

MIDDLESEX WATER CO
Form 10-Q
May 08, 2007

**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, 2007

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.)

1500 Ronson Road, Iselin, NJ 08830
(Address of principal executive offices, including zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 is large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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 of May 7, 2007: Common Stock, No Par Value: 13,187,763 shares outstanding.

INDEX

<u>PART I.</u>	<u>FINANCIAL INFORMATION</u>	<u>PAGE</u>
<u>Item 1.</u>	<u>Financial Statements:</u>	
	<u>Condensed Consolidated Statements of Income</u>	1
	<u>Condensed Consolidated Balance Sheets</u>	2
	<u>Condensed Consolidated Statements of Cash Flows</u>	3
	<u>Condensed Consolidated Statements of Capital Stock and Long-term Debt</u>	4
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	5
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	12
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures of Market Risk</u>	16
<u>Item 4.</u>	<u>Controls and Procedures</u>	16
<u>PART II.</u>	<u>OTHER INFORMATION</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>	17
<u>Item 1A.</u>	<u>Risk Factors</u>	17
<u>Item 2.</u>	<u>Changes in Securities</u>	17
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	17
<u>Item 4.</u>	<u>Submission of Matters to a Vote of Security Holders</u>	17
<u>Item 5.</u>	<u>Other Information</u>	17
<u>Item 6.</u>	<u>Exhibits</u>	18
<u>SIGNATURE</u>		19

Index

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

	Three Months Ended March	
	2007	2006
Operating Revenues	\$ 18,988	\$ 18,230
Operating Expenses:		
Operations	10,192	9,646
Maintenance	978	739
Depreciation	1,845	1,668
Other Taxes	2,251	2,204
Total Operating Expenses	15,266	14,257
Operating Income	3,722	3,973
Other Income (Expense):		
Allowance for Funds Used During Construction	112	113
Other Income	226	58
Other Expense	(5)	(2)
Total Other Income, net	333	169
Interest Charges	1,384	1,515
Income before Income Taxes	2,671	2,627
Income Taxes	902	815
Net Income	1,769	1,812
Preferred Stock Dividend Requirements	62	62
Earnings Applicable to Common Stock	\$ 1,707	\$ 1,750
Basic	\$ 0.13	\$ 0.15
Diluted	\$ 0.13	\$ 0.15
Average Number of Common Shares Outstanding:		
Basic	13,176	11,594
Diluted	13,507	11,925
Cash Dividends Paid per Common Share	\$ 0.1725	\$ 0.1700

See Notes to Condensed Consolidated Financial Statements.

1

Index

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

ASSETS		March 31, 2007	December 31, 2006
UTILITY PLANT:	Water Production	\$ 96,840	\$ 95,324
	Transmission and Distribution	247,955	243,959
	General	24,154	25,153
	Construction Work in Progress	6,113	6,131
	TOTAL	375,062	370,567
	Less Accumulated Depreciation	61,026	59,694
	UTILITY PLANT - NET	314,036	310,873
CURRENT ASSETS:	Cash and Cash Equivalents	5,238	5,826
	Accounts Receivable, net	9,124	8,538
	Unbilled Revenues	4,078	4,013
	Materials and Supplies (at average cost)	1,425	1,306
	Prepayments	910	1,229
	TOTAL CURRENT ASSETS	20,775	20,912
DEFERRED CHARGES	Unamortized Debt Expense	2,999	3,014
	Preliminary Survey and		
AND OTHER ASSETS:	Investigation Charges	4,099	3,436
	Regulatory Assets	20,336	18,342
	Restricted Cash	6,275	6,850
	Non-utility Assets - Net	6,527	6,255
	Other	417	585
	TOTAL DEFERRED CHARGES AND OTHER ASSETS	40,653	38,482
	TOTAL ASSETS	\$ 375,464	\$ 370,267
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock, No Par Value	\$ 104,597	\$ 104,248
	Retained Earnings	24,421	25,001
	Accumulated Other Comprehensive Income (Loss), net of tax	103	94
	TOTAL COMMON EQUITY	129,121	129,343
	Preferred Stock	3,958	3,958
	Long-term Debt	130,270	130,706
	TOTAL CAPITALIZATION	263,349	264,007
CURRENT LIABILITIES:	Current Portion of Long-term Debt	2,553	2,501
	Accounts Payable	5,023	5,491
	Accrued Taxes	9,057	6,684
	Accrued Interest	896	1,880
		608	601

	Unearned Revenues and Advanced Service Fees		
	Other	1,240	984
	TOTAL CURRENT LIABILITIES	19,377	18,141
COMMITMENTS AND CONTINGENT LIABILITIES			
(Note 7)			
DEFERRED CREDITS AND OTHER LIABILITIES:	Customer Advances for Construction	19,671	19,246
	Accumulated Deferred Investment Tax Credits	1,793	1,813
	Accumulated Deferred Income Taxes	17,788	15,779
	Employee Benefit Plans	17,093	16,388
	Regulatory Liability - Cost of Utility Plant Removal	6,366	6,200
	Other	538	527
	TOTAL DEFERRED CREDITS AND OTHER LIABILITIES	63,249	59,953
	CONTRIBUTIONS IN AID OF CONSTRUCTION	29,489	28,166
	TOTAL CAPITALIZATION AND LIABILITIES	\$ 375,464	\$ 370,267

See Notes to Condensed Consolidated Financial Statements.

Index

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

	Three Months Ended March 31,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		