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## DELTA REPORT

### 10-K

MSEX - MIDDLESEX WATER CO

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

**TOTAL DELTAS** 2985

█ CHANGES 246

█ DELETIONS 791

█ ADDITIONS 1948

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended **December 31, 2022** **December 31, 2023**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-422

**MIDDLESEX WATER COMPANY**

(Exact name of registrant as specified in its charter)

**New Jersey**  
(State of Incorporation)

**22-1114430**

(IRS employer identification no.)

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

(Registrant's telephone number, including area code)  
Securities registered pursuant to Section 12(b) of the Act:

**Title of Each Class:**  
Common Stock, No Par Value

**Trading Symbol:Symbol:**  
MSEX

**Name of each exchange on which registered:**  
The NASDAQ Stock Market, LLC

**Securities registered pursuant to Section 12(g) of the Act:**  
None

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

Yes  No

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

Yes  No

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

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

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

Large accelerated filer   
Smaller reporting company

Accelerated filer

Non-accelerated filer   
Emerging growth company

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

Yes  No

The aggregate market value of the voting stock held by non-affiliates of the registrant at **June 30, 2022** **June 30, 2023** was **\$1,505,071,215** **\$1,395,620,526** based on the closing market price of **\$87.68** **\$80.66** per share on the NASDAQ Global Select Market.

The number of shares outstanding for each of the registrant's classes of common stock, as of **February 24, 2023** **February 29, 2024**:  
Common Stock, No par Value **17,642,147** **17,821,670** shares outstanding

Documents Incorporated by Reference

Proxy Statement to be filed in connection with the Registrant's Annual Meeting of Stockholders to be held on **May 23, 2023** **May 21, 2024**, which will be filed with the Securities and Exchange Commission within 120 days of the end of our **2022** **2023** fiscal year, is incorporated by reference into Part III of this Annual Report on Form 10-K to the extent described herein.

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MIDDLESEX WATER COMPANY  
FORM 10-K

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#### **FORWARD-LOOKING STATEMENTS**

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

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

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

- effects of general economic conditions;
- increases in competition for growth in non-franchised markets to be potentially served by the Company;
- ability of the Company to adequately control selected operating expenses which are necessary to maintain safe and proper utility services, and which may be beyond the Company's control;
- availability of adequate supplies of water;
- actions taken by government regulators, including decisions on rate increase requests;
- new or modified water quality standards; standards and compliance with related legal and regulatory requirements;
- weather variations 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 housing development;
- availability and cost of capital resources;
- timely availability of materials and supplies for operations and for critical infrastructure projects;
- effectiveness of internal control over financial reporting;
- impact of the Novel Coronavirus (COVID-19) or other pandemic; and
- other factors discussed elsewhere in this annual report.

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

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

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## PART I

Item 1. **Business.**

## Overview

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

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

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

**Middlesex System**

Located in New Jersey, the Middlesex System provides water services to approximately 61,000 retail customers, primarily in eastern Middlesex County and under wholesale contracts to the City of Rahway, Townships of Edison and Marlboro, the Borough of Highland Park and the Old Bridge Municipal Utilities Authority. The Middlesex System treats, stores and distributes water for residential, commercial, industrial and fire protection purposes. The Middlesex System also provides water treatment and pumping services to the Township of East Brunswick under contract. The amount of water supply allocated to the Township of East Brunswick is granted directly to the Township by the New Jersey Water Supply Authority. The Middlesex System produced approximately **65% 66%** of our **2022 2023** consolidated operating revenues.

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

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

Middlesex provides water service to approximately 300 customers in Cumberland County, New Jersey. This system is referred to as the **Bayview Fortescue** System, and is not physically interconnected with the Middlesex System. The **Bayview Fortescue** System produced less than 0.1% of our **2022 2023** consolidated operating revenues.

**Tidewater System**

Tidewater, together with its wholly-owned subsidiary, Southern Shores, provides water services to approximately **56,000 59,000** retail customers for residential, commercial and fire protection purposes in over **460 470** separate communities

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in New Castle, Kent and Sussex Counties, Delaware. The Tidewater System produced approximately 26% 25% of our 2022 2023 consolidated operating revenues.

### **USA-PA**

USA-PA operates the City of Perth Amboy, New Jersey's (Perth Amboy) water and wastewater systems under a 10-year agreement, which expires in December 2028. In addition to performing day-to-day operations, USA-PA is also responsible for emergency responses and management of capital projects funded by Perth Amboy. USA-PA produced approximately 4% of our 2022 2023 consolidated operating revenues.

### **Pinelands Systems**

Pinelands Water provides water services to approximately 2,500 residential customers in Burlington County, New Jersey. Pinelands Water is not physically interconnected with the Middlesex System. Pinelands Water produced approximately 1% of our 2022 2023 consolidated operating revenues.

Pinelands Wastewater provides wastewater collection and treatment services to approximately 2,500 residential customers. Under contract, it also services customers and one municipal wastewater system in Burlington County, New Jersey with approximately 200 residential customers. Pinelands Wastewater produced approximately 1% of our 2022 2023 consolidated operating revenues.

### **USA**

USA operates the Borough of Avalon, New Jersey's (Avalon) water utility, sewer utility and storm water system under a ten-year operations and maintenance contract expiring in 2032. In addition to performing day-to-day service operations, USA is responsible for emergency responses and management of capital projects funded by Avalon.

USA operates the Borough of Highland Park, New Jersey's (Highland Park) water utility and sewer utility under a ten-year operations and maintenance contract expiring in 2030.

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

Under a marketing agreement with HomeServe USA Corp. (HomeServe) expiring in 2031, USA offers residential customers in New Jersey and Delaware various water and wastewater related home maintenance programs. 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 produced approximately 2% of our 2022 2023 consolidated operating revenues.

### **White Marsh**

White Marsh operates or maintains water and/or wastewater systems that serve approximately 4,500 4,300 service connections under 30 31 separate contracts. White Marsh also owns two commercial properties that are leased to Tidewater for its administrative office campus and its field operations center. White Marsh produced approximately 1% of our 2022 2023 consolidated operating revenues.

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### Financial Information

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

	(Thousands of Dollars) Years Ended December 31,			(Thousands of Dollars) Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
Operating Revenues	\$ 162,434	\$ 143,141	\$ 141,592	\$ 166,274	\$ 162,434	\$ 143,141
Operating Income	\$ 47,333	\$ 33,211	\$ 37,420	\$ 39,223	\$ 47,333	\$ 33,211
Net Income	\$ 42,429	\$ 36,543	\$ 38,425	\$ 31,524	\$ 42,429	\$ 36,543

Operating revenues were earned from the following sources:

	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
Residential	52.3%	54.3%	54.2%	52.1%	52.3%	54.3%
Commercial	14.0	11.7	10.9	14.4	14.0	11.7
Industrial	6.9	6.3	6.7	7.0	6.9	6.3
Fire Protection	7.8	8.8	8.8	7.6	7.8	8.8
Contract Sales	11.6	10.2	10.7	11.5	11.6	10.2
Contract Operations	7.4	8.6	8.6	7.4	7.4	8.6
Other	0.0	0.1	0.1	0.0	0.0	0.1
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

### Water Supplies and Contracts

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

#### **Middlesex System**

Our Middlesex System produced approximately 14.2 billion 13.8 billion gallons in 2022 2023 from:

- The Carl J. Olsen Surface Water Treatment Plant (CJO Plant)-11.7-10.7 billion gallons;
- Twenty-seven Company-owned wells (ground water)-0.8-2.0 billion gallons, and; gallons; and
- The balance purchased from a non-affiliated water utility regulated by the New Jersey Board of Public Utilities (NJBPU) under an agreement which expires February 27, 2026. This agreement provides for minimum purchases of 3.0 million gallons per day (mgd) of treated water with provisions for additional purchases.

In December November 2021, Middlesex temporarily ceased pumping from its Company-owned wells at the Park Avenue Wellfield Treatment Plant (Park Avenue Plant) in South Plainfield, New Jersey and alternate sources of supply were obtained in order to comply with new State of New Jersey water quality regulations relative to poly- and perfluoroalkyl substances, collectively referred to as PFAS, that became effective in 2021.

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Prior to 2021, the Company began design for construction of an enhanced treatment process at the Park Avenue **Wellfield Treatment** Plant to meet the expected PFAS water quality standards anticipated to be enacted by the State of New Jersey, which at that time were unknown as to their timing and extent. In June 2022, a portion of the enhanced treatment process was completed, placed into service and **is effectively treating** treated the ground water in compliance with all state and federal drinking water standards. In June 2023, the Company completed the permanent construction of the entire Park Avenue Plant treatment upgrades and placed the upgrades into operation in full compliance with the new State of New Jersey PFAS water quality regulations.

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

The principal source of surface water for the Middlesex System is the Delaware & Raritan Canal, which is owned by the State of New Jersey and operated by the New Jersey Water Supply Authority (NJWSA). Middlesex is under contract with the NJWSA, which expires **November 30, 2023** **November 30, 2048**, and provides for average purchases of 27.0 mgd, with a peak up to 47.0 mgd, of untreated water from the Delaware & Raritan Canal, augmented by the Round Valley/Spruce Run Reservoir System. The untreated surface water is pumped to, and treated at, the CJO Plant.

Water supply to customers of the **Bayview Fortescue** System is derived from two wells, which produced approximately **6.4 million** **6.7 million** gallons in **2022, 2023**.

### **Tidewater System**

Our Tidewater System produced approximately **2.8 billion** **2.9 billion** gallons in **2022, 2023**, primarily from **178** **175** wells. Tidewater expects to submit applications to Delaware regulatory authorities for the approval of additional wells as growth, customer demand and water quality warrant. Tidewater augments its water production with annual **minimum** purchases of **15.0 million** up to **60.0 million** gallons of treated water **under contract** from the City of Dover, Delaware. Tidewater does not have a central water treatment facility for the over **460** **470** separate communities it serves. As the number has grown, many of Tidewater's individual systems have been interconnected, forming several regional systems that are served by multiple water treatment facilities owned by Tidewater.

### **Pinelands Water System**

Water supply to our Pinelands Water System is derived from four wells which produced approximately **139.6 million** **134.7 million** gallons in **2022, 2023**. The aggregate pumping capacity of the four wells is 2.2 mgd.

### **Wastewater Facilities**

#### **Pinelands Wastewater System**

The Pinelands Wastewater System discharges into the South Branch of the Rancocas Creek through a wastewater treatment plant that provides clarification, sedimentation, filtration and disinfection. The total capacity of the plant is 0.5 mgd, and the system treated approximately **93.7 million** **94.8 million** gallons in **2022, 2023**.

### **Human Capital Management**

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

### **Workforce**

As of **December 31, 2022** **December 31, 2023**, the Company had **350** **355** employees. None of our employees are subject to a collective bargaining agreement. We believe our employee relations are positive.

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### **Employee Compensation and Benefits**

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

### **Safety**

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

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

### **Employee Development and Training**

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

### **Diversity, Equity & Inclusion (DEI)**

The Company is committed to DEI based upon our belief that embracing DEI is consistent with our Company culture and benefits all stakeholders by maintaining a workforce with a variety of skills and perspectives as a result of their diverse backgrounds and experiences. The Company **is remains** a signatory to CEO Action for Diversity and Inclusion, a business led initiative which encourages companies to cultivate environments that support dialogue on DEI, implement and expand bias education and training and engage boards of directors in the development and evaluation of inclusion and diversity strategies. **The Company also delivered various DEI trainings throughout 2022 to its entire employee base.**

The Company is focused on recruitment and/or development of both external and internal candidates so that all prospective and current employees are provided an opportunity to advance their careers. We are intentional in our efforts to attract candidates from historically marginalized groups and seek a diverse pool of candidates for

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apprenticeships and internship opportunities. Statements on **Diversity, Equity and Inclusion DEI** and our Human Rights Policy can be found on our website. We continue to monitor the results of our DEI efforts and continually explore opportunities to further engage our employees and customers.

## Competition

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

## Regulation

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

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

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

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

In addition, our issuances of equity securities are subject to the prior approval of the NJBPU and require registration with the **United States Securities & Exchange Commission (SEC)**. Our issuances of long-term debt securities are subject to the prior approval of the respective state Public Utility Commissions.

## ***Regulation of Rates and Services***

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

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

## ***Middlesex Rate Matters***

In February 2024, Middlesex's petition to the NJBPU, filed in May 2023, seeking permission to increase its base water rates was concluded, based on a negotiated settlement that is expected to increase annual operating revenues by \$15.4 million effective March 1, 2024. The approved tariff rates were designed to recover increased operating costs as well as a return on invested capital of \$563.1 million, based on an authorized return on common equity of 9.6%. Middlesex has made capital infrastructure investments to ensure prudent upgrade and replacement of its utility assets to support continued regulatory compliance, resilience and overall quality of service. Net proceeds from the settlement of Middlesex's 3M Company (3M) lawsuit were used to recover costs for the construction of the Park Avenue Plant PFAS treatment upgrades, including depreciation and carrying costs. The rate case settlement will result in the reclassification of \$48.3 million from Regulatory Liabilities to Contributions in Aid of Construction in the March 31, 2024 balance sheet. The Company will also record in the first quarter of 2024 the recovery of \$0.7 million and \$2.4 million of prior year depreciation and carrying costs, respectively, as well as the recovery of \$1.4 million of prior year costs which were associated with the interim solution to comply with the Notice, all of which were approved in the rate case settlement.

