

MIDDLESEX WATER CO

FORM 10-Q (Quarterly Report)

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Address	485C ROUTE 1 SOUTH SUITE 400 ISELIN, NJ, 08830
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Industry	Water Utilities
Sector	Utilities
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2025

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 One South, 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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	MSEX	NASDAQ

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 its 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 such shorter period that the registrant was required to submit and post 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, non-accelerated filer, smaller reporting company and emerging growth company in Rule 12b-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 is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

The number of shares outstanding of each of the registrant's classes of common stock, as April 29, 2025: Common Stock, No Par Value: 17,920,178 shares outstanding.

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

	Three Months Ended March 31,	
	2025	2024
Operating Revenues	\$ 44,301	\$ 40,524
Operating Expenses:		
Operations and Maintenance	21,109	20,465
Depreciation	6,527	5,396
Other Taxes	5,108	4,798
Total Operating Expenses	32,744	30,659
Operating Income	11,557	9,865
Other Income:		
Allowance for Funds Used During Construction	372	176
Other Income (Expense), net	1,425	5,189
Total Other Income, net	1,797	5,365
Interest Charges	2,713	3,269
Income before Income Taxes	10,641	11,961
Income Taxes	1,162	1,279
Net Income	9,479	10,682
Preferred Stock Dividend Requirements	22	30
Earnings Applicable to Common Stock	\$ 9,457	\$ 10,652
Earnings per share of Common Stock:		
Basic	\$ 0.53	\$ 0.60
Diluted	\$ 0.53	\$ 0.59
Average Number of Common Shares Outstanding:		
Basic	17,890	17,819
Diluted	17,951	17,934

See Notes to Condensed Consolidated Financial Statements

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands)

		March 31, 2025	December 31, 2024
ASSETS			
UTILITY PLANT:	Water Production	\$ 320,230	\$ 314,924
	Transmission and Distribution	872,447	855,497
	General	106,395	105,167
	Construction Work in Progress	32,196	34,209
	TOTAL	1,331,268	1,309,797
	Less Accumulated Depreciation	259,278	254,425
	UTILITY PLANT - NET	1,071,990	1,055,372
CURRENT ASSETS:			
	Cash and Cash Equivalents	2,657	4,226
	Accounts Receivable, net of allowance for credit losses of \$2,163 and \$2,695 in 2025 and 2024, respectively	20,121	18,842
	Unbilled Revenues	10,284	10,764
	Materials and Supplies (at average cost)	7,031	6,719
	Prepayments	6,405	2,422
	TOTAL CURRENT ASSETS	46,498	42,973
OTHER ASSETS:			
	Operating Lease Right of Use Asset	2,417	2,567
	Regulatory Assets	102,688	101,783
	Non-utility Assets - Net	11,872	11,760
	Employee Benefit Plans	38,039	36,856
	Other	5,457	3,863
	TOTAL OTHER ASSETS	160,473	156,829
	TOTAL ASSETS	\$ 1,278,961	\$ 1,255,174
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock, No Par Value, authorized 40,000, issued 17,894 and 17,887 in 2025 and 2024, respectively	\$ 248,611	\$ 248,202
	Retained Earnings	200,437	197,061
	TOTAL COMMON EQUITY	449,048	445,263
	Preferred Stock, No Par Value; authorized 120; issued 16	1,614	1,635
	Long-term Debt	351,258	352,822
	TOTAL CAPITALIZATION	801,920	799,720
CURRENT LIABILITIES:	Current Portion of Long-term Debt	7,720	7,711
	Notes Payable	34,000	23,000
	Accounts Payable	31,500	28,050
	Accrued Taxes	17,444	11,976
	Accrued Interest	2,455	2,916
	Unearned Revenues and Advanced Service Fees	1,535	1,476
	Other	6,566	7,759
	TOTAL CURRENT LIABILITIES	101,220	82,888
COMMITMENTS AND CONTINGENT LIABILITIES (Note 7)			
OTHER LIABILITIES:	Advances for Construction	22,679	22,629
	Lease Obligations	2,270	2,432
	Accumulated Deferred Income Taxes	103,632	101,235
	Regulatory Liabilities	63,884	64,557
	Other	308	344
	TOTAL OTHER LIABILITIES	192,773	191,197
CONTRIBUTIONS IN AID OF CONSTRUCTION		183,048	181,369
	TOTAL CAPITALIZATION AND LIABILITIES	\$ 1,278,961	\$ 1,255,174

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 9,479	\$ 10,682
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	7,913	5,979
Provision for Deferred Income Taxes and Investment Tax Credits	(1,142)	1,382
Equity Portion of Allowance for Funds Used During Construction (AFUDC)	(218)	(102)
Cash Surrender Value of Life Insurance	88	(113)
Stock Compensation Expense	389	(465)
Changes in Assets and Liabilities:		
Accounts Receivable	(1,279)	2,440
Unbilled Revenues	480	(2,015)
Materials & Supplies	(312)	(100)
Prepayments	(3,984)	(2,538)
Accounts Payable	(195)	(4,375)
Accrued Taxes	5,468	4,184
Accrued Interest	(460)	(488)
Employee Benefit Plans	(1,324)	(867)
Unearned Revenue & Advanced Service Fees	59	(25)
Recovered Costs - Litigation Settlement	—	(6,027)
Other Assets and Liabilities	(1,180)	(900)
NET CASH PROVIDED BY OPERATING ACTIVITIES	13,782	6,652
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility Plant Expenditures, Including AFUDC of \$154 in 2025, \$74 in 2024	(18,911)	(14,389)
NET CASH USED IN INVESTING ACTIVITIES	(18,911)	(14,389)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of Long-term Debt	(1,587)	(1,539)
Proceeds from Issuance of Long-term Debt	28	425
Net Short-term Bank Borrowings	11,000	15,250
Payment of Grantee Withholding Taxes in Exchange for Restricted Stock	(225)	(868)
Proceeds from Issuance of Common Stock	221	252
Payment of Common Dividends	(6,081)	(5,738)
Payment of Preferred Dividends	(22)	(30)
Construction Advances and Contributions-Net	226	450
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,560	8,202
NET CHANGES IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(1,569)	465
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	4,226	2,390
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	\$ 2,657	\$ 2,855
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:		
Utility Plant received as Construction Advances and Contributions	\$ 1,500	\$ 2,143
Accrued Payables for Utility Plant	\$ 11,499	\$ 8,657
Conversion of Preferred Stock into Common Stock	\$ 21	\$ —
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash Paid During the 3 Months for:		
Interest	\$ 3,365	\$ 3,943
Interest Capitalized	\$ 154	\$ 74

