrued	413,522	1,134,223
Other	899,604	877,283
	<u> </u>	<u> </u>
TOTAL CURRENT LIABILITIES	9,193,976	8,380,997
	<u> </u>	<u> </u>
DEFERRED CREDITS:		
Customer Advances for Construction	8,994,586	9,199,363
Accumulated Deferred Investment Tax Credits	2,434,173	2,452,096
Accumulated Deferred Federal Income Taxes	9,780,215	9,767,241
Other	1,605,282	1,312,961
	<u> </u>	<u> </u>
TOTAL DEFERRED CREDITS	22,814,256	22,731,661
	<u> </u>	<u> </u>
CONTRIBUTIONS IN AID OF CONSTRUCTION	4,171,998	4,158,900
	<u> </u>	<u> </u>
TOTAL	\$133,535,991	\$132,412,758
	<u> </u>	<u> </u>

See Notes to Consolidated Financial Statements

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 1995	1994
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Income	\$ 1,213,000	\$ 1,208,192
Adjustments To Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	676,866	649,450
Amortization of Deferred Charges	45,981	101,585
Provision for Deferred Income Taxes	12,974	300,820
Amortization of Investment Tax Credit	(17,923)	(17,923)
Changes in Current Assets and Liabilities:		
Accounts Receivables	993,134	202,989
Materials and Supplies	(55,569)	(33,786)
Accounts Payable	(125,940)	(273,052)
Accrued Income Taxes	1,623,122	1,225,696
Accrued Interest	(720,701)	(27,878)
Unbilled Revenues	34,301	76,100
Other-Net	207,339	91,919
	3,886,584	3,504,112
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility Plant Expenditures	(1,207,850)	(554,647)
Marketable Securities	(20,788)	0
Preliminary Survey and Investigation Charges	(2,259)	(7,714)
Other-Net	83,327	(48,978)
	(1,147,570)	(611,339)
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOW FROM FINANCING ACTIVITIES:		
Redemption of Long-term Debt	0	(12,500,000)
Issuance of Long-term Debt	0	25,000,000
Short-term Bank Borrowings (Repayments)	0	(8,500,000)
Long-term Debt Issuance Expense	(8,000)	(1,132,943)
Temporary Cash Investments-Restricted	216,384	217,500
Proceeds from Issuance of Common Stock	253,970	214,780
Payment of Preferred Dividends	(39,303)	(54,566)
Payment of Common Dividends	(1,089,306)	(1,045,099)
Customer Advances-Net	(191,679)	22,679
Redemption of Preferred Stock	(123,800)	(1,224,000)
	(981,734)	998,351
NET CASH PROVIDED FROM FINANCING ACTIVITIES		
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	1,757,280	3,891,124
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
	3,854,186	1,146,245
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	\$ 5,611,466	\$ 5,037,369
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash Paid During the Period for:		
Interest	\$ 1,442,625	\$ 740,081
Income Taxes	\$ 61,000	\$ 117,000

See Notes to Consolidated Financial Statements

MIDDLESEX WATER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Consolidation - Middlesex Water Company (Middlesex or the Company) is the parent company of Tidewater Utilities, Inc. (Tidewater or Delaware). White Marsh Environmental Systems, Inc., a corporation formed during the second quarter of 1994, is a wholly-owned subsidiary of Tidewater. The financial statements for Middlesex and its wholly-owned subsidiary are reported on a consolidated basis.

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

Note 2 - Regulatory Matters

On February 2, 1995, the Company filed a petition with the New Jersey Board of Public Utilities (BPU) seeking approval for a Purchased Water Adjustment Clause (PWAC). A PWAC is a regulatory vehicle that allows New Jersey water utilities to pass along to, or credit, customers' changes in the cost of purchasing water, without the need for filing a full base rate case. The Company is seeking recovery of approximately \$0.1 million of increased costs. A decision on this matter is expected to be rendered during the second quarter of 1995.

Note 3 - Capitalization

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

Common Stock - During the three months ended March 31, 1995, 13,998 common shares (\$0.3 million) were issued under the Company's Dividend Reinvestment and Common Stock Purchase Plan.

Note 4 - Commitments

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

MIDDLESEX WATER COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS
ENDED MARCH 31, 1995 COMPARED TO MARCH 31, 1994

Revenues rose by \$0.2 million or 2.0%. Higher consumption levels and customer connection fees from Tidewater operations were the primary reason for the increase. Delaware customer accounts grew by 2.4% during the quarter.

Operation and Maintenance expenses increased \$0.1 million or 1.6% due to chemicals, insurance, normal maintenance and labor. These higher expenses were partially offset by lower purchased water and power costs. Depreciation expense increased by 4.2%, reflecting plant additions of almost \$6.0 million since March 31, 1994. Federal Income Tax rose by 8.0% due to a higher level of taxable income from Delaware operations. Although Net Income was at the same level, Earnings Applicable to Common Stock rose by 2.3% as a result of lower preferred stock outstanding.

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

Liquidity: To finance the 1995 capital program, the Company will utilize internally-generated cash and cash balances on hand at December 31, 1994. Capital expenditures of \$1.2 million have been incurred through March 31, 1995.

PART II. OTHER INFORMATION

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

MIDDLESEX WATER COMPANY

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 11, 1995

/Ernest C. Gere/
Ernest C. Gere
Senior Vice President and
Chief Financial Officer

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MIDDLESEX WATER COMPANY

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	DEC-31-1995	
	MAR-31-1995	
	PER-BOOK	
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465,312		
13,349,846		
10,446,836		
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	133,535,991	
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36,180,230		
133,535,991		
8,739,873		
623,213		
6,146,424		
6,769,637		
1,970,236		
	(1,263)	
1,968,973		
755,973		
	1,213,000	
	39,737	
1,173,263		
1,089,306		
2,885,250		
3,886,584		
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