For further information on the 3M settlement agreement, see *Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Regulatory Notice of Non-Compliance and Regulatory Matters*.

In January 2024, the NJBPU approved Middlesex's petition for the proposed cost recovery of its Lead Service Line Replacement (LSLR) Plan and cost recovery of project costs associated with replacing Middlesex customer-owned lead service lines. Replacement of Middlesex and Middlesex customer-owned lead service lines is required by the New Jersey LSLR Law. Under this legislation, the costs associated with replacing customer-owned lead service lines are recoverable through future customer surcharges. Cost recovery for replacing Company-owned lead service lines are recoverable through traditional base rate case filings. The current estimates for replacement of Middlesex and Middlesex customer-owned lead service lines are approximately \$46 million to \$77 million over a nine-year period.

In October 2023, the 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 base 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 subsequent to the March 1, 2024 increase. Under the terms of the Foundational Filing, the Company is required to file a base rate petition before November 2026.

In September 2022, the NJBPU approved Middlesex's Emergency Relief Motion to reset its Purchased Water Adjustment Clause (PWAC) tariff rate to recover additional costs of \$2.7 million for the purchase of treated water from a non-affiliated water utility. A PWAC is a rate mechanism that allows for recovery of increased purchased water costs between base rate case filings. The increase, effective October 1, 2022, was on an interim basis and subject to refund with interest, pending final resolution of this matter, which the NJBPU provided in August 2023. In connection with the full recovery of the \$2.7 million of additional costs, Middlesex reset its PWAC rate to zero in October 2023.

In December 2021, Middlesex's petition to the NJBPU seeking permission to increase its base water rates was concluded, based on a negotiated settlement, resulting in an expected increase in annual operating revenues of \$27.7 million. The approved tariff rates were designed to recover increased operating costs, as well as a return on invested capital of \$513.5 million, based on an authorized return on common equity of 9.6%. The increase was implemented in two phases with \$20.7 million of the increase effective January 1, 2022 and the remaining \$7.0 million effective

January 1, 2023. January 1, 2023. As part of the negotiated settlement, the Purchased Water Adjustment Clause (PWAC), which is a rate mechanism that allows for recovery of increased purchased water costs between base rate case filings, PWAC was reset to zero.

In September 2022, the NJBPU approved Middlesex's Emergency Relief Motion to permit Middlesex to reset its PWAC tariff rate to recover additional costs of \$2.7 million for the purchase of treated water from a non-affiliated regulated water utility. The increase, effective October 1, 2022, is on an interim basis and subject to refund, with interest, pending final resolution expected in the second quarter of 2023.

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

#### **Tidewater Rate Matters**

On August 31, 2022 In December 2023, the DEPSC approved Tidewater's application to implement a new DSIC. Effective January 1, 2024, Tidewater implemented a DSIC rate of 3.71%, which is expected to generate revenue of approximately \$1.3 million annually. A Delaware DISC is subject to a semi-annual reset with an overall maximum rate of 7.5%.

In October 2023, the DEPSC issued an Order requiring that made a temporary base rate reduction permanent. The initial DEPSC order required Tidewater to reduce its base rates charged to general metered and private fire customers by 6% 6.0%, effective for service rendered on and after September 1, 2022. In June 2022, the Delaware Division of the Public Advocate had filed a petition with the DEPSC requesting that Tidewater's rates be reduced based on the claim that Tidewater had been earning above its authorized rate of return. The rate reduction is expected to reduce was ordered as a result of Tidewater earning in excess of its authorized return, and resulted in reduced annual revenues by of approximately \$2.2 million. \$2.1 million in 2023.

In March 2021, Tidewater was notified by the DEPSC that it had determined Tidewater's earned rate of return exceeded the rate of return authorized by the DEPSC. Consequently, Tidewater reset its Distribution System Improvement Charge (DSIC) DSIC rate to zero effective April 1, 2021

April 1, 2021 and refunded approximately \$1.0 million to customers primarily in the form of an account credit for DSIC revenue previously billed between April 1, 2020 and March 31, 2021. A DSIC is a rate-mechanism that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements made between base rate proceedings.

#### **Pinelands Rate Matters**

In September 2022, April 2023, Pinelands Water and Pinelands Wastewater filed separate petitions with concluded their base rate case matters when the NJBPU seeking permission to approved a combined \$1.0 million increase in annual base rates, by approximately \$0.6 million and \$0.4 million per year, respectively. These effective April 15, 2023. The requests were necessitated by capital infrastructure investments both the companies have made or have committed to make, and as well as increased operations and maintenance costs. We cannot predict whether the NJBPU will ultimately approve, deny, or reduce the amount of the requests. A decision by the NJBPU in both matters is expected in the first quarter of 2023.

#### **Southern Shores Rate Matters**

Effective January 1, 2020, the DEPSC approved the renewal of a multi-year agreement for water service to a 2,200 unit condominium community we serve in Sussex County, Delaware. Under the agreement, current rates were to remain in effect until December 31, 2024, unless there are unanticipated capital expenditures or regulatory related changes in operating expenses exceeding certain thresholds during this time period. In 2022, capital expenditures did exceed the established threshold and rates were increased by 5.39%, effective January 1, 2023. Beginning in 2025 and thereafter, inflation based inflation-based rate increases cannot exceed the lesser of the regional Consumer Price Index or, 3%. Inflation based increases are in addition to the threshold rate increases. This agreement expires on December 31, 2029.

#### **Future Rate Filings**

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

**Regulatory Service Matters**

Twin Lakes Utilities, Inc. LLC (Twin Lakes) provides water services to approximately 115 residential customers in Shohola, Pennsylvania. Pursuant to the Pennsylvania Public Utility Code, Twin Lakes filed a petition requesting the Pennsylvania Public Utilities Commission (PAPUC) to order the acquisition of Twin Lakes by a capable public utility. The PAPUC assigned an Administrative Law Judge (ALJ) to adjudicate the matter and submit a recommended decision (Recommended Decision) to the PAPUC. As part of this legal proceeding the PAPUC also issued an Order in January 2021 appointing a large Pennsylvania based investor-owned water utility as the receiver (the Receiver Utility) of the Twin Lakes system until the petition is fully adjudicated by the PAPUC. In November 2021, the PAPUC issued an Order affirming the ALJ's Recommended Decision, ordering the Receiver Utility to acquire the Twin Lakes water system and for Middlesex, the parent company of Twin Lakes, to submit \$1.7 million into an escrow account within 30 days. Twin Lakes immediately filed a Petition For Review (PFR) with the Commonwealth Court of Pennsylvania (the Pennsylvania Commonwealth Court) seeking reversal and vacation of the escrow requirement on the grounds that it violates the Pennsylvania Public Utility Code as well as the United States Constitution. In addition, Twin Lakes filed an emergency petition for stay of the PAPUC Order pending the Pennsylvania Commonwealth Court's review of the merits arguments contained in Twin Lakes' PFR. In December 2021, the Pennsylvania Commonwealth Court granted Twin Lakes' emergency petition, pending its review. In August 2022, the Commonwealth Court issued an opinion upholding PAPUC's November 2021 Order in its entirety. In September 2022, Twin Lakes filed a Petition For Allowance of Appeal (Appeal Petition) to the Supreme Court of Pennsylvania seeking reversal of the Commonwealth Court's decision to uphold the escrow requirement on the grounds that the Pennsylvania Commonwealth Court erred in failing to address Twin Lakes' claims that because the \$1.7 million escrow requirement placed on Middlesex violated Middlesex's constitutional claims. The timing rights, Middlesex's refusal to submit this escrow payment would jeopardize the relief Twin Lakes was otherwise entitled to in the appointment of the final decision by Receiver Utility. In March 2023, the Supreme Court of Pennsylvania and issued a decision denying Twin Lakes' Appeal Petition without addressing this claim on the final adjudication merits. As a result of this matter cannot be predicted at this time, the Pennsylvania Courts' failure to address Twin Lakes' claim, Middlesex subsequently filed a Complaint with the United States District Court for the Middle District of Pennsylvania to address the issue of whether the PAPUC's Order violated Middlesex's rights under the

United States Constitution. On January 18, 2024, the District Court issued an Order dismissing Middlesex's Complaint without addressing the issue of whether the PAPUC's Order violated Middlesex's rights under the United States Constitution. On January 31, 2024, Middlesex filed a Notice of Appeal of the District Court's decision with the United States Court of Appeals for the Third Circuit.

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

#### **COVID-19 Pandemic**

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

#### **Water and Wastewater Quality and Environmental Regulations**

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

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

In September 2021, the NJDEP issued a Notice of Non-Compliance (Notice) to Middlesex based on self-reporting by Middlesex that the level of Perfluorooctanoic Acid (PFOA) in water treated at its Park Avenue Wellfield Treatment Plant in South Plainfield, New Jersey exceeded a recently standard promulgated in a NJDEP standard regulation that became effective in 2021. The NJDEP standard for PFOA was developed based on a Health-based Maximum Contaminant Level of 14 parts per trillion. Neither the NJDEP nor Middlesex characterized this exceedance as an acute health threat.

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However, Middlesex was required by the regulation to notify its affected customers and complied within the required Notice period in November 2021 as required by the regulation. 2021.

The Notice further required the Company to take any action necessary to comply with the new standard by September 7, 2022. Prior to 2021, the Company began design for construction of an enhanced treatment process at the Park Avenue Wellfield Treatment Plant to meet the expected PFAS water quality standards anticipated to be enacted by the State of New Jersey, which at that time were unknown as to their timing and extent. Since completion was not expected until mid-2023, Consequently, in December November 2021, the Company implemented an interim solution to meet the Notice requirements. The requirements, which included putting the Park Avenue Wellfield Treatment Plant was temporarily taken in off-line status and obtaining alternate sources of supply were obtained. Simultaneously, supply. In June 2022, the Company accelerated the in-service date for a portion of the enhanced treatment project to allow based on engineering analysis that allowed a restart of the Park Avenue Wellfield Treatment Plant ahead of historical higher water demand periods during the summer months.

In June 2022, a portion of the enhanced treatment process was completed, placed into service and is effectively treating the ground water in to ensure continued compliance with all state and federal drinking water standards.

On September 13, 2022, the Company entered into an Administrative Consent Order (ACO) with the NJDEP, which required the Company to take whatever actions necessary to achieve and maintain compliance with applicable regulations. As prescribed in the ACO, the Company was to issue periodic public notifications until the ACO was closed.

In June 2023, the Company completed the permanent construction of the entire Park Avenue Plant treatment upgrades and placed the upgrades into operation in full compliance with the NJDEP PFOA standards. In October 2023, the Company received confirmation from the NJDEP that it has complied with all requirements of the ACO and consequently, the ACO has been closed.

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

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

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

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

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

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

The Company must comply with various environmental laws and regulations promulgated by the USEPA, NJDEP and other governmental agencies, including the Toxic Catastrophe Prevention Act, the Spill Prevention, Control, and Countermeasure Rule and the Discharge Prevention Program of the New Jersey Spill Compensation and Control Act.

#### Seasonality

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

**Management**

In May 2023, President and Chief Executive Officer, Dennis W. Doll announced a plan to retire upon turning age 65. On January 23, 2024, the Company named Nadine Leslie as its new President and Chief Executive Officer effective March 1, 2024. Ms. Leslie will also be appointed to the Board of Directors effective March 1, 2024. Mr. Doll will remain Chairman of the Company's Board of Directors through the expiration of his current term as a Director as of the May 21, 2024 Annual Meeting of Shareholders.

This table lists information concerning our executive management team in 2023:

Name	Age	Principal Position(s)
Dennis W. Doll	64	President, Chief Executive Officer and Chairman of the Board of Directors
A. Bruce O'Connor	64	Senior Vice President, Treasurer and Chief Financial Officer
G. Christian Andreasen, Jr.	63	Vice President-Enterprise Engineering
Robert K. Fullagar	56	Vice President-Operations
Lorrie B. Ginegar	47	Vice President-Human Resources
Jay L. Kooper	50	Vice President-General Counsel and Secretary
Georgia M. Simpson	50	Vice President-Information Technology and Chief Technology Officer
Bernadette M. Sohler	62	Vice President-Corporate Affairs
Bruce E. Patrick	55	President-Tidewater
Robert J. Capko	50	Corporate Controller and Principal Accounting Officer

*Dennis W. Doll* – Mr. Doll joined the Company as Executive Vice President in November 2004 and was named President and Chief Executive Officer, and a Director of Middlesex, effective January 1, 2006. In May 2010, he was elected Chairman of the Board, also serving as Chairman of the Boards of the Company's subsidiary companies. He is a Past President of the National Association of Water Companies and past Chairman of the Board

of the New Jersey Utilities Association, representing the state's electric, gas, water and telecommunications industries. He is a past Chairman of the Board of The Water Research Foundation where he continues to serve as **Director Emeritus**, and a non-Trustee member of the Audit Committee. He has also served as a Director and member of the Executive Committee of the Board of Directors of the American Water Works Association. He presently serves as Treasurer and member of the Board of Trustees of Court Appointed Special Advocates of Middlesex County, NJ serving the needs of children living in foster care.