See Notes to Condensed Consolidated Financial Statements.

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

	March 31, 2025	December 31, 2024
Common Stock, No Par Value	\$ 248,611	\$ 248,202
Retained Earnings	200,437	197,061
TOTAL COMMON EQUITY	\$ 449,048	\$ 445,263
Cumulative Preferred Stock, No Par Value:		
Convertible:		
\$7.00 Series	\$ 535	\$ 556
Nonredeemable:		
\$7.00 Series	79	79
\$4.75 Series	1,000	1,000
TOTAL PREFERRED STOCK	\$ 1,614	\$ 1,635
Long-term Debt:		
First Mortgage Bonds, 0.00%-5.50%, due 2026-2059	\$ 273,856	\$ 274,602
Amortizing Secured Notes, 3.94%-7.05%, due 2028-2046	66,160	66,889
State Revolving Trust Notes, 2.00%-4.03%, due 2025-2044	17,811	17,895
SUBTOTAL LONG-TERM DEBT	357,827	359,386
Add: Premium on Issuance of Long-term Debt	6,290	6,339
Less: Unamortized Debt Expense	(5,139)	(5,192)
Less: Current Portion of Long-term Debt	(7,720)	(7,711)
TOTAL LONG-TERM DEBT	\$ 351,258	\$ 352,822

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands except per share amounts)

	Common Stock Shares	Common Stock Amount	Retained Earnings	Total
Balance at January 1, 2024	17,821	\$246,764	\$176,227	\$422,991
Net Income	—	—	10,682	10,682
Dividend Reinvestment & Common Stock Purchase Plan	5	252	—	252
Restricted Stock Award - Net - Employees	(12)	(465)	—	(465)
Cash Dividends on Common Stock (\$0.3250 per share)	—	—	(5,738)	(5,738)
Cash Dividends on Preferred Stock	—	—	(30)	(30)
Balance at March 31, 2024	17,814	\$ 246,551	\$ 181,141	\$ 427,692
Balance at January 1, 2025	17,887	\$ 248,202	\$ 197,061	\$ 445,263
Net Income	—	—	9,479	9,479
Dividend Reinvestment & Common Stock Purchase Plan	4	221	—	221
Restricted Stock Award - Net - Employees	1	167	—	167
Conversion of \$7 Preferred Stock to Common Stock	2	21	—	21
Cash Dividends on Common Stock (\$0.3400 per share)	—	—	(6,081)	(6,081)
Cash Dividends on Preferred Stock	—	—	(22)	(22)
Balance at March 31, 2025	17,894	\$ 248,611	\$ 200,437	\$ 449,048

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Recent Developments

Middlesex Water Company (Middlesex or the Company) 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), and Utility Service Affiliates (Perth Amboy) Inc. (USA-PA). Southern Shores Water Company, LLC (Southern Shores) and White Marsh Environmental Systems, Inc. (White Marsh) are wholly-owned subsidiaries of Tidewater. The financial statements for Middlesex and its wholly-owned subsidiaries are reported on a consolidated basis. All significant intercompany accounts and transactions have been eliminated.

The consolidated notes within the 2024 Annual Report on Form 10-K (the 2024 Form 10-K) are applicable to these financial statements and, in the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary (including normal recurring accruals) to fairly state the Company's financial position as of March 31, 2025 and the results of operations and cash flows for the three month periods ended March 31, 2025 and 2024. Information included in the Condensed Consolidated Balance Sheet as of December 31, 2024, has been derived from the Company's December 31, 2024 audited financial statements included in the 2024 Form 10-K.

Recent Developments

Tidewater Acquisition of the Water Utility Assets of the Town of Ocean View, Delaware - In April 2025, Tidewater completed the acquisition of the water utility assets of the Town of Ocean View, Delaware (Ocean View) for approximately \$4.6 million. Ocean View serves approximately 900 customers in Sussex County, Delaware, who have been receiving water supply from Tidewater since the system was constructed in 2008. The purchase price allocation consisted primarily of property and plant. The pro forma effect of this acquisition is not material to the Company's results of operations.

United States Environmental Protection Agency (USEPA) Issues Final Perfluoroalkyl Substances (PFAS) Regulations - In April 2024, the USEPA finalized drinking water regulations for PFAS, establishing maximum contaminant levels (MCLs) for three PFAS compounds (Regulated PFAS) that are lower than the current New Jersey Department of Environmental Protection MCLs adhered to by the Company. Under the new USEPA regulations effective April 2024, water systems must monitor for Regulated PFAS and have three years to complete initial monitoring (by April 2027), followed by ongoing compliance monitoring. Water systems must also provide the public with information on the levels of Regulated PFAS in their drinking water beginning in 2027. Water systems have five years (by April 2029) to implement solutions that reduce Regulated PFAS if monitoring shows that drinking water levels exceed these MCLs.

Beginning in April 2029, water systems that have Regulated PFAS in drinking water which exceeds one or more of these MCLs must take action to reduce levels of these PFAS compounds in their drinking water and must provide notification to the public of the violation.

In anticipation of these new USEPA standards, in 2023, the Company began implementing its strategy to meet these lower MCLs for Regulated PFAS and is currently performing preliminary engineering studies to ensure that effective PFAS treatment approaches are implemented.

Recent Accounting Guidance

The recently issued accounting standards that have not yet been adopted by the Company as of March 31, 2025 are as follows:

Standard	Description	Date of Adoption	Application	Effect on the Condensed Consolidated Financial Statements
Accounting Standards Update (“ASU”) ASU 2024-03 “Disaggregation of Income Statement Expenses”	The ASU enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity’s definition of selling expenses.	The ASU is effective for the Company beginning with its annual financial statements for the year ended December 31, 2027.	Prospective, with retrospective application also permitted.	The Company is currently evaluating the requirements of ASU 2024-03.
ASU 2023-09 “Improvements to Income Tax Disclosures”	The ASU amends certain income tax disclosure requirements, including adding requirements to present the reconciliation of income tax expense computed at the statutory rate to actual income tax expense using both percentages and amounts and providing a disaggregation of income taxes paid. Further, certain disclosures are eliminated, including the current requirement to disclose information on changes in unrecognized tax benefits in the next 12 months.	The ASU is effective for the Company beginning with its annual financial statements for the year ending December 31, 2025. Early adoption is permitted.	Prospective, with retrospective application also permitted.	The Company is currently evaluating the requirements of ASU 2023-09.

Note 2 – Rate and Regulatory Matters

Middlesex – In October 2023, the New Jersey Board of Public Utilities (NJBPU) approved Middlesex’s petition for a Distribution System Improvement Charge (DSIC) Foundation Filing, which is a prerequisite to implementing a DSIC rate that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements to their water distribution system made between rate proceedings. Middlesex is authorized to recover DSIC revenues up to five percent (5%) of total revenues established in Middlesex’s 2021 base rate proceeding, or approximately \$5.5 million. Semi-annually, beginning in April 2024, the Company must file for a change in its DSIC rate seeking recovery for DSIC-eligible investments made during the period. DSIC rates remain in effect until Middlesex’s next base rate case increase. Under the terms of the Foundational Filing, the Company is required to file a base rate petition before November 2026.

In April 2025, Middlesex filed a third DSIC rate application that is expected to result in \$1.9 million of annual revenues starting June 2025, in addition to the existing \$1.1 million of annual revenues from the first and second DSIC filings.

In February 2025, the NJBPU approved Middlesex's petition to reset its Purchased Water Adjustment Clause (PWAC) tariff rate to recover additional annual costs of \$0.5 million, primarily for the purchase of treated water from a non-affiliated water utility regulated by the NJBPU. A PWAC is a rate mechanism that allows for the recovery of increased purchased water costs between base rate case filings. The PWAC is reset to zero once those increased costs are included in base rates. The new PWAC rate became effective March 1, 2025.

The NJBPU-approved Middlesex Lead Service Line Replacement (LSLR) Plan continues and Middlesex is currently recovering costs of \$0.6 million for replacing customer-owned lead service lines incurred between July 2024 through December 2024, which will be recovered from March 2025 through August 2025. The LSLR surcharge is required to be reset every six months over the life of the LSLR Plan. Cost recovery for replacing Company-owned lead service lines are recoverable through traditional rate making in connection with general rate case filings.

Tidewater – In September 2024, the Delaware Public Service Commission (DEPSC) approved Tidewater's petition to recover up to \$2.1 million of costs associated with Tidewater's obligation to identify and inventory lead service lines throughout Tidewater's service area, as required by federal law and Delaware regulations. Recovery of these costs began February 1, 2025 and is expected to continue through January 2028. Through March 31, 2025, Tidewater has spent \$1.8 million, which is included in Regulatory Assets.

In August 2024, Tidewater filed an application with the DEPSC to increase its general rates for water service. In the application, Tidewater seeks an overall increase in annual operating revenue of \$10.3 million or 25.66% over current revenue. The request for rate increases will allow Tidewater to recover prudently incurred investments made in the last ten years to support continued regulatory compliance, enhance water quality, service reliability, security and resiliency of the water utility infrastructure assets. Effective October 30, 2024, Tidewater received approval of the DEPSC to suspend its DSIC rate and implement an interim rate increase, which is expected to result in approximately \$2.5 million of annual revenues, subject to refund pending the outcome of the rate case application.

Southern Shores – Southern Shores provides water service to a 2,200 unit condominium community in Sussex County, Delaware under a DEPSC-approved agreement expiring December 31, 2029. Under the agreement, rates are increased when there are unanticipated capital expenditures or regulatory related changes in operating expenses exceed certain thresholds. In 2024, capital expenditures did exceed the established threshold. In addition, rates are increased annually by the lesser of the regional Consumer Price Index or 3%. Effective January 1, 2025, Southern Shores rates were increased \$0.1 million or 6.51%.

Note 3 – Capitalization

Common Stock – During the three months ended March 31, 2025 and 2024, there were 4,228 common shares (approximately \$0.2 million) and 4,775 common shares (approximately \$0.3 million) respectively, issued under the Middlesex Water Company Investment Plan.

Middlesex has received approval from the NJBPU to issue and sell up to 1.0 million shares of its common stock, without par value, through December 31, 2025. Sales of additional shares of common stock are part of the Company's comprehensive financing plan to fund its multi-year utility plant infrastructure investment program.

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.

Middlesex has received approval from the NJBPU to borrow up to \$300.0 million from the New Jersey SRF Program, the New Jersey Economic Development Authority, private placement and other financial institutions as needed through December 31, 2025. The Company expects to issue debt securities in a series of one or more transaction offerings over a multi-year period to help fund Middlesex’s multi-year capital construction program.