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

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

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

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

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

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Jersey, including as President of Temple B’Nai Abraham in Livingston, New Jersey and as a Director of the Crohn’s and Colitis Foundation’s New Jersey Chapter.

*Georgia M. Simpson* – Ms. Simpson joined the Company in 2009, was named Assistant Vice President-Information Technology in January 2019 and promoted to Vice President- Information Technology in July 2019. In April 2022, Ms. Simpson was named Chief Technology Officer. Prior to joining the Company, Ms. Simpson held various Information Technology positions and has gained an extensive array of technical and business computer certifications. Ms. Simpson serves as a member of the Delaware Cyber Security Advisory Council, the Society for Information Management, New Jersey chapter and the Project Management Institute, New Jersey chapter.

*Bernadette M. Sohler* – Ms. Sohler joined the Company in 1994 and was named Vice President-Corporate Affairs after having served in March 2007. She also serves as Vice President of USA. Prior to joining the Company, Ms. Sohler held several marketing and public relations management positions in the financial services industry. She was named Director of Communications in 2004 and promoted to Vice President-Corporate Affairs in March 2007 and also serves as Vice President of USA. Ms. Sohler serves as a volunteer director on area Chambers of Commerce and several other non-profit Boards supporting public safety and the arts. She is a past director of the National Association of Water Companies and former Chair of the New Jersey Utilities Association’s Communications Committee.

**Bruce E. Patrick** – Mr. Patrick, a licensed professional engineer, joined Tidewater in February 2002 as Vice President of Engineering. He was promoted to Vice President and General Manager in April 2012, Executive Vice President in April 2023, and President in December 2023. Mr. Patrick has extensive experience in regulatory compliance, permitting, planning and design. Prior to joining Tidewater, he served as Kent County, Delaware Public Works Director and County Engineer where he had overall responsibility for the County's regional wastewater facilities. Mr. Patrick also held prior positions with the Delaware Department of Natural Resources and Environmental Control as well as the Delaware Division of Public Health.

**Robert J. Capko** – Mr. Capko, a Certified Public Accountant, joined the Company in 2009 as Corporate Controller. On March 28, 2023, Mr. Capko was appointed Principal Accounting Officer of Middlesex. Mr. Capko is also a Director and Treasurer of Tidewater and White Marsh and Controller of USA, USA-PA, Pinelands Water and Pinelands Wastewater. Prior to joining Middlesex, Mr. Capko was an Audit Senior Manager with Deloitte & Touche LLP, with a focus on publicly traded regulated utilities including several regulated public utility clients subject to the jurisdiction of the NJBPU.

ITEM 1A. **RISK FACTORS.**

***Operational Risks***

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

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

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

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

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

Contamination of the water supply or the water service provided to our customers could result in substantial injury or damage to our customers, employees or others and we could be exposed to substantial claims and litigation, which are inherently subject to uncertainties and are potentially subject to unfavorable regulatory and/or legal

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actions. Negative impacts to our profitability and/or our reputation may occur even if we are not responsible for the contamination or the consequences arising out of human exposure to contamination or hazardous substances in the water supplies. Pending or future claims against us could have a material adverse impact on our financial condition, results of operations and cash flows.

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

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

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

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

### **Regulatory Risks**

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

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

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

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

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

Government environmental regulatory agencies' regulations relating to water quality require us to perform expanded types of testing to ensure our water meets state and federal water quality requirements. We are subject to USEPA regulations under the Federal Safe Drinking Water Act and under the Federal Clean Water Act regarding

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wastewater services. Regulations under the Safe Drinking Water Act include the Lead and Copper Rule, the maximum contaminant levels established for various volatile organic compounds, the Federal Surface Water Treatment Rule and the Total Coliform Rule. There are also similar NJDEP regulations for our New Jersey water systems. The NJDEP and DEDPH ~~a~~ monitor our activities and review the results of water quality tests we perform for adherence to applicable regulations. In addition, Government Environmental Regulatory Agencies are continually reviewing regulations governing the limits of certain organic compounds found in the water as byproducts of treatment.

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

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

The Company must comply with various environmental laws and regulations promulgated by the USEPA, NJDEP and other governmental agencies, including the Toxic Catastrophe Prevention Act, the Spill Prevention, Control, and Countermeasure Rule and the Discharge Prevention Program of the New Jersey Spill Compensation and Control Act. If we fail to comply with environmental or other laws and regulations to which our business is subject, we could be fined or subject to other sanctions, which could adversely impact our business or results of operations.

## **Financial Risks**

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

We require financing from external sources to fund the ongoing capital program for the improvement in our utility system assets and for planned expansion of those systems. We expect to spend approximately ~~\$266 million~~ \$226 million for capital projects through 2025, 2026. We must obtain prior approval from our economic regulators to sell debt or equity securities to raise capital for these projects. If sufficient capital is not available, or the cost of capital is too high, or if the regulatory authorities deny our petition to sell debt or equity securities, we may not be able to meet the costs of complying with environmental laws and regulations or the costs of improving and expanding our utility system assets to the level we believe operationally prudent. This may result in the imposition of fines from environmental regulators or restrictions on our operations which could curtail our ability to upgrade or replace utility system assets.

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

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

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

USA-PA and USA operate and maintain water and wastewater systems for three New Jersey municipalities under 10-year contracts expiring in 2028, 2030 and 2032, respectively. These contracts do not protect us against incurring costs in excess of revenues we earn pursuant to the contracts. There can be no absolute assurance we will not experience losses resulting from these contracts. Losses under these contracts, or our failure or inability to perform or renew such agreements, may have a material adverse effect on our financial condition and results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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We identified material weaknesses in our internal controls which, if not remediated appropriately or timely, could result in loss of investor confidence and adversely impact our stock price. Internal controls related to the operation of technology systems are critical to maintaining adequate internal control over financial reporting. During the fourth quarter of 2023, management identified a material weakness in internal control related to ineffective information technology general controls (ITGCs) in the areas of user access and change management over certain information technology (IT) systems that support the Company's financial reporting processes. Certain of those controls were found to be deficient because of a lack of sufficient IT control processes designed to prevent or detect unauthorized changes in applications and data in selected IT environments. In December 2023, management implemented various auditing and monitoring solutions that provide greater transparency into changes made within our IT systems. These control solutions are supported by a timely review process that focuses on the proper authorization and approval of IT system changes. Due to the timing of implementing the solutions, the controls implemented did not operate over a sufficient time period to adequately test and validate the remediation and reassess other ITGCs, which may require further remediation actions. In addition, there were ineffective controls related to income tax accounting for a non-routine transaction, which management has identified as a material weakness in internal controls over financial reporting. Therefore, management concluded that our internal control over financial reporting was not effective as of December 31, 2023. Until remediation measures are completed, fully tested and determined effective, we will not be able to conclude that the material weaknesses have been remediated. If we are unable to determine that our remediation measures are effective or otherwise remediate the material weaknesses, or are otherwise unable to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process and report financial information accurately, and to prepare financial statements within required time periods, could be adversely affected, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affecting investor confidence in our financial statements and adversely impacting our stock price.

### **General Risks**

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

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

Our information technology systems may be subject to physical and cyber attacks.

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

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

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

In January 2023, the United States Secretary of Health and Human Services renewed the determination that a nationwide health emergency exists as a result of the COVID-19 Pandemic with an announced end to the declared health emergency on May 11, 2023. While the Company's operations and capital construction program have not been materially disrupted to date from the pandemic, the impact on economic conditions nationally and the areas the Company operates continues to be uncertain and could affect the Company's results of operations, financial condition and liquidity in the future.

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. CYBERSECURITY

Cybersecurity Program

The Company's cybersecurity program is an integral element of the Company's overarching strategic plan. The robustness of the cybersecurity initiatives directly impact the realization of the Company's mission, vision, and goals. Aligned with the National Institute of Standards and Technology Cyber Security Framework, the Company employs a comprehensive "defense-in-depth" strategy, deploying multiple security measures to safeguard its operational environment and data integrity systems.

The Company continually evaluates and refines its cybersecurity program in response to key factors such as evolving threat landscapes, program maturation, gap analysis, and guidance from external security consultants. The Company's cybersecurity program relies on three key pillars: People, Process and Technology (PPT) to deliver a robust cybersecurity program. The cybersecurity program includes various aspects of PPT, including, but not limited to:

- **Technology:** Encryption, threat management, backups, monitoring, investigative support utilizing artificial intelligence embedded tools;
- **Identity and Access Control Management Tools:** Multi-factor authentication, monitoring and alerting of privilege account access;
- **Cybersecurity Processes:** Vulnerability scanning, penetration testing, and periodic assessments conducted by external security consultants;
- **Incident Response Training:** Regularly assessed incident response preparedness through various incident response and disaster recovery exercises; and
- **Cyber Risk Awareness and Training:** Frequent simulation exercises to heighten awareness of cybersecurity threats and educate our user community on preventative measures and reporting protocols. All employees participate in required periodic training with respect to cybersecurity risk and risk mitigation.

Our Chief Technology Officer (CTO), with over 25 years of experience in various disciplines of information technology, oversees the cybersecurity program. Reporting to the Chief Executive Officer, the CTO provides regular briefs to the Board of Directors (the Board) and executive management, informing them about prevention, detection, mitigation, and remediation of cybersecurity incidents, as well as ongoing risks and threats.

In our industry, the continuous functioning of information systems is of the utmost importance. Leveraging information technology systems, we collect, process and safeguard sensitive data and utilize automated tools to operate our plants.

Identified as a critical risk factor, cybersecurity threats encompass potential hazards such as malicious code, employee misconduct, advanced persistent threats, fraud, and phishing attacks. These risks have the potential to lead to information technology system failures, threat to water supply, or compromise of sensitive information.

Our cybersecurity program aims to protect the uninterrupted availability of critical information technology resources. Regular assessments, conducted both internally and by third parties, evaluate our program against industry standards, including the National Institute of Standards and Technology Cybersecurity Standard and the Risk Management Framework. Although we have not experienced cybersecurity breaches or incidents that have significantly impacted our financial condition, results of operations, or business strategy, the effectiveness of our measures to prevent, detect, mitigate, or recover is based on currently known threats and recovery methods. There is no guarantee that cybersecurity breaches or incidents will not impact our business operations, strategy, financial condition, or operations.

The ever-evolving landscape of cybersecurity threats introduces ongoing challenges. The Company recognizes the increasing frequency and sophistication of these threats. Despite implementing measures to secure operational and technology systems and fostering a culture of continuous improvement, the dynamic nature of cyber-attacks and vulnerabilities implies that these defenses may not be foolproof.

#### Cybersecurity Risk Management Program and Strategy

Cybersecurity risk management strategy is an integral component of our operations and our overall risk management process. Recognizing the dynamic nature of cybersecurity threats, we have implemented a comprehensive risk management program that aims to identify, assess, and mitigate potential risks. Our strategy involves a proactive approach, incorporating preventative measures, continuous monitoring, and adaptive response mechanisms. We prioritize the safeguarding of our operational network environment, sensitive data, including confidential business information and personal details of our customers and employees. Regular assessments conducted both internally and by third parties ensure our cybersecurity program aligns with industry standards. In addition to a dedicated cybersecurity team, we employ a defense-in-depth strategy, utilizing multiple security measures to protect our information technology system. Collaboration with third-party experts, industry peers and ongoing training initiatives ensures our cybersecurity strategy remains robust and responsive to evolving threats. We understand the importance of maintaining a vigilant and adaptive stance in the ever-evolving landscape of cybersecurity to safeguard our business operations, financial stability, and as a direct result, our overall success.

Key elements of our cybersecurity risk mitigation approach are comprised of:

- A dedicated cybersecurity team;
- Collaboration with a third-party managed detection and response company for 24/7 monitoring and response;
- Cybersecurity insurance to cover a portion of losses and damages resulting from cyber-attacks or security breaches;
- An incident response team that is comprised of various departments required for an effective response;
- Conducting periodic drills and exercises, including industry collaborations and participation from the executive team;
- Continuous information security awareness training and phishing simulation exercises;
- Regular security assessments to address evolving risks and threats;
- Deployment of automation solutions to strengthen detection and response capabilities; and
- Utilizing services offered by the United States Department of Homeland Security to assist with resiliency planning.

#### Third-Party Relationships

The Company utilizes partners and third-party service providers to help deliver safe and reliable water and wastewater services across its regulated operations. In connection with these relationships, we perform due diligence, cyber risk scoring, cybersecurity related contractual obligations, and periodic reviews of third-party control environments to ensure alignment with the Company's risk exposure, business requirements, and risk tolerances.

We extend our cybersecurity focus to third-party service providers by evaluating and monitoring their cybersecurity risks. High-risk vendors undergo continuous monitoring, and we maintain contractual agreements that mandate our third-party providers' commitment to managing cybersecurity risks, providing incident notifications, and being subject to cybersecurity audits.