In September 2024, Tidewater closed on a \$2.2 million Delaware SRF loan with a 0.0% interest rate with maturity dates in 2044. This loan is for costs associated with Tidewater’s obligation, as required by federal law and Delaware regulations, to identify and inventory lead service lines throughout Tidewater’s service area. Tidewater has drawn down \$1.7 million as of March 31, 2025 and expects that the requisitions will continue through the fourth quarter of 2025.

In May 2024, Tidewater closed on four Delaware SRF loans totaling \$5.6 million, all at interest rates of 2.0% with maturity dates in 2044. These loans are for the construction, relocation, improvement, and/or interconnection of transmission mains and construction of a water treatment facility. Tidewater has drawn down less than \$0.1 million on these loans as of March 31, 2025. Each project has its own construction timetable with the last spending set to occur in 2027.

Separately, Tidewater has two active construction projects funded by prior year Delaware SRF loans totaling \$8.3 million with remaining availability of funds for borrowing. These loans are for the construction of a one million gallon elevated storage tank and construction, relocation, improvement, and interconnection of transmission mains. Tidewater has drawn a total of \$4.9 million through March 31, 2025 and expects that the requisitions will continue through the fourth quarter of 2025.

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 condensed 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 First Mortgage Bonds (FMBs) and SRF Bonds (collectively, the Bonds) 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 FMBs in the table below are classified as Level 2 measurements. The carrying amount and fair value of the FMBs were as follows:

	(Thousands of Dollars)			
	March 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FMBs	\$ 128,857	\$ 124,031	\$ 129,602	\$ 125,067

It was not practicable to estimate the 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 rates and due dates on these series of long-term debt, please refer to those series noted as “Amortizing Secured Notes” and “State Revolving Trust Notes” on the Condensed Consolidated Statements of Capital Stock and Long-Term Debt. The carrying amount of these instruments was \$229.0 million and \$229.8 million at March 31, 2025 and December 31, 2024, respectively. Advances for construction have carrying amounts of \$22.7 million and \$22.6 million at March 31, 2025 and December 31, 2024, 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.

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.

Note 4 – Earnings Per Share

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

	(In Thousands Except per Share Amounts) Three Months Ended March 31,			
	2025		2024	
Basic:	Income	Shares	Income	Shares
Net Income	\$ 9,479	17,890	\$ 10,682	17,819
Preferred Dividend	(22)		(30)	
Earnings Applicable to Common Stock	\$ 9,457	17,890	\$ 10,652	17,819
Basic EPS	\$ 0.53		\$ 0.60	
Diluted:				
Earnings Applicable to Common Stock	\$ 9,457	17,890	\$ 10,652	17,819
\$7.00 Series Preferred Dividend	10	61	17	115
Adjusted Earnings Applicable to Common Stock	\$ 9,467	17,951	\$ 10,669	17,934
Diluted EPS	\$ 0.53		\$ 0.59	

Note 5 – Business Segment Data

The Company's Chief Operating Decision Maker (CODM) consists of the Company's Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer. The CODM evaluates segment performance and profitability using net income. This metric provides a clear, consistent basis for analyzing the financial results of each segment and supports decision-making regarding the allocation of resources.

Resource allocation to the Company's regulated and non-regulated segments begins with the annual budgeting process, which establishes initial funding and resource levels for each segment. The budget incorporates key financial and operational inputs, including anticipated revenues, expenses, capital and financing requirements, aligning with the Company's strategic objectives and regulatory obligations. The CODM reviews budget-to-actual variances on a monthly, quarterly and year to-date basis and makes interim decisions to reallocate resources among segments as needed, ensuring a timely and effective response to changing conditions. For the regulated segment, the CODM uses this assessment to determine whether the segment is achieving its regulatory authorized rate of return.

The segments follow the same accounting policies as described in Note 1 – Organization, Summary of Significant Accounting Policies and Recent Developments of the 2024 Form 10-K. Segment profit or loss is based on Net Income. Expenses used to determine operating income before taxes are charged directly to each segment or are allocated based on the applicable cost allocation factors. Assets allocated to each segment are based upon specific identification of such assets provided by Company records. The effects of all intra-segment and/or intercompany transactions are eliminated in the consolidated financial statements.

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 and includes Middlesex, Tidewater, Pinelands Water and Southern Shores. This segment also includes a regulated wastewater system in New Jersey, Pinelands Wastewater. 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 and includes USA, USA-PA, and White Marsh.

(In Thousands)
Three Months Ended
March 31,

Operation by Segments	2025	2024
Revenues:		
Regulated	\$ 41,496	\$ 37,465
Non – Regulated	2,952	3,204
Inter-segment Elimination	(147)	(145)
Consolidated Revenues	\$ 44,301	\$ 40,524
Operating Expenses		
Purchased Water:		
Regulated	\$ 1,907	\$ 1,789
Non-Regulated	—	—
Inter-segment Elimination	(28)	(30)
Consolidated Purchased Water	\$ 1,879	\$ 1,759
Other Operations and Maintenance Expenses:		
Regulated	\$ 17,493	\$ 16,720
Non – Regulated	1,856	2,101
Inter-segment Elimination	(119)	(116)
Consolidated Other Operations and Maintenance Expenses	\$ 19,230	\$ 18,706
Other Taxes:		
Regulated	\$ 5,050	\$ 4,744
Non – Regulated	58	54
Consolidated Other Taxes	\$ 5,108	\$ 4,798
Depreciation:		
Regulated	\$ 6,464	\$ 5,329
Non – Regulated	63	67
Consolidated Depreciation	\$ 6,527	\$ 5,396
Operating Income:		
Regulated	\$ 10,701	\$ 8,999
Non – Regulated	856	866
Consolidated Operating Income	\$ 11,557	\$ 9,865
Other Income:		
Regulated	\$ 1,901	\$ 5,355
Non – Regulated	55	59
Inter-segment Elimination	(159)	(50)
Consolidated Other Income, Net	\$ 1,797	\$ 5,365

	(In Thousands)	
	Three Months Ended	
	March 31,	
Operation by Segments (continued)	2025	2024
Interest Charges:		
Regulated	\$ 2,872	\$ 3,319
Non – Regulated	—	—
Inter-segment Elimination	(159)	(50)
Consolidated Interest Charges	\$ 2,713	\$ 3,269
Income Taxes:		
Regulated	\$ 872	\$ 987
Non – Regulated	\$ 290	292
Consolidated Income Taxes	\$ 1,162	\$ 1,279
Net Income:		
Regulated	\$ 8,858	\$ 10,049
Non – Regulated	\$ 621	633
Consolidated Net Income	\$ 9,479	\$ 10,682
Capital Expenditures:		
Regulated	\$ 18,853	\$ 14,376
Non – Regulated	58	13
Total Capital Expenditures	\$ 18,911	\$ 14,389

	(Thousands of Dollars)	
	As of	As of
	March 31, 2025	December 31, 2024
Assets:		
Regulated	1,293,783	\$ 1,264,472
Non – Regulated	8,047	7,671
Inter-segment Elimination	(22,869)	(16,969)
Consolidated Assets	\$ 1,278,961	\$ 1,255,174

Note 6 – Short-term Borrowings

The Company maintains lines of credit aggregating \$140.0 million.

	(Millions)						
	As of March 31, 2025						
	Outstanding	Available	Maximum	Credit Type	Renewal Date		
Bank of America	\$ —	\$ 60.0	\$ 60.0	Uncommitted	January 23, 2026		
PNC Bank	34.0	\$ 34.0	68.0	Committed	January 31, 2027		
CoBank, ACB	—	12.0	12.0	Committed	May 20, 2026		
	\$ 34.0	\$ 106.0	\$ 140.0				

The maturity dates for the Notes Payable as of March 31, 2025 are extendable at the discretion of the Company.

The interest rates are set for borrowings under the Bank of America and PNC Bank lines of credit using the Secured Overnight Financing Rate (SOFR) and then adding a specific financial institution credit spread. The interest rate for borrowings under the CoBank, ACB (CoBank) line of credit are set weekly using CoBank's internal cost of funds index that is similar to the SOFR and adding a credit spread. There is no requirement for a compensating balance under any of the established lines of credit.

The weighted average interest rate on the outstanding borrowings at March 31, 2025 under these credit lines is 5.45%.

The weighted average daily amounts of borrowings outstanding under these credit lines and the weighted average interest rates on those amounts were as follows:

	(In Thousands) Three Months Ended March 31	
	2025	2024
Average Daily Amounts Outstanding	\$ 29,067	\$ 49,992
Weighted Average Interest Rates	5.43%	6.42%

Note 7 – 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, 2048. This agreement with the NJWSA provides for an average purchase of 27 million gallons a day (mgd) with a peak up to 47.0 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 in Delaware to purchase treated water of up to 75.0 million gallons annually.

Purchased water costs are shown below:

	(In Thousands) Three Months Ended March 31,	
	2025	2024
Treated	\$ 887	\$ 909
Untreated	992	850
Total Costs	\$ 1,879	\$ 1,759

Leases – The Company determines if an arrangement is a lease at inception. 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 January 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 the 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 the 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 were \$0.2 million for each of the three months ended March 31, 2025 and 2024, respectively.

Information related to operating lease ROU assets and lease liabilities is as follows:

	(In Millions)	
	As of	
	March 31, 2025	December 31, 2024
ROU Asset at Lease Inception	\$ 7.3	\$ 7.3
Accumulated Amortization	(4.9)	(4.7)
ROU Asset	\$ 2.4	\$ 2.6

The Company's future minimum operating lease commitments as of March 31, 2025 are as follows:

	(In Millions)	
	2025	\$ 0.5
	2026	0.9
	2027	0.9
	2028	0.9
	2029	0.9
Total Lease Payments	\$	4.1
Imputed Interest		(1.3)
Present Value of Lease Payments		2.8
Less Current Portion*		(0.5)
Non-Current Lease Liability	\$	2.3

*Included in Other Current Liabilities

Construction – In connection with the Company's planned capital expenditures, the Company has entered into several contractual construction agreements that total obligate it to expend an estimated \$20.0 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.

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.

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 under certain conditions in connection with a change in control of the Company.

Note 8 – 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. For each of the three-month periods ended March 31, 2025 and 2024, the Company did not make cash contributions to the Pension Plan. The Company expects to make cash contributions of approximately \$0.9 million over the remainder of the current year.

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. For each of the three-month periods ended March 31, 2025 and 2024, the Company did not make cash contributions to its Other Benefits Plan. The Company expects to make additional Other Benefits Plan cash contributions of \$1.0 million over the remainder of the current year.

The following tables set forth information relating to the Company’s periodic costs (benefit) for its employee retirement benefit plans:

	(In Thousands)			
	Pension Benefits		Other Benefits	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2025	2024	2025	2024
Service Cost	\$242	\$318	\$85	\$80
Interest Cost	1,159	1,070	430	328
Expected Return on Assets	(1,687)	(1,580)	(928)	(846)
Amortization of Unrecognized Losses	12	38	(153)	(275)
Net Periodic (Benefit) Cost*	\$ (274)	\$ (154)	\$ (566)	\$ (713)

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

Note 9 – Revenue Recognition from Contracts with Customers

The Company’s revenues are primarily generated from regulated tariff-based water and wastewater utility 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 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 and 30 days after the invoice date. Revenue is recognized as the water and wastewater services are delivered to customers which includes an 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 and regional weather indicators. 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 2032 and contain remaining performance obligations for which the Company expects to recognize revenue in the future. These contracts also contain termination provisions.