#### Cybersecurity Governance

The Corporate Governance and Nominating Committee of the Board is tasked with overseeing cybersecurity risk. Management, including the CTO, provides regular reports to the Board covering aspects such as risks, threats, the evolving threat landscape, enhancements to the cybersecurity program, and the preparedness of internal responses.

ITEM 2.

## PROPERTIES.

#### *Utility Plant*

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

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

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

### **Middlesex System**

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

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

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

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

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

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

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

#### **Tidewater System**

The Tidewater System is comprised of **87** **85** production plants that vary in pumping capacity from 46,000 gallons per day to 4.4 mgd. Water is transported to our customers through **888** **917** miles of transmission and distribution mains. Storage facilities include **46** **48** tanks, with an aggregate capacity of **7.9 million** **9.9 million** gallons. The Delaware office property, located on an eleven-acre parcel owned by White Marsh, consists of two office buildings totaling approximately 17,000 square feet. In addition, Tidewater maintains a field operations center servicing its largest service territory in Sussex County, Delaware. The operations center is located on a 2.9 acre parcel owned by White Marsh, and consists of three buildings totaling approximately 12,000 square feet.

**Pinelands Water System**

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

**Pinelands Wastewater System**

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

**Bayview Fortescue System**

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

**USA-PA, USA and White Marsh**

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

**ITEM 3.     LEGAL PROCEEDINGS.**

**PFOA Regulatory Notice of Non-Compliance** – In September 2021, the NJDEP issued a Notice to Middlesex based on self-reporting by Middlesex that the level of PFOA in water treated at its Park Avenue Wellfield Treatment Plant in New Jersey exceeded a recently promulgated NJDEP standard effective in 2021. Neither the NJDEP nor Middlesex characterized this exceedance as an acute health emergency. However, Middlesex was required to notify its affected customers and the Company complied in due course. Water currently being delivered to customers is in compliance with all USEPA and NJDEP drinking water standards, including the newly established water quality standard for PFOA.

In November 2021, the Company was served with two PFOA-related class action lawsuits seeking restitution for medical, water filter replacement and other claimed related costs. These lawsuits are in the early stages of the legal process and their ultimate resolution cannot be predicted at this time. The following summarizes the legal complaints brought against Middlesex related to this matter:

**Vera et al. v. Middlesex Water Company** - On October 29, 2021, a complaint was filed in the Superior Court of New Jersey, Middlesex County seeking restitution, equitable and injunctive relief for the costs of (1) seeking medical advice; (2) installing home water filters; (3) purchasing bottled water; and (4) court-supervised medical monitoring/testing going forward. On November 19, 2021, a first amended complaint was filed together with motions for Class Certification and Injunctive Relief. On December 17, 2021, the parties entered into a Stipulation where it was agreed that Plaintiff's motion for injunctive relief would be withdrawn. On February 16, 2022, Middlesex filed a Motion To Dismiss Plaintiffs' complaint for: (1) failure to include an indispensable party, 3M, whom Middlesex claims is the source of the PFOA in the Company's insurance provider wells; and (2) failure to state legally cognizable claims in support of all of the counts set forth in the complaint. Plaintiff's motion for Class Certification and further discovery was postponed pending the outcome of Middlesex's Motion To Dismiss. On April 21, 2022, the Judge granted Vera's Motion for Class Certification and granted in part and denied in part Middlesex's Motion to Dismiss. On May 4, 2022, the Company impleaded 3M as a third-party defendant in this lawsuit. On July 6, 2022, the Company filed a Motion to Remove this case from New Jersey Superior Court to the United States District Court for the District of New Jersey. Vera challenged Middlesex's Motion To Remove at the United States District Court for the District of New Jersey in an attempt to remand the case back to the Superior Court of New Jersey. On March 21, 2023, the United States District Court for the District of New Jersey issued an order remanding the case back to the Superior Court of New Jersey. Discovery is underway in this matter. On August 29, 2023, the Company executed a settlement agreement with 3M to resolve a lawsuit related to perfluoroalkyl substances in which Middlesex and 3M agreed to enter into joint mediation to resolve this and another PFOA-related class action lawsuit against Middlesex and 3M seeking restitution for medical, water replacement and other claimed related costs. A mediation session among the parties was held on November 17, 2023. The Superior Court of New Jersey has acknowledged coverage set a deadline of potential liability resulting from these lawsuits. February 29, 2024 for the parties to submit a final settlement agreement with the Court should the parties be able to reach a settlement.

**Lonsk et al. v. Middlesex Water Company and 3M Company** - On November 9, 2021, a complaint was filed in the United States District Court, District of New Jersey seeking Class Certification and restitution, equitable and injunctive relief for the costs of (1) seeking medical advice; (2) installing home water filters; (3) purchasing bottled water; and (4) all other claimed related costs. On December 23, 2021, the parties agreed to postpone the filing date of Middlesex's and 3M's answers to the complaint to January 14, 2022 at the earliest. This filing date was subsequently further postponed to March 1, 2022. On March 4, 2022, Middlesex filed a Motion to Dismiss Plaintiffs' complaint. On April 15, 2022, Plaintiffs filed an Amended Complaint. On July 7, 2022, this case was reassigned to a new trial judge at the United States District Court for the District of New Jersey. On October 31, 2022, the trial judge in this matter dismissed Middlesex's and 3M's motions to dismiss the Plaintiffs' complaint and Middlesex and 3M filed answers to Plaintiffs' amended complaint on November 21, 2022. On August 29, 2023 the Company executed a settlement agreement with 3M to resolve a lawsuit related to perfluoroalkyl substances in which Middlesex and 3M agreed to enter into a joint mediation, scheduled for November 2023, to resolve this and another PFOA-related class action lawsuit against Middlesex and 3M seeking restitution for medical, water replacement and other claimed related costs. Discovery in this case is currently underway and continues. A mediation session among the parties was held on November 17, 2023. The Superior Court of New Jersey has set a deadline of March 4, 2024 for the parties to submit a final settlement agreement with the Court should the parties be able to reach a settlement.

For further discussion of this matter, the 3M settlement and the case above, see Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, Regulatory Notice of Non-Compliance. The following summarizes the legal complaints brought against Middlesex related to this matter:

- **Vera et al. v. Middlesex Water Company** - On October 29, 2021, a complaint was filed in the Superior Court of New Jersey, Middlesex County seeking restitution, equitable and injunctive relief for the costs of (1) seeking medical advice; (2) installing home water filters; (3) purchasing bottled water; and (4) court-supervised medical monitoring/testing going forward. On November 19, 2021, a first amended complaint was filed together with motions for Class Certification and Injunctive Relief. On December 17, 2021, the parties entered into a Stipulation where it was agreed that Plaintiff's motion for injunctive relief would be withdrawn. On February 16, 2022, Middlesex filed a Motion To Dismiss Plaintiffs' complaint for: (1) failure to include an indispensable party, 3M Company (3M), whom Middlesex claims is the source of the PFOA in the Company's wells; and (2) failure to state legally cognizable claims in support of all of the counts set forth in the complaint. Plaintiff's motion for Class Certification and further discovery was postponed pending the outcome of Middlesex's Motion To Dismiss. On April 21, 2022, the Judge granted Vera's Motion for Class Certification and granted in part and denied in part Middlesex's Motion to Dismiss. On May 4, 2022, the Company impleaded 3M as a third-party defendant in this lawsuit. The Company has also initiated a separate lawsuit against 3M seeking to hold 3M accountable for introduction of perfluoroalkyl substances, which include PFOA, into the Company's water supply at its Park Avenue Wellfield facility. On July 6, 2022, the Company filed a Motion to Remove this case from New Jersey Superior Court to the United States District Court for the District of New Jersey. Vera is currently challenging Middlesex's Motion To Remove at the U.S. District Court for the District of New Jersey in an attempt to remand the case back to the Superior Court of New Jersey.

- **Lonsk et al. v. Middlesex Water Company and 3M Company** - On November 9, 2021, a complaint was filed in the United States District Court, District of New Jersey seeking Class Certification and restitution, equitable and injunctive relief for the costs of (1) seeking medical advice; (2) installing home water filters; (3) purchasing bottled water; and (4) all other claimed related costs. On December 23, 2021, the parties agreed to postpone the filing date of Middlesex's and 3M's answers to the complaint to January 14, 2022 at the earliest. This filing date was subsequently further postponed to March 1, 2022. On March 4, 2022, Middlesex filed a Motion to Dismiss Plaintiffs' complaint. On April 15, 2022, Plaintiffs filed an Amended Complaint. On July 7, 2022, this case was reassigned to a new trial judge at the United States District Court for the District of New Jersey. On October 31, 2022, the trial judge in this matter dismissed Middlesex's and 3M's motions to dismiss the Plaintiffs' complaint and Middlesex and 3M filed answers to Plaintiffs' amended complaint on November 21, 2022. Discovery in this case is currently underway with a scheduled end date of January 9, 2024.

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

ITEM 4. **MINE SAFETY DISCLOSURES.**

Not applicable.

## PART II

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

The Company's common stock is traded on the NASDAQ Stock Market, LLC, under the symbol MSEX. As of **December 31, 2022** **December 31, 2023**, there were **1,751** **1,717** holders of record.

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

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

The Company issues shares of its common stock in connection with its Middlesex Water Company Investment Plan (the Investment Plan), a direct share purchase and dividend reinvestment plan for the Company's common stock. Since the inception of the Investment Plan and its predecessor plan, the Company has periodically replenished the level of authorized shares in the plans. Currently, **0.2 million** **0.7 million** shares remain registered with the SEC for the Investment Plan and available for potential issuance to participants. Middlesex has filed a petition with the NJBPU seeking to increase the number of authorized shares participants under the Investment Plan by 0.7 million shares. Plan. The Company raised approximately **\$10.3 million** **\$12.1 million** through the issuance of shares under the Investment Plan during **2022, 2023**.

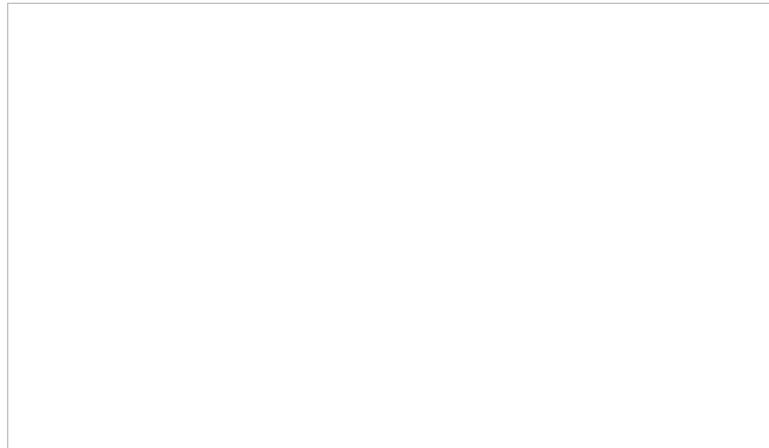
On March 1, 2023, the Company **will begin** **began** offering shares of its common stock for purchase at a 3% discount to participants in the Investment Plan. The discount offering **will continue until 200,000 shares are purchased at the discounted price or** ended December 1, 2023, whichever event occurs first. The discount **applies** **applied** to all common stock purchases made under the Investment Plan during that time period, whether by optional cash payment or by dividend reinvestment.

The Company maintains a long-term incentive compensation plan for certain management employees where awards are made in the form of restricted common stock. Shares issued in connection with this plan are subject to forfeiture by the employee in the event of termination of employment for any reason within five years of the award, other than as a result of retirement at normal retirement age, death, disability or change in control. The maximum number of shares authorized for award under this plan is 0.3 million shares, of which approximately **80%** **75%** remain available for award, future issuance.

The Company maintains a stock plan for its independent members of the Board of Directors as a component of their compensation. In **2022, 2023**, shares of the Company's common stock valued at **\$0.3 million** **\$0.4 million** were granted and issued to the Independent Directors. The maximum number of shares authorized for grant under this plan is 0.1 million. Approximately **46%** **42%** of the authorized shares remain available for future issuance.

Set forth below is a graph comparing the yearly change in the cumulative total return (which includes reinvestment of dividends) of a \$100 investment for the Company's common stock, a peer group of investor-owned water utilities, and the S&P 500 Stock Index for the period of five years commencing **December 31, 2017** **December 31, 2018**. The S&P 500 Stock Index measures the stock performance of 500 large companies listed on stock exchanges in the United States.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN  
Among Middlesex Water Company, the S&P 500 Stock Index and a Peer Group\*



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

December 31,	2017	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2023
Middlesex Water Company	100.00	136.54	165.40	191.52	321.79	213.14	100.00	121.14	140.27	235.68	156.10	132.41
S&P 500 Stock Index	100.00	95.62	125.72	148.85	191.58	156.89	100.00	131.49	155.68	200.37	164.08	207.21
Peer Group	100.00	108.39	134.25	136.58	178.54	161.23	100.00	123.86	126.00	164.71	148.74	127.88

ITEM 6. **[RESERVED]**

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

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

**Operations**

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

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

Our Delaware subsidiaries, Tidewater and Southern Shores Water Company, LLC (Southern Shores), provide water services to approximately **56,000** **59,000** retail customers in New Castle, Kent and Sussex Counties, Delaware. Tidewater's subsidiary, White Marsh, services approximately **4,500** **4,300** customers in Kent and Sussex Counties through various operations and maintenance contracts.