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

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

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

	(In Thousands)	
	Three Months Ended March 31,	
	2025	2024
Regulated Tariff Sales		
Residential	\$ 23,114	\$ 20,331
Commercial	6,585	5,976
Industrial	2,999	3,133
Fire Protection	3,722	3,292
Wholesale	5,014	4,673
Non-Regulated Contract Operations	2,833	3,088
Total Revenue from Contracts with Customers	\$ 44,267	\$ 40,493
Other Regulated Revenues	62	60
Other Non-Regulated Revenues	119	116
Inter-segment Elimination	(147)	(145)
Total Revenue	\$ 44,301	\$ 40,524

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

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements of Middlesex Water Company (Middlesex or the Company) included elsewhere herein and with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Forward-Looking Statements

Certain statements contained in this periodic 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. Some of these forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," "projects," "strategy," or "anticipates," or the negative of those words or other comparable terminology. 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, including recently announced tariffs;
- 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 quality water;
- actions taken by government regulators, including decisions on rate increase requests;
- new or modified water quality standards and compliance with related legal and regulatory requirements;
- weather variations, including climate variability, and other natural phenomena impacting utility operations;
- financial and operating risks associated with acquisitions and/or privatizations;
- acts of war or terrorism;
- cyber-attacks;
- changes in the pace of new housing development;

- availability and cost of capital resources;
- timely availability of materials and supplies for operations and critical infrastructure projects;
- effectiveness of internal control over financial reporting; and
- other factors discussed elsewhere in this 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 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 in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Overview

Middlesex Water Company (Middlesex or the Company) has operated as a water utility in New Jersey since 1897 and in Delaware through our wholly-owned subsidiary, Tidewater Utilities, Inc. (Tidewater), since 1992. We are in the business of collecting, treating 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 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 service 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 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, provide water services to approximately 62,000 retail customers in New Castle, Kent and Sussex Counties, Delaware. Tidewater's subsidiary, White Marsh, services approximately 4,300 households 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 ten-year operations and maintenance contract expiring in 2032. USA also operates the Borough of Highland Park, New Jersey's (Highland Park) water and wastewater systems under a 10-year operations and maintenance contract expiring in 2030. In addition to performing day-to-day service operations, USA is responsible for emergency response and management of capital projects funded by Avalon and Highland Park.

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

Tidewater Acquisition of the Water Utility Assets of the Town of Ocean View, Delaware - In April 2025, Tidewater completed the acquisition of the water utility assets of the Town of Ocean View, Delaware (Ocean View) for approximately \$4.6 million. Ocean View serves approximately 900 customers in Sussex County, Delaware, who have been receiving water supply from Tidewater since the system was constructed in 2008.

Middlesex Distribution System Improvement Charge (DSIC) - In April 2025, Middlesex filed a third DSIC rate application with the New Jersey Board of Public Utilities (NJBPU) that is expected to result in \$1.9 million of annual revenues starting June 2025, in addition to the existing \$1.1 million of annual revenues from the first and second DSIC filings.

Middlesex Purchase Water Adjustment Clause (PWAC) - In February 2025, the NJBPU approved Middlesex's petition to reset its PWAC tariff rate to recover additional annual costs of \$0.5 million, primarily for the purchase of treated water from a non-affiliated water utility regulated by the NJBPU. A PWAC is a rate mechanism that allows for the recovery of increased purchased water costs between base rate case filings. The PWAC is reset to zero once those increased costs are included in base rates. The new PWAC rate was effective March 1, 2025.

Tidewater Base Water Rate Increase Application - In August 2024, Tidewater filed an application with the DEPSC to increase its general rates for water service. In the application, Tidewater seeks an overall increase in annual operating revenue of \$10.3 million or 25.66% over current revenue. The request for rate increases will allow Tidewater to recover prudently incurred investments made in the last ten years to support continued regulatory compliance, enhance water quality, service reliability, security and resiliency of the water utility infrastructure assets. Effective October 30, 2024, Tidewater received approval of the DEPSC to suspend its DSIC rate and implement an interim rate increase, which is expected to result in approximately \$2.5 million of annual revenues, subject to refund pending the outcome of the rate case application.

United States Environmental Protection Agency (USEPA) Issues Final Perfluoroalkyl Substances (PFAS) Regulations - In April 2024, the USEPA finalized drinking water regulations for PFAS, establishing maximum contaminant levels (MCLs) for three PFAS compounds (Regulated PFAS) that are lower than the current New Jersey Department of Environmental Protection MCLs adhered to by the Company. Under the new USEPA regulations, effective April 2024, water systems must monitor for Regulated PFAS and have three years to complete initial monitoring (by April 2027), followed by ongoing compliance monitoring. Water systems must also provide the public with information on the levels of Regulated PFAS in their drinking water beginning in 2027. Water systems have five years (by April 2029) to implement solutions that reduce Regulated PFAS if monitoring shows that drinking water levels exceed these MCLs.

Beginning in April 2029, water systems that have Regulated PFAS in drinking water which exceeds one or more of these MCLs must take action to reduce levels of these PFAS compounds in their drinking water and must provide notification to the public of the violation.

In anticipation of these new USEPA standards, in 2023, the Company began, and continues, implementing its strategy to meet these lower MCLs for Regulated PFAS and is currently performing preliminary engineering studies to ensure that effective PFAS treatment approaches are implemented.

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 maintain and improve service for the current and future generations of water and wastewater customers. The Company plans to invest approximately \$93 million in 2025 in connection with this plan for projects that include, but are not limited to:

- Replacement of 19,550 linear feet of cast iron main in Woodbridge Township in our Middlesex System;
- Construction of new elevated water tanks in Delaware; and
- Various water main replacements and improvements.