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

USA operates the Borough of Avalon, New Jersey's (Avalon) water utility, sewer utility and storm water system under a 10-year operations and maintenance contract expiring in 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.

***Middlesex President and Chief Executive Officer Retirement Announcement and Replacement***

In May 2023, President and Chief Executive Officer, Dennis W. Doll announced a plan to retire upon turning age 65. On January 23, 2024, the Company named Nadine Leslie as its new President and Chief Executive Officer effective March 1, 2024. Ms. Leslie will also be appointed to the Board of Directors effective March 1, 2024. Mr. Doll

will remain Chairman of the Company's Board of Directors through the expiration of his current term as a Director as of the May 21, 2024 Annual Meeting of Shareholders.

**Regulatory Notice of Non-Compliance**

In September 2021, the New Jersey Department of Environmental Protection (NJDEP) issued a Notice of Non-Compliance (Notice) to Middlesex based on self-reporting by Middlesex that the level of Perfluorooctanoic Acid (PFOA) in water treated at its Park Avenue Wellfield Treatment Plant (Park Avenue Plant) in South Plainfield, New Jersey exceeded a standard promulgated in a NJDEP standard regulation that became effective in 2021. Middlesex was required by the regulation to notify its affected customers and complied within the required Notice period in November 2021.

Prior to 2021, The Notice further required the Company began design for construction of an enhanced treatment process at the Park Avenue Wellfield Treatment Plant to take any action necessary to comply with the new standard prior to the regulation being enacted. Since completion was not expected until mid-2023, by September 7, 2022. Consequently, in November 2021, the Company implemented an interim solution to meet the Notice requirements.

requirements, which included putting the Park Avenue Wellfield Treatment Plant in off-line status and obtaining alternate sources of supply. In June 2022, the Company accelerated the in-service date for a portion of the enhanced treatment process was completed, placed into service and is effectively treating project based on engineering analysis that allowed a restart of the ground water in Park Avenue Wellfield Treatment Plant to ensure continued compliance with all state and federal drinking water standards.

In September 2022, the Company entered into an Administrative Consent Order (ACO) with the NJDEP, which required the Company to take whatever actions necessary to achieve and maintain compliance with respect to the Notice, which voided any further notice regarding the fact that the permanent treatment solution was not applicable regulations. As prescribed in service by September 7, 2022 as required by the Notice. The Company must comply with several other requirements of the ACO, or face penalties. the Company was to issue periodic public notifications until the ACO was closed.

In November 2021, June 2023, the Company was served with two PFOA-related class action lawsuits seeking restitution for medical, water replacement and other claimed related costs. These lawsuits are in completed the early stages permanent construction of the legal process entire Park Avenue Plant treatment upgrades and their ultimate resolution cannot be predicted at this time. The Company's insurance provider has acknowledged coverage of potential liability which may result from these lawsuits, placed the upgrades into operation in full compliance with the NJDEP PFOA standards. In May 2022, October 2023, the Company impleaded 3M Company (3M) as a third-party defendant in one received confirmation from the NJDEP that it has complied with all requirements of these class action lawsuits. the ACO and consequently, the ACO has been closed.

The Company has has also had previously initiated a separate lawsuit against 3M seeking to hold Company (3M), in connection with the Company's claim that 3M accountable for introduction of introduced perfluoroalkyl substances (PFAS) (commonly known as "PFAS"), which include PFOA, into the Company's water supply at its Park Avenue Wellfield facility. Plant.

On August 29, 2023, Middlesex and 3M executed a settlement agreement (the Settlement Agreement) to resolve the lawsuit. The Settlement Agreement provides that:

- 3M will pay \$93.2 million in two installments, one payment of \$23.3 million received in December 2023 and one payment of \$69.9 million in July 2024. Middlesex is obligated to pay 30% of the proceeds received plus reimbursable out-of-pocket legal expenses to its lawyers as legal fees, or \$29.5 million in total;
- Proceeds received from the Settlement Agreement are being used to mitigate the impact of the increase in Middlesex's customer rates approved by the NJBPU and to be implemented March 1, 2024 (for further discussion of Middlesex's base rate increase, see *Rates, Middlesex below*);
- Middlesex, by nature of its status as a U.S. water purveyor impacted by PFAS, was automatically included in a Multi-District Litigation Settlement before the United States District Court for the District of South Carolina in which 3M and other companies (Non-3M Companies) are participants. Middlesex agreed as part of the Settlement Agreement to remain a member of the plaintiff class in order to be eligible to obtain future additional compensation from 3M and the Non-3M Companies for any future remediation which may be required of its water treatment facilities; and
- Middlesex and 3M agreed to enter into a joint mediation, which occurred in November 2023, to resolve two PFOA-related class action lawsuits against Middlesex seeking restitution for medical, water replacement and other claimed related costs. Both Middlesex and 3M are defendants in these lawsuits. These lawsuits remain in the legal process and their ultimate resolution is not known at this time.

### **Capital Construction Program**

The Company's multi-year capital construction program encompasses numerous projects designed to upgrade and replace utility infrastructure as well as enhance the integrity and reliability of assets to better serve the current and future generations of water and wastewater customers. The Company plans to invest approximately **\$102 million** **\$75 million** in **2023** **2024** in connection with this plan for projects that include, but are not limited to:

- Completion of construction of a facility to provide an enhanced treatment process at the Company's largest wellfield in South Plainfield, New Jersey to comply with new state water quality regulations relative to PFAS, and integrate surge protection to mitigate spikes in water pressures along with enhancements to corrosion control and chlorination processes;
- Replacement of approximately **24,000** **17,200** linear feet of cast iron 6" water main in the Port Reading and Carteret sections of Woodbridge, New Jersey;
- Replacement of **Company** control room and **customer owned lead and galvanized service lines**; **electrical distribution equipment** at our **The Carl J. Olsen Surface Water Treatment Plant (CJO Plant)**;
- **Interconnecting Tidewater's Angola and Meadows Districts** which will provide redundant capacity **Supply** and storage for both districts; **improvements and installation of emergency generators** at several of our Tidewater facilities;
- **Improvements** **Construction of residual removal equipment and chemical feed improvements, pumps and a surge mitigation tank as well as other improvements and upgrades** at our **Park Avenue Plant**;
- Upgrades and improvements to **Pinelands Water's Well Station #2**; **our Enterprise Resource Planning System**; and
- Various water main replacements and improvements.

### **Sale of Subsidiary**

In January 2022, Middlesex closed on the Delaware Public Service Commission (DEPSC) approved sale of 100% of the common stock of its subsidiary Tidewater Environmental Services, Inc. for \$6.4 million in cash and other consideration, resulting in a \$5.2 million pre-tax gain. The Company will continue to own and operate its regulated water utilities in Delaware as well as its non-regulated operations and maintenance contract business.

**Coronavirus (COVID-19) Pandemic**

In January 2023, the United States Secretary of Health and Human Services renewed the determination that a nationwide health emergency exists as a result of the COVID-19 Pandemic with an announced end to the nationwide health emergency on May 11, 2023. While the Company's operations and capital construction program have not been materially disrupted to date from the pandemic, the COVID-19 impact on economic conditions nationally continues to be uncertain and could affect the Company's results of operations, financial condition and liquidity in the future. In New Jersey, the declared COVID-19 State of Emergency Order ended in March 2022. In Delaware, the declared COVID-19 State of Emergency Order ended in July 2021. The New Jersey Board of Public Utilities (the NJBPU) and the DEPSC have approved the tracking of COVID-19 related incremental costs for potential recovery in customer rates in future rate proceedings. Neither jurisdiction has established a timetable or definitive formal procedures for seeking cost recovery. The Company has increased its allowance for doubtful accounts for expected increases in accounts receivable write-offs due to the financial impact of COVID-19 on customers. The Company has not deferred any COVID-19 related incremental costs. We will continue to monitor the effects of COVID-19 and evaluate its impact on the Company's results of operations, financial condition and liquidity.

**Strategy for Growth**

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

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

**Rates**

**Middlesex** - In February 2024, Middlesex's petition to the NJBPU, filed in May 2023, seeking permission to increase its base water rates was concluded, based on a negotiated settlement that is expected to increase annual operating revenues by \$15.4 million effective March 1, 2024. The approved tariff rates were designed to recover increased operating costs as well as a return on invested capital of \$563.1 million, based on an authorized return on common equity of 9.6%. Middlesex has made capital infrastructure investments to ensure prudent upgrade and replacement of its utility assets to support continued regulatory compliance, resilience and overall quality of service. Net proceeds from the 3M Settlement Agreement were used to recover costs for the construction of the Park Avenue Plant PFAS treatment upgrades, including depreciation and carrying costs. The rate case settlement will result in the reclassification of \$48.3 million from Regulatory Liabilities to Contributions in Aid of Construction in the March 31, 2024 balance sheet. The Company will also record in the first quarter of 2024 the recovery of \$0.7 million and \$2.4 million of prior year depreciation and carrying costs, respectively, as well as the recovery of \$1.4 million of prior year costs which were associated with the interim solution to comply with the Notice, all of which were approved in the rate case settlement. For further information on the 3M Settlement Agreement, see *Regulatory Notice of Non-Compliance* above.

In January 2024, the NJBPU approved Middlesex's petition for the proposed cost recovery of its Lead Service Line Replacement (LSLR) Plan and cost recovery of project costs associated with replacing Middlesex customer-owned lead service lines. Replacement of Middlesex and Middlesex customer-owned lead service lines is required by the New Jersey LSLR Law. Under this legislation, the costs associated with replacing customer-owned lead service lines are recoverable through future customer surcharges. Cost recovery for replacing Company-owned lead service lines are recoverable through traditional base rate case filings. The current estimates for replacement of Middlesex and Middlesex customer-owned lead service lines are approximately \$46 million to \$77 million over a nine-year period.

In October 2023, the 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 base 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 subsequent to the March 1, 2024 increase. Under the terms of the Foundational filing, the Company is required to file a base rate petition before November 2026.

In September 2022, the NJBPU approved Middlesex's Emergency Relief Motion to reset its Purchased Water Adjustment Clause (PWAC) tariff rate to recover additional costs of \$2.7 million for the purchase of treated water from a non-affiliated water utility. A PWAC is a rate mechanism that allows for recovery of increased purchased water costs between base rate case filings. The increase, effective October 1, 2022, was on an interim basis and subject to refund with interest, pending final resolution of this matter, which the NJBPU provided in August 2023. In connection with the full recovery of the \$2.7 million of additional costs, Middlesex reset its PWAC rate to zero in October 2023.

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

**Tidewater** - In September 2022, December 2023, the NJBPU DEPSC approved Middlesex's Emergency Relief Motion Tidewater's application to reset its PWAC tariff implement a new DSIC. Effective January 1, 2024, Tidewater implemented a DSIC rate of 3.71%, which is expected to recover additional costs generate revenue of \$2.7 million for the purchase of treated water from a non-affiliated regulated water utility. The increase, effective October 1, 2022, approximately \$1.3 million annually. A Delaware DISC is on an interim basis and subject to refund a semi-annual reset with interest, pending final resolution expected in the second quarter an overall maximum rate of 2022, 7.5%.

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

**Tidewater** - On August 31, 2022, October 2023, the DEPSC issued an Order requiring that made a temporary base rate reduction permanent. The initial DEPSC order required Tidewater to reduce its base rates charged to general metered and private fire customers by 6% 6.0%, effective for service rendered on and after September 1, 2022. In June 2022, the Delaware Division of the Public Advocate had filed a petition with the DEPSC requesting that Tidewater's rates be reduced based on the claim that Tidewater had been earning above its authorized rate of return. The rate reduction is expected to reduce was ordered as a result of Tidewater earning in excess of its authorized return, and resulted in reduced annual revenues by of approximately \$2.2 million, \$2.1 million in 2023.

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In March 2021, Tidewater was notified by the DEPSC that it had determined Tidewater's earned rate of return exceeded the rate of return authorized by the DEPSC. Consequently, Tidewater reset its **Distribution System Improvement Charge (DSIC)** rate to zero effective April 1, 2021 and refunded approximately \$1.0 million to customers principally primarily in the form of an account credit for DSIC revenue previously billed between April 1, 2020 and March 31, 2021. A DSIC is a rate-mechanism that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements made between base rate proceedings.

**Pinelands** - In September 2022, April 2023, Pinelands Water and Pinelands Wastewater filed separate petitions with concluded their base rate case matters when the NJBPU seeking permission to approved a combined \$1.0 million increase in annual base rates, by approximately \$0.6 million and \$0.4 million per year, respectively. These effective April 15, 2023. The requests were necessitated by capital infrastructure investments both the companies have made or have committed to make, and as well as increased operations and maintenance costs. We cannot predict whether the NJBPU will ultimately approve, deny, or reduce the amount of the requests. A decision by the NJBPU in both matters is expected in the first quarter of 2023.

**Southern Shores** - Effective January 1, 2020, the DEPSC approved the renewal of a multi-year agreement for water service to a 2,200 unit condominium community we serve in Sussex County, Delaware. Under the agreement, current rates were to remain in effect until December 31, 2024, unless there are unanticipated capital expenditures or regulatory related changes in operating expenses exceeding certain thresholds during this time period. In 2022, capital expenditures did exceed the established threshold and rates were increased by 5.39% effective January 1, 2023. Beginning in 2025 and thereafter, inflation based inflation-based rate increases cannot exceed the lesser of the regional Consumer Price Index or 3%. Inflation based increases are in addition to the threshold rate increases. The agreement expires on December 31, 2029.

## Outlook

Our ability to increase operating income and net income is based significantly on four factors: weather, adequate and timely rate relief, effective cost management and customer growth (which are evident in comparison discussions in the *Results of Operations* section below). Weather patterns which can result in lower customer demand for water may occur in 2023, 2024. As operating costs are anticipated to increase in 2023, 2024 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.

The DEPSC issued an Order requiring Tidewater to reduce its base rates charged to general metered and private fire customers by 6% (for further discussion of the impact of this on the Company, see *Rates, Tidewater* above). Our investments in system infrastructure continue to grow significantly and our operating costs are anticipated to increase in 2023, 2024 and 2024, 2025 in a variety of categories. These factors, among others, will likely may require Middlesex and Tidewater to file base rate increase requests as early as the second quarter of 2023, filings by Tidewater, Pinelands Water and Pinelands Wastewater later in 2024.

Overall, organic residential customer growth continues in our Tidewater system (approximately 5% 4% in 2022) 2023). However, current and evolving economic market conditions may challenge the growth level, that growth.

Builders and developers in Tidewater's service areas are experiencing lower home starts and longer home sales closing cycles due to supply chain issues, which may be further affected by inflationary trends on housing construction materials and mortgage interest rates.

The Company has projected to spend approximately \$266 million \$226 million for the 2023-2025 2024-2026 capital investment program, including approximately \$22 million \$15 million for PFAS-related treatment upgrades, \$18 million replacement of a thirty inch main in our Middlesex System, \$9 million for Lead and Copper Rule LSLR compliance in the Middlesex System, \$34 million on the RENEW Program, which is our ongoing initiative to replace water mains in the Middlesex System, \$6 million for evaluation of PFAS treatment at our CJO Plant and \$8 million \$7 million for construction of elevated storage tanks in control room and electrical distribution equipment at our Tidewater and Middlesex Systems CJO Plant.

**Operating Results by Segment**

The Company has two operating segments, Regulated and Non-Regulated. Our Regulated segment contributed approximately 93%, 93% and 91% of total revenues for the year ended December 31, 2022 and 91% for each of the years ended December 31, 2021 December 31, 2023, 2022 and 2020 2021, respectively, and approximately 95% of net income for the year ended December 31, 2022 92%, 93% and 93% of net income for each of the years ended December 31, 2021 December 31, 2023, 2022 and 2020, 2021, respectively. The discussion of the Company's results of operations is on a consolidated basis and includes significant factors by subsidiary. The segments in the tables included below are comprised of the following companies: Regulated- Middlesex, Tidewater, Pinelands and Southern Shores; Non-Regulated- USA, USA-PA, and White Marsh.

Results of Operations for 2023 as Compared to 2022

	(In Millions)					
	Years Ended December 31,					
	2023			2022		
	<b>Regulated</b>	<b>Non-Regulated</b>	<b>Total</b>	<b>Regulated</b>	<b>Non-Regulated</b>	<b>Total</b>
Revenues	\$ 154.0	\$ 12.3	\$ 166.3	\$ 150.6	\$ 11.8	\$ 162.4
Operations and maintenance expenses	74.8	8.4	83.2	70.8	8.3	79.1
Depreciation expense	24.9	0.3	25.2	22.8	0.2	23.0
Other taxes	18.5	0.2	18.7	18.0	0.2	18.2
Gain on Sale of Subsidiary	—	—	—	5.2	—	5.2
<b>Operating income</b>	<b>35.8</b>	<b>3.4</b>	<b>39.2</b>	<b>44.2</b>	<b>3.1</b>	<b>47.3</b>
Other income (expense), net	6.3	0.2	6.5	7.4	0.3	7.7
Interest expense	13.1	—	13.1	9.4	—	9.4
Income taxes	(0.1)	1.1	1.0	2.0	1.2	3.2
<b>Net income</b>	<b>\$ 29.1</b>	<b>\$ 2.5</b>	<b>\$ 31.6</b>	<b>\$ 40.2</b>	<b>\$ 2.2</b>	<b>\$ 42.4</b>

#### *Operating Revenues*

Operating revenues for the year ended December 31, 2023 increased \$3.8 million from the same period in 2022 due to the following factors:

- Middlesex System revenues increased by \$4.2 million due to the implementation of the final phase of the 2021 base rate case increase on January 1, 2023 and the PWAC rate increase offset by lower weather-driven demand across all customer classes (for further discussion of Middlesex's 2021 base and PWAC rate increases, see *Rates, Middlesex* above);
- Tidewater System revenues decreased by \$0.9 million due to a DEPSC ordered rate reduction in September 2022, lower customer connection fees and lower weather-driven customer demand partially offset by an increase in customers (for further information on the Tidewater rate reduction, see *Rates, Tidewater* above);
- Pinelands System revenues increased \$0.2 million due to the implementation of a base rate increase effective April 15, 2023 (for further discussion of Pinelands 2023 base rate increase, see *Rates, Pinelands* above); and
- Non-regulated revenues increased \$0.3 million, primarily due to higher supplemental contract services.

#### *Operation and Maintenance Expense*

Operation and maintenance expenses for the year ended December 31, 2023 increased \$4.0 million from the same period in 2022 due to the following factors:

- Variable production costs increased \$2.9 million primarily due to weather-driven changes in water quality and higher chemical prices;
- Outside service costs rose by \$0.9 million primarily due to production instrumentation calibration activities;
- Labor cost increased \$0.7 million due to wage increases;
- Bad debt expense increased \$0.4 million due to higher anticipated customer receivable write-offs;
- Non-regulated expenses increased \$0.2 million due to additional billable supplemental service expenses;
- Lower weather-related main break activity in our Middlesex System during the winter months resulted in \$0.8 million of decreased non-labor costs; and
- All other operation and maintenance expense categories decreased \$0.3 million.

#### *Depreciation*

Depreciation expense for the year ended December 31, 2023 increased \$2.2 million from the same period in 2022 due to a higher level of utility plant in service.

#### *Other Taxes*

Other taxes for the year ended December 31, 2023 increased \$0.5 million from the same period in 2022 primarily due to higher revenue related taxes on increased revenues in our Middlesex system.

#### *Gain on Sale of Subsidiary*

Middlesex recognized a \$5.2 million gain on the sale of its regulated Delaware wastewater subsidiary in January 2022.

#### *Other Income, net*

Other Income, net for the year ended December 31, 2023 decreased \$1.2 million from the same period in 2022 primarily due to lower actuarially-determined retirement benefit plans non-service benefit.

**Interest Charges**

Interest charges for the year ended December 31, 2023 increased \$3.8 million from the same period in 2022 due to higher average debt outstanding and higher average interest rates in 2023 as compared to 2022.

**Income Taxes**

Income taxes for the year ended December 31, 2023 decreased by \$2.2 million from the same period in 2022, primarily due to greater income tax benefits associated with increased repair expenditures on tangible property in the Middlesex System and lower pretax income due to gain on the sale of a subsidiary in 2022.

**Net Income and Earnings Per Share**

Net income for the year ended December 31, 2023 decreased \$10.9 million as compared with the same period in 2022. Basic earnings per share were \$1.77 and \$2.40 for the years ended December 31, 2023 and 2022, respectively. Diluted earnings per share were \$1.76 and \$2.39 for the years ended December 31, 2023 and 2022, respectively.

Results of Operations for 2022 as Compared to 2021

	(In Millions) Years Ended December 31,						(In Millions) Years Ended December 31,					
	2022			2021			2022			2021		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	\$ 150.6	\$ 11.8	\$ 162.4	\$ 130.8	\$ 12.3	\$ 143.1	\$ 150.6	\$ 11.8	\$ 162.4	\$ 130.8	\$ 12.3	\$ 143.1
Operations and maintenance expenses	70.8	8.3	79.1	65.4	8.3	73.7	70.8	8.3	79.1	65.4	8.3	73.7
Depreciation expense	22.8	0.2	23.0	20.9	0.2	21.1	22.8	0.2	23.0	20.9	0.2	21.1
Other taxes	18.0	0.2	18.2	14.9	0.2	15.1	18.0	0.2	18.2	14.9	0.2	15.1
Gain on Sale of Subsidiary	5.2	—	5.2	—	—	0.0	5.2	—	5.2	—	—	—
<b>Operating income</b>	<b>44.2</b>	<b>3.1</b>	<b>47.3</b>	<b>29.6</b>	<b>3.6</b>	<b>33.2</b>	<b>44.2</b>	<b>3.1</b>	<b>47.3</b>	<b>29.6</b>	<b>3.6</b>	<b>33.2</b>
Other income (expense), net	7.4	0.3	7.7	5.6	0.3	5.9	7.4	0.3	7.7	5.6	0.3	5.9
Interest expense	9.4	—	9.4	8.1	—	8.1	9.4	—	9.4	8.1	—	8.1
Income taxes	2.0	1.2	3.2	(6.7)	1.2	(5.5)	2.0	1.2	3.2	(6.7)	1.2	(5.5)
<b>Net income</b>	<b>\$ 40.2</b>	<b>\$ 2.2</b>	<b>\$ 42.4</b>	<b>\$ 33.8</b>	<b>\$ 2.7</b>	<b>\$ 36.5</b>	<b>\$ 40.2</b>	<b>\$ 2.2</b>	<b>\$ 42.4</b>	<b>\$ 33.8</b>	<b>\$ 2.7</b>	<b>\$ 36.5</b>
<i>Operating Revenues</i>												

Operating revenues for the year ended December 31, 2022 increased \$19.3 million from the same period in 2021 due to the following factors:

- Middlesex System revenues increased by \$21.6 million due to the approved 2022 base rate and PWAC rate increases and higher weather driven demand across all customer classes (for further discussion of Middlesex's [2021 base rate](#) and PWAC rate increases see *Rates, Middlesex* above);
- Tidewater System revenues increased \$0.9 million due to additional customers and a one-time customer credit issued in 2021 partially offset by a DEPSC ordered 2022 rate reduction (for further information on the one-time credit and rate reduction, see *Rates, Tidewater* above);
- The sale of our regulated Delaware wastewater subsidiary in January 2022 reduced revenues by \$2.7 million;
- Non-regulated revenues decreased \$0.4 million, primarily due to lower supplemental contract services; and
- All other revenue categories decreased \$0.1 million.

*Operation and Maintenance Expense*

Operation and maintenance expenses for the year ended December 31, 2022 increased \$5.4 million from the same period in 2021 due to the following factors:

- Labor cost increased \$1.5 million due to wage increases;
- Variable production costs increased \$1.2 million primarily due to increased production, weather-driven changes in water quality and higher chemical prices;

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- Costs for employee benefits increased \$1.0 million due to market fluctuations in the cash surrender value of life insurance policies and higher health insurance premiums;
- Higher weather-related main break activity in our Middlesex system during the winter months resulted in \$0.6 million of additional non-labor costs;
- Equipment repairs and maintenance costs increased by \$0.5 million;
- Transportation expenses increased \$0.3 million due to higher fuel prices;
- Costs associated with the NJDEP PFOA customer notification process resulted in \$0.2 million of additional expense (for further information on this matter, see *Regulatory Notice of Non-Compliance* above); and
- All other operation and maintenance expense categories increased \$0.1 million.

### *Depreciation*

Depreciation expense for the year ended December 31, 2022 increased \$1.9 million from the same period in 2021 due to a higher level of utility plant in service.

### *Other Taxes*

Other taxes for the year ended December 31, 2022 increased \$3.0 million from the same period in 2021 primarily due to higher revenue related taxes on increased revenues in our Middlesex system.

### *Gain on Sale of Subsidiary*

Middlesex recognized a \$5.2 million gain on the sale of its regulated Delaware wastewater subsidiary in January 2022.

### *Other Income, net*

Other Income, net for the year ended December 31, 2022 increased \$1.8 million from the same period in 2021 primarily due to higher actuarially-determined retirement benefit plans non-service benefit partially offset by lower **Allowance for Funds Used During Construction (AFUDC)** resulting from a reduced level of capital projects under construction.

### *Interest Charges*

Interest charges for the year ended December 31, 2022 increased \$1.3 million from the same period in 2021 due to higher **long-term and short-term average** debt outstanding in 2022 as compared to **2021** and higher average interest rates in 2022 as compared to **2021, 2021**.

### *Income Taxes*

Income taxes for the year ended December 31, 2022 increased by \$8.7 million from the same period in 2021, primarily due to income taxes on the gain on the sale of a subsidiary and the expiration of income tax benefits associated with the adoption of Internal Revenue Service tangible property regulations as Middlesex was required by the NJBPU to account for the benefit of adopting these regulations over 48 months beginning in 2018. Partially offsetting these increases were greater income tax benefits associated with increased repair expenditures on tangible property in the Middlesex system.