The actual amount and timing of capital expenditures is dependent on project scheduling and refinement of engineering estimates for certain capital projects.

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. Weather patterns which can result in lower customer demand for water may occur at any time. As operating costs are anticipated to increase in 2025 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.

Our investments in system infrastructure continue to grow significantly and our operating costs are anticipated to increase in 2025 and 2026 in a variety of categories. These factors, among others, may require a base rate increase request by Middlesex in mid-2025.

Overall, organic residential customer growth continues in our Tidewater system (approximately 3.5% in 2024). However, current and evolving economic market conditions may challenge that growth.

Our strategy for selective and sustainable growth is focused on the following key areas:

- Invest in our utility infrastructure to build system resiliency and meet compliance requirements;
- Timely and adequate recovery of infrastructure investments and other costs to maintain and continually improve service quality;
- Selective 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.

Operating Results by Segment

The discussion of the Company's operating results is on a consolidated basis and includes significant factors by subsidiary. The Company has two operating segments, Regulated and Non-Regulated. The operations of the Regulated segment are subject to regulations promulgated by state public utility commissions as to rates and level of service. Rates and level of service in the Non-Regulated segment are subject to the terms of individually-negotiated and executed contracts with municipal, industrial and other clients. Both segments are subject to federal and state environmental, water and wastewater quality and other associated legal and regulatory requirements.

The segments in the tables included below are comprised of the following companies: Regulated-Middlesex, Tidewater, Pinelands and Southern Shores; Non-Regulated-USA, USA-PA, and White Marsh.

Results of Operations – Three Months Ended March 31, 2025

(In Thousands)						
Three Months Ended March 31,						
	2025			2024		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Operating Revenues	\$ 41,468	\$ 2,833	\$ 44,301	\$ 37,436	\$ 3,088	\$ 40,524
Operations and Maintenance Expense	19,253	1,856	21,109	18,364	2,101	20,465
Depreciation	6,464	63	6,527	5,329	67	5,396
Other Taxes	5,050	58	5,108	4,744	54	4,798
Operating Income	\$ 10,701	\$ 856	\$ 11,557	\$ 8,999	\$ 866	\$ 9,865
Other Income, net	1,742	55	1,797	5,306	59	5,365
Interest Charges	2,713	—	2,713	3,269	—	3,269
Income Taxes	872	290	1,162	987	292	1,279
Net Income	\$ 8,858	\$ 621	\$ 9,479	\$ 10,049	\$ 633	\$ 10,682

Operating Revenues

Operating revenues for the three months ended March 31, 2025 increased \$3.8 million from the same period in 2024 due to the following factors:

- Middlesex System revenues increased \$3.4 million due to the base rate increase effective March 1, 2024, DSIC rate increases and increased general meter service and wholesale customer demand;
- Tidewater System revenues increased \$0.6 million due to customer growth, an interim rate increase effective November 1, 2024 and increased customer demand; and
- Non-regulated revenues decreased \$0.2 million, primarily due to lower supplemental contract services.

Operations and Maintenance Expense

Operations and Maintenance Expense for the three months ended March 31, 2025 increased \$0.6 million from the same period in 2024 due to increased variable production costs from higher customer demand, increased weather-driven main break activity and the one-time recovery in 2024 of previous water treatment operating costs at Middlesex's Park Avenue Plant in connection with Middlesex's 2023 rate case order, partially offset by higher capitalizable costs.

Depreciation

Depreciation expense for the three months ended March 31, 2025 increased \$1.1 million from the same period in 2024 due to higher average utility plant in service during the quarter and the one-time recovery in 2024 of previous depreciation costs related to the PFAS treatment upgrades at Middlesex's Park Avenue Plant in connection with Middlesex's 2023 rate case order.

Other Taxes

Other Taxes for the three months ended March 31, 2025 increased \$0.3 million from the same period in 2024 primarily due to higher gross receipts taxes on higher revenue in our Middlesex system.

Other Income, net

Other Income, net for the three months ended March 31, 2025 decreased \$3.6 million from the same period in 2024 due to lower actuarially-determined retirement benefit plans non-service benefit and the one-time recovery in 2024 of carrying costs on PFAS treatment upgrades at Middlesex's Park Avenue Plant in connection with the Middlesex's 2023 rate case order.

Interest Charges

Interest Charges for the three months ended March 31, 2025 decreased \$0.6 million from the same period in 2024 due to lower average debt outstanding and lower average interest rates.

Income Taxes

Income Taxes for the three months ended March 31, 2025 decreased by \$0.1 million from the same period in 2024, primarily due to lower pre-tax income and higher income tax benefits associated with increased repair expenditures on tangible property in the Middlesex System offset by the 2024 recovery of income taxes on the taxable portion of the proceeds from a litigation agreement. The conclusion of Middlesex's 2023 base rate increase request allowed Middlesex to recover costs, including income taxes, from the proceeds from a litigation agreement related to the PFAS treatment upgrades at Middlesex's Park Avenue Plant.

Liquidity and Capital Resources

Operating Cash Flows

Cash flows from operations are largely based on 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 "Results of Operations."

For the three months ended March 31, 2025, cash flows from operating activities increased \$7.1 million to \$13.8 million. The increase in cash flows from operating activities primarily resulted from the impact of Middlesex's approved base rate increase effective March 1, 2024 and timing of vendor payments.

Investing Cash Flows

For the three months ended March 31, 2025, cash flows used in investing activities increased \$4.5 million to \$18.9 million due to increased utility plant expenditures in 2024.

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

Financing Cash Flows

For the three months ended March 31, 2025, cash flows from financing activities decreased \$4.6 million to \$3.6 million. The decrease in cash flows provided by financing activities is due to lower borrowings under the Company's lines of credit.

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 Middlesex Water Company Investment Plan and, when market conditions are favorable, proceeds from sales to the public of our common stock. 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.

Middlesex has received approval from the NJBPU to borrow up to \$300.0 million from the New Jersey SRF Program, the New Jersey Economic Development Authority, private placement and other financial institutions as needed through December 31, 2025. The Company expects to issue debt securities in a series of one or more transaction offerings over a multi-year period to help fund Middlesex's multi-year capital construction program.

In September 2024, Tidewater closed on a \$2.2 million Delaware SRF loan with a 0.0% interest rate with maturity dates in 2044. This loan is for costs associated with Tidewater's obligation, as required by federal law and Delaware regulations, to identify and inventory lead service lines throughout Tidewater's service area. Tidewater has drawn down \$1.7 million as of March 31, 2025 and expects that the requisitions will continue through the fourth quarter of 2025.

In May 2024, Tidewater closed on four Delaware SRF loans totaling \$5.6 million, all at interest rates of 2.0% with maturity dates in 2044. These loans are for the construction, relocation, improvement, and/or interconnection of transmission mains and construction of a water treatment facility. Tidewater has drawn down less than \$0.1 million on these loans as of March 31, 2025. Each project has its own construction timetable with the last spending set to occur in 2027.

Tidewater also has two active construction projects funded by prior year Delaware SRF loans totaling \$8.3 million with remaining availability of funds for borrowing. These loans are for the construction of a one million gallon elevated storage tank and construction, relocation, improvement, and interconnection of transmission mains. Tidewater has drawn a total of \$4.9 million through March 31, 2025 and expects that the requisitions will continue through the fourth quarter of 2025.

In order to fully fund the ongoing investment program in our utility plant infrastructure and maintain a balanced capital structure consistent with regulators' expectations for a regulated water utility, Middlesex may offer for sale additional shares of its common stock. The amount, timing and method of sale of common stock is dependent on the timing of 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 1.0 million shares of its common stock in one or more transactions through December 31, 2025.

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

Item 3. Quantitative and Qualitative Disclosures of 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, 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 2026 to 2059. Over the next twelve months, approximately \$7.7 million of the current portion of 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 our earnings. Fixed rate long-term debt and variable rate short-term debt agreements were not entered into for trading purposes.

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 customers' rates.

The Company's retirement benefit plan assets are exposed to the market prices variations of debt and equity securities. Changes to the Company's retirement benefit plan asset values can impact the Company's retirement benefit plan expense, funded status and future minimum funding requirements. Our exposure to market price risk in our retirement benefit plan assets is managed through our ability to recover retirement benefit plan costs through customer rates. There were no material changes to our primary market risk exposures or how such exposures are managed in 2025 nor are there expected to be in the future.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Securities and Exchange Act of 1934 (the Exchange Act), an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was conducted by the Company's Chief Executive Officer along with the Company's Chief Financial Officer. Based upon that evaluation, the Company's Chief Executive Officer and the Company's Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective as of the end of the period covered by this Report. There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The following information updates and amends the information provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 in Part I, Item 3—Legal Proceedings. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K.

Vera et al. v. Middlesex Water Company and Lonsk et al. v. Middlesex Water Company and 3M Company – In 2021, the Company was served with two PFOA-related class action lawsuits seeking restitution for medical, water filter replacement and other claimed related costs. On August 30, 2024, the parties to the *Vera et al. v. Middlesex Water Company (Vera)* and *Lonsk et al. v. Middlesex Water Company (Lonsk)* litigations entered into a signed Settlement Term Sheet in a step towards resolution of both matters. On March 24, 2025, the parties to *Vera* and *Lonsk* entered into a signed Class Action Settlement Agreement that was subsequently filed with the Superior Court of New Jersey, Law Division (Middlesex County) on April 16, 2025 together with a Motion For Preliminary Approval of the Class Action Settlement Agreement. The Company does not believe that the now-executed and filed Class Settlement Agreement has any material financial or operational impact to Middlesex.

Item 1A. Risk Factors

The information about risk factors does not differ materially from those set forth in Part I, Item 1A. of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) None.

(b) None.

(c) *Insider Trading Arrangements and Policies* - During the three months ended March 31, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

- 31.1 [Section 302 Certification by Nadine Leslie pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.](#)
- 31.2 [Section 302 Certification by Mohammed G. Zerhouni pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.](#)
- 32.1 [Section 906 Certification by Nadine Leslie pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Section 906 Certification by Mohammed G. Zerhouni pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS XBRL Instance Document
- 101.SCH XBRL Schema Document
- 101.CAL XBRL Calculation Linkbase Document
- 101.LAB XBRL Labels Linkbase Document
- 101.PRE XBRL Presentation Linkbase Document
- 101.DEF XBRL Definition Linkbase Document
- 104 Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

SIGNATURES

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

MIDDLESEX WATER COMPANY

By: /s/ Mohammed G. Zerhouni
Mohammed G. Zerhouni
Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: May 1, 2025

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

I, Nadine Leslie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Middlesex Water Company (the “registrant”);
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 the 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/ Nadine Leslie

Nadine Leslie

President and Chief Executive Officer

Date: May 1, 2025

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

I, Mohammed G. Zerhouni, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Middlesex Water Company (the “registrant”);
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 the 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/ Mohammed G. Zerhouni

Mohammed G. Zerhouni

Senior Vice President, Chief Financial Officer and Treasurer

Date: May 1, 2025

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

I, Nadine Leslie, 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/ Nadine Leslie

Nadine Leslie

President and Chief Executive Officer

Date: May 1, 2025

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, Mohammed G. Zerhouni, 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/ Mohammed G. Zerhouni

Mohammed G. Zerhouni

Senior Vice President, Chief Financial Officer and Treasurer

Date: May 1, 2025

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.