*Net Income and Earnings Per Share*

Net income for the year ended December 31, 2022 increased \$5.9 million as compared with the same period in 2021. Basic earnings per share were \$2.40 and \$2.08 for the years ended December 31, 2022 and 2021, respectively. Diluted earnings per share were \$2.39 and \$2.07 for the years ended December 31, 2022 and 2021, respectively.

## Results of Operations for 2021 as Compared to 2020

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

**Operating Revenues**

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

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

**Operation and Maintenance Expense**

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

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

**Depreciation**

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

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### **Other Taxes**

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

### **Other Income, net**

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

### **Interest Charges**

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

### **Income Taxes**

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

### **Net Income and Earnings Per Share**

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

## **Liquidity and Capital Resources**

### **Cash Flows from Operating Activities**

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

For the year ended **December 31, 2022** **December 31, 2023**, cash flows from operating activities **increased \$28.3 million** **decreased \$8.6 million** to **\$61.4 million** **\$52.8 million**. The **increase** **decrease** in cash flows from operating activities primarily resulted from **lower net income** and **higher operating revenues** from Middlesex's January 1, 2022 rate increase and the timing of payments to vendors and to income tax authorities, **interest payments**.

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

### **Cash Flows from Investing Activities**

For the year ended **December 31, 2022** **December 31, 2023**, cash flows used in investing activities increased **\$8.8 million** **\$2.0 million** to **\$88.2 million** **\$90.2 million**, which was attributable to **higher utility plant expenditures** **partially offset by** cash received from the sale of Middlesex's regulated wastewater subsidiary in January 2022 **partially offset by** **lower utility plant expenditures**.

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

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### *Cash Flows from Financing Activities*

For the year ended **December 31, 2022** **December 31, 2023**, cash flows provided by financing activities **decreased \$12.3 million** **increased \$8.8 million** to **\$27.1 million** **\$36.0 million**. The **decrease** **increase** in cash flows provided by financing activities is due to a **decrease** **an increase** in net **long-term** borrowings **lower net customer advances** and **contributions and higher common stock** **dividends offset by higher proceeds from the issuance of common stock and higher short-term borrowing**, under the Investment Plan partially offset by increased common stock dividend payments.

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

### *Capital Expenditures and Commitments*

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

The table below summarizes our estimated capital expenditures for the years **2023-2025**, **2024-2026**.

	(Millions)				(Millions)			
	2023	2024	2025	2023-2025	2024	2025	2026	2024-2026
Distribution/Network System	\$ 59	\$ 61	\$ 62	\$ 182	\$ 43	\$ 55	\$ 50	\$ 148
Production System	33	17	4	54	23	18	11	52
Information Technology (IT) Systems	4	2	3	9				
Information Technology (IT) Systems					3	2	3	8
Other	6	6	9	21	6	6	6	18
<b>Total Estimated Capital Expenditures</b>	<b>\$ 102</b>	<b>\$ 86</b>	<b>\$ 78</b>	<b>\$ 266</b>	<b>\$ 75</b>	<b>\$ 81</b>	<b>\$ 70</b>	<b>\$ 226</b>

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

- **Distribution/Network System-Includes System** - Includes projects associated with replacement, installation and relocation of water mains and service lines and wastewater collection systems, construction of water storage tanks, installation and replacement of hydrants, meters and meter pits and the RENEW Program. RENEW is our ongoing initiative to replace water mains in the Middlesex System. In connection with RENEW, we expect to spend approximately \$12 million in 2023, and \$11 million in each of 2024 and 2025. We expect to spend approximately \$8 million 2025, and \$12 million in 2023 and 2024 for construction of elevated storage tanks in our Tidewater and Middlesex systems. 2026.
- **Production System-Includes System** - Includes projects associated with our treatment plants, including approximately \$22 million \$2.0 million of expenditures in 2023 for PFAS treatment upgrades and \$6.8 million for replacement of existing motor control center and electrical distribution equipment in our Middlesex system. system, and \$3.6 million of various treatment projects in our Tidewater system in 2024.
- **Information Technology (IT) Systems-Includes Systems** - Includes further upgrade of our enterprise resource planning system and hardware and software purchases for other IT systems.
- **Other-Includes Other** - Includes purchase of transportation equipment, tools, furniture, laboratory equipment, security systems and other general infrastructure needs including improvements to field and inventory management facilities in Iselin, New Jersey.

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

To pay for our capital program in **2023**, **2024**, we estimate we will utilize some or all of the following:

- Internally generated funds;
- Short-term borrowings, as needed, through \$140 million of available lines of credit with several financial institutions. As of **December 31, 2022** **December 31, 2023**, \$55.5 million \$42.8 million was outstanding under these lines of credit (see discussion under “Sources of Liquidity-Short-term Debt” below);

- Proceeds from the Delaware State Revolving Fund (SRF) Program. SRF programs provide low cost financing for projects meeting certain water quality and system improvement benchmarks (see discussion under “Sources of Liquidity-Long-term Debt” below);
- Proceeds from the sale and issuance of FMBs in private placement offerings (see discussion under “Sources of Liquidity-Long-term Debt” below);
- Proceeds from other long-term borrowings (see discussion under “Sources of Liquidity-Long-term Debt” below); and
- Proceeds from common stock sales through the Middlesex Water Company Investment Plan (see discussion under “Sources of Liquidity-Common Stock” below); and
- Proceeds from a common stock sale (the Investment Plan) (see discussion under “Sources of Liquidity-Common Stock” below).

*Sources of Liquidity*

**Short-term Debt** - In January 2022, the Company increased available lines of credit from \$110 million to \$140 million. The outstanding borrowings under the credit lines at December 31, 2022 December 31, 2023 were \$55.5 million \$42.8 million, at a weighted average interest rate of 5.17% 6.50%.

The weighted average daily amounts of borrowings outstanding under the credit lines and the weighted average interest rates on those amounts were \$35.7 million and \$28.9 million at 6.13% and \$23.7 million at 3.34% and 1.12 3.34 % for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

**Long-term Debt** - Subject to regulatory approval, the Company periodically issues long-term debt to fund investments in utility plant. To the extent possible and fiscally prudent, the Company finances qualifying capital projects under SRF loan programs in New Jersey and Delaware. These government programs provide financing at interest rates typically below rates available in the broader financial markets. A portion of the borrowings under the New Jersey SRF is interest-free. Under the New Jersey SRF program, borrowers first enter into a construction loan agreement with the New Jersey Infrastructure Bank (NJIB) and submit requisitions for cost reimbursements over the life of the construction period. The interest rate on the Company's current construction loan borrowings is near zero percent. When construction on the qualifying project is substantially complete, NJIB will coordinate the conversion of the construction loan into a long-term securitized loan with a portion of the principal balance having a stated interest rate of zero percent (0%) and a portion of the principal balance at a market interest rate at the time of closing using the credit rating of the State of New Jersey. The term As a result of the long-term loans currently offered through revised project funding priority ranking for the NJIB SRF Program, the Company has no current projects in the NJIB SRF program. However, it is up seeking to thirty years, have Middlesex's LSLR Project added to the qualified list in order to borrow under the NJIB SRF program.

Under the Delaware SRF program, borrowers typically 1) enter into a long-term note agreement for a term not to exceed twenty years, and 2) submit requisitions for cost reimbursements during the construction period for up to two years after the agreement is executed. executed and 3) as the proceeds are received from the requisitions, Tidewater records a corresponding debt obligation amount.

In April 2023, Middlesex 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 may issue debt securities in a series of one or more transaction offerings to help fund Middlesex's multi-year capital construction program.

In March 2023, Middlesex closed on a \$40.0 million, 5.24% private placement of First Mortgage Bonds (FMBs) with a 2043 maturity date designated as Series 2023A. Proceeds were used to reduce the Company's outstanding balances under its bank lines of credit.

In May 2022, Middlesex repaid its two outstanding NJIB construction loans by issuing FMBs to the NJIB under two loan agreements. The total amount of FMBs issued is \$52.2 million and designated as Series 2022A (\$16.2 million) and Series 2022B (\$36.0 million). The interest rate on the Series 2022A bond is zero and the interest rate on the Series 2022B bond ranges between 2.7% and 3.0%. The final maturity date for both FMBs is August 1, 2056, with scheduled debt service payments over the life of these loans.

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

In November 2022, Middlesex filed closed on a petition with the NJBPU for approval to borrow up to \$300.0 million \$19.5 million, in one or more negotiated transactions in the form of notes and/or FMBs through loans from the New Jersey SRF Program, the New Jersey Economic Development Authority, 2.79% private placement and other financial institutions of FMBs with a 2041 maturity date designated as needed in

order Series 2021A. Proceeds were used to fund portions of its capital program and for other funding requirements. The Company expects to issue debt securities in a series of one or more transaction offerings over a multi-year period to align with reduce the Company's construction timetable, outstanding balances under its lines of credit.

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

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

- In March 2023, Middlesex expects to close on a \$40.0 million, 5.24% private placement of FMBs with a 2043 maturity date designated as Series 2023A. Proceeds will be used to reduce the Company's outstanding balances under its lines of credit;
- In November 2021, Middlesex closed on a \$19.5 million, 2.79% private placement of FMBs with a 2041 maturity date designated as Series 2021A. Proceeds were used to reduce the Company's outstanding balances under its lines of credit.; and
- In November 2020, Middlesex closed on a \$40.0 million, 2.90% private placement of FMBs with a 2050 maturity date designated as Series 2020A. Proceeds were used to reduce the Company's outstanding balances under its lines of credit and for the Company's 2020 capital program.

In February 2023, Tidewater filed three applications with the DEPSC seeking approval to borrow up to \$10.2 million in total at an interest rate of 2.0% as set by the Delaware SRF Program for construction of several water transmission projects. If approved by the DEPSC, Tidewater expects to close on these loans in April 2023 and construct the projects in 2023 and 2024. Under the Delaware SRF Program, borrowers submit reimbursement requisitions during the construction period. Once the proceeds are received, Tidewater will record the debt obligation.

Tidewater expects to file an application with the DEPSC in late February 2023 seeking approval to borrow up to \$20.0 million loan from CoBank, ACB (CoBank) with a term of up to 25 years and an interest rate to be determined at the loan's closing. If approved of 5.71% and a 2033 maturity date and fully drew all funds by the DEPSC, Tidewater expects to close on this loan in April 2023 with the ability to draw the funds in one or more transactions until December 31, 2023 June 30, 2023. The interest rate will be set at the time of the individual draw. Proceeds from the loan would be used to pay off Tidewater's outstanding balances under its bank lines of credit and for other general corporate purposes.

In April 2023, Tidewater closed on three DEPSC-approved Delaware SRF loans totaling \$10.2 million, all at interest rates of 2.0% with maturity dates in 2043 and 2044. These loans are for the construction, relocation, improvement, and/or interconnection of transmission mains. Tidewater has drawn a total of \$6.1 million through December 31, 2023 and expects that the requisitions will continue through mid-2025.

In December 2021, Tidewater closed on the DEPSC approved a DEPSC-approved \$5.0 million Delaware SRF Program loan and began receiving disbursements in January 2022, at an interest rate of 2.0%. The loan was for construction of a one million gallon elevated storage tank. Through December 31, 2023, Tidewater has borrowed \$2.6 million under this loan with expected borrowings to draw a total of \$4.8 million and expects that the requisitions will continue through mid-2023, the first quarter of 2024. The final maturity date on the loan is 2044. In September 2021, Tidewater completed its \$20 million secured borrowing with CoBank, at an interest rate of 3.94% with and a 2046 maturity date. Proceeds from the loan were used to pay off its outstanding balances under its bank lines of credit.

In November 2022, July 2023, Pinelands Water and Pinelands Wastewater filed petitions closed on \$3.9 million and \$3.6 million CoBank amortizing mortgage type loans, respectively, with the NJBPU an interest rate of 6.17% and a final maturity date of 2043 for approval to borrow up to \$4.9 million each from CoBank with terms up to 25 years and with interest rates to be determined at the loans' closings. If approved by the NJBPU, Pinelands expects to close on these loans in the second quarter of 2023, loan. Proceeds from the loan would be were used to pay off Pinelands' outstanding Note Payable balances intercompany loans with Middlesex and partially fund future for ongoing capital expenditures. projects.

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.

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**Common Stock** - The Company issues shares of its common stock in connection with the Investment Plan, a direct share purchase and dividend reinvestment plan for the Company's common stock. The Company raised approximately **\$10.3 million** \$12.1 million through the issuance of shares under the Investment Plan during **2022, 2023**. In May 2023, Middlesex **has filed a petition with received approval from the NJBPU seeking** to increase the number of authorized shares under the Investment Plan by 0.7 million shares. Currently, 0.7 million shares remain registered with the United States Securities and Exchange Commission and available for issuance to participants under the Investment Plan. On March 1, 2023, the Company **will begin began** offering shares of its common stock for purchase at a 3% discount to participants in the Investment Plan. The discount offering **will continue until 200,000 shares are purchased at the discounted price or ended** December 1, 2023, **whichever event occurs first.** The discount **applies applied** to all common stock purchases made under the Investment Plan **during** that time period, whether by optional cash payment or by dividend reinvestment.

In order to fully fund the ongoing capital investment program and maintain a balanced capital structure **required** for a regulated water utility, Middlesex may offer for sale additional shares of its common stock. The amount, the timing and the sales method of the common stock is dependent on the timing of the construction expenditures, the level of additional debt financing and financial market conditions. In October 2022, Middlesex filed a petition with the NJBPU for approval to issue and sell up to 1.0 million shares of its common stock. A decision on the matter is expected in the second quarter of 2023. Common stock offerings will occur as needed to maintain a balanced capital structure **and as we continue** on a parallel path with future debt offerings.

In April 2023, Middlesex 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. As described above in "Long-term Debt", the NJBPU also approved the debt funding component of the financing plan.

### ***Contractual Obligations***

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

The table below presents our known contractual obligations for the periods specified as of **December 31, 2022** **December 31, 2023**.

	Payment Due by Period (Millions of Dollars)								Payment Due by Period (Millions of Dollars)									
	Total		Less than 1 Year		2-3 Years		4-5 Years		More than 5 Years		Total		Less than 1 Year		2-3 Years		4-5 Years	
Long-term Debt	\$ 306	\$ 17	\$ 14	\$ 13	\$ 262	\$ 365	\$ 8	\$ 15	\$ 14	\$ 328								
Note Payable	56	56	—	—	—	43	43	—	—	—								
Interest on Long-Term Debt	207	9	16	15	167	260	12	24	23	201								
Purchased Water Contracts	14	6	7	1	—	97	7	11	7	72								
Commercial Office Leases	7	1	2	2	2	6	1	2	2	1								
<b>TOTAL</b>	<b>\$ 590</b>	<b>\$ 89</b>	<b>\$ 39</b>	<b>\$ 31</b>	<b>\$ 431</b>	<b>\$ 771</b>	<b>\$ 71</b>	<b>\$ 52</b>	<b>\$ 46</b>	<b>\$ 602</b>								

The table above does not reflect any anticipated cash payments for retirement benefit plan obligations. The effect on the timing and amount of these payments resulting from potential changes in actuarial assumptions and returns on plan assets cannot be estimated. In **2022**, **2023**, the Company contributed **\$2.8 million** **\$1.3 million** to its retirement benefit plans and expects to contribute approximately **\$2.9 million** **\$1.8 million** in **2023**, **2024**.

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

**Critical Accounting Policies and Estimates**

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

Our critical accounting policies and estimates are set forth below.

**Regulatory Accounting**

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

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

#### *Revenues*

Revenues from our regulated customers, which include amounts billed quarterly to residential customers and monthly to industrial, commercial, fire-protection and wholesale customers, also include unbilled amounts based upon estimated usage from the date of the last meter reading to the end of the accounting period. While actual usage for customers may differ from the estimate, we believe the overall total estimate of consumption and revenue for the fiscal period will not differ materially from actual consumption.

#### *Retirement Benefit Plans*

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

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

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

The primary assumptions used for determining future retirement benefit plans' obligations and costs, which are reviewed and revised as needed each year, are as follows:

- Discount Rate - calculated based on market rates for long-term, high-quality corporate bonds specific to the expected duration of our Pension Plan and Other Benefits Plan's liabilities;
- Compensation Increase - based on management projected future employee compensation increases;

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- Long-Term Rate of Return - determined based on expected returns from our asset allocation for our Pension Plan and Other Benefits Plan assets;
- Mortality - The Company utilizes the Society of Actuaries' mortality table (Pri-2012) (Mortality Improvement Scale MP-2021 for the 2022 valuation) MP-2021; and
- Healthcare Cost Trend Rate - based on management projected future healthcare costs.

The discount rate, compensation increase rate and long-term rate of return used to determine future obligations of our retirement benefit plans as of December 31, 2022 December 31, 2023 are as follows:

	Pension Plan	Other Benefits Plan	Pension Plan	Other Benefits Plan
Discount Rate		4.98%		4.79%
Compensation Increase		3.00%		3.00%
Long-term Rate of Return		7.00%		7.00%

For the 2022 2023 valuation, costs and obligations for our Other Benefits Plan assumed an 7.5% annual rate of increase in the per capita cost of covered healthcare benefits in 2023 2024 with the annual rate of increase declining 0.5% per year for 2024-2029, 2025-2030, resulting in an annual rate of increase in the per capita cost of covered healthcare benefits of 4.5% by year 2029 2030.

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

Pension Plan

Actuarial Assumptions	Estimated Increase/ (Decrease) on PBO (000s)	Estimated Increase/ (Decrease) on Expense (000s)	Estimated Increase/ (Decrease) on PBO (000s)	Estimated Increase/ (Decrease) on Expense (000s)
Discount Rate 1% Increase	\$ (9,654)	\$ (1,427)	\$ (9,903)	\$ (604)
Discount Rate 1% Decrease	11,814	1,943	12,086	992

Other Benefits Plan

Actuarial Assumptions	Estimated Increase/ (Decrease) on PBO (000s)	Estimated Increase/ (Decrease) on Expense (000s)	Estimated Increase/ (Decrease) on PBO (000s)	Estimated Increase/ (Decrease) on Expense (000s)
Discount Rate 1% Increase	\$ (4,192)	\$ (1,239)	\$ (3,440)	\$ (552)
Discount Rate 1% Decrease	5,258	632	4,286	180
Healthcare Cost Trend Rate 1% Increase	4,239	923	3,264	499
Healthcare Cost Trend Rate 1% Decrease	(3,448)	(1,451)	(2,676)	(696)

**Recent Accounting Standards**

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

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

We are exposed to market risk associated with changes in interest rates and commodity prices. The Company is subject to the risk of fluctuating interest rates in the normal course of business. Our policy is to manage interest rates through the use of fixed rate long-term debt and, to a lesser extent, variable rate short-term debt. The Company's interest rate risk related to existing fixed rate, long-term debt is not material due to the term of the majority of our First Mortgage Bonds, which have final maturity dates ranging from **2023** **2024** to 2059. Over the next twelve months, approximately **\$17.5 million** **\$7.8 million** of the current portion of existing long-term debt instruments will mature. The Company manages its interest rate risk related to existing variable-rate short-term debt by limiting our variable rate exposure. Applying a hypothetical change in the rate of interest charged by 10% on those fixed- and variable-rate borrowings would not have a material effect on our earnings.

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

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

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets and consolidated statements of capital stock and long-term debt of Middlesex Water Company (the "Company") as of **December 31, 2022** December 31, 2023 and **2021**, 2022, the related consolidated statements of income, common stockholders' equity, and cash flows for each of the three years in the period ended **December 31, 2022** December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of **December 31, 2022** December 31, 2023, based on criteria established in *Internal Control – Integrated Framework: Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of **December 31, 2022** December 31, 2023 and **2021**, 2022, and the results of their operations and their cash flows for each of the three years in the period ended **December 31, 2022** December 31, 2023, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, because of the effect of the material weaknesses described below on the achievement of the objectives of the control criteria, the Company has not maintained, in all material respects, effective internal control over financial reporting as of **December 31, 2022** December 31, 2023, based on criteria established in *Internal Control – Integrated Framework: Framework* (2013) issued by COSO.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in the accompanying Management's Report on Internal Control Over Financial Reporting appearing under Item 9A:

There were ineffective information technology general controls (ITGCs) in the areas of user access and change management over certain information technology (IT) systems that support the Company's financial reporting processes. As a result, automated and manual process controls dependent on those ITGCs were also not effective.

There were ineffective controls related to income tax accounting for a non-routine transaction.

We considered the material weaknesses in determining the nature, timing, and extent of audit tests applied in our audit of the 2023 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements.

Basis for Opinions

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

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

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

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### Definition and Limitations of Internal Control Over Financial Reporting

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Critical Audit Matters

**Critical** The critical audit **matters** are **matters** **matter** communicated below is a **matter** arising from the current period audit of the financial statements that **were** **was** communicated or required to be communicated to the audit committee and that: (1) **relate** **relates** to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. **We determined that there are no** The communication of critical audit **matters**, **matters** does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

#### [Income Tax Accounting for Non-Routine Transaction](#)

##### *Critical Audit Matter Description*

As described in Notes 1 and 2 to the consolidated financial statements, the Company executed a non-routine litigation settlement agreement in 2023. Management estimated and recorded the income tax effects of this non-routine transaction.

We identified management's assessment, accounting and financial statement presentation and disclosure of income taxes for this non-routine transaction as a critical audit matter. Auditing management's assessment, accounting, presentation and disclosure required a high degree of judgment and subjectivity and the use of individuals with specialized knowledge.

##### *How We Addressed the Matter in Our Audit*

The primary procedures we performed to address this critical audit matter included:

- § Testing the effectiveness of controls relating to income taxes, including controls over the determination of the accounting and presentation for the non-routine transaction.
- § Testing management's process for determining the accounting for income taxes. Due to the non-routine nature of the transaction, we evaluated the appropriateness of the facts and circumstances relating to the transaction and the applicable tax regulations and financial reporting requirements.
- § Utilizing internal tax specialists to assist in evaluating the appropriateness of the income tax accounting impact from the significant non-routine transaction and in assessing the presentation and disclosure in the consolidated financial statements.
- § Evaluating whether the amounts and assumptions used in the calculation were reasonable.

/s/ Baker Tilly US, LLP

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

Philadelphia, Pennsylvania  
February 24, 2023 29, 2024

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

	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
Operating Revenues	\$ 162,434	\$ 143,141	\$ 141,592	\$ 166,274	\$ 162,434	\$ 143,141
Operating Expenses:						
Operations and Maintenance	79,096	73,671	70,796	83,113	79,096	73,671
Depreciation	23,029	21,109	18,472	25,194	23,029	21,109
Other Taxes	18,208	15,150	14,904	18,744	18,208	15,150
Total Operating Expenses	120,333	109,930	104,172	127,051	120,333	109,930
Gain on Sale of Subsidiary	5,232	—	—	—	5,232	—
Operating Income	47,333	33,211	37,420	39,223	47,333	33,211
Other Income (Expense):						
Allowance for Funds Used During Construction	2,314	2,653	4,016	2,433	2,314	2,653
Other Income (Expense), net	5,389	3,305	363	4,052	5,389	3,305
Total Other Income, net	7,703	5,958	4,379	6,485	7,703	5,958
Interest Charges	9,367	8,114	7,493	13,143	9,367	8,114
Income before Income Taxes	45,669	31,055	34,306	32,565	45,669	31,055
Income Taxes	3,240	(5,488)	(4,119)	1,041	3,240	(5,488)
Net Income	42,429	36,543	38,425	31,524	42,429	36,543
Preferred Stock Dividend Requirements	120	120	120	120	120	120
Earnings Applicable to Common Stock	\$ 42,309	\$ 36,423	\$ 38,305	\$ 31,404	\$ 42,309	\$ 36,423
Earnings per share of Common Stock:						
Basic	\$ 2.40	\$ 2.08	\$ 2.19	\$ 1.77	\$ 2.40	\$ 2.08
Diluted	\$ 2.39	\$ 2.07	\$ 2.18	\$ 1.76	\$ 2.39	\$ 2.07
Average Number of Common Shares Outstanding :						
Basic	17,597	17,492	17,459	17,732	17,597	17,492
Diluted	17,712	17,607	17,574	17,847	17,712	17,607

See Notes to Consolidated Financial Statements.

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

ASSETS		December 31,		December
		2022	2021	
<b>UTILITY PLANT:</b>	Water Production	\$ 249,153	\$ 247,286	Water Production
	Transmission and Distribution	735,138	697,200	Transmission and Distribution
	General	97,581	95,658	General
	Construction Work in Progress	53,570	24,947	Construction Work in Progress
	<b>TOTAL</b>	<b>1,135,442</b>	<b>1,065,091</b>	<b>TOTAL</b>
	Less Accumulated Depreciation	214,891	199,723	Less Accumulated Depreciation
	<b>UTILITY PLANT - NET</b>	<b>920,551</b>	<b>865,368</b>	<b>UTILITY PLANT - NET</b>
<b>CURRENT ASSETS:</b>	Cash and Cash Equivalents	3,828	3,533	Cash and Cash Equivalents
	Accounts Receivable, net of allowance for uncollectible accounts of \$2,326 and \$2,574, respectively	16,018	15,311	Accounts Receivable, net of allowance for uncollectible accounts of \$2,137 and \$2,326, respectively
	Unbilled Revenues	8,659	7,273	Litigation Settlement Receivable
	Materials and Supplies (at average cost)	6,177	5,358	Unbilled Revenues
	Prepayments	2,624	2,880	Materials and Supplies (at average cost)
	<b>TOTAL CURRENT ASSETS</b>	<b>37,306</b>	<b>34,355</b>	Prepayments
				<b>TOTAL CURRENT ASSETS</b>
<b>OTHER ASSETS:</b>	Operating Lease Right of Use Asset	3,826	4,503	Operating Lease Right of Use Asset
	Preliminary Survey and Investigation Charges	2,806	3,540	Preliminary Survey and Investigation Charges
	Regulatory Assets	90,046	100,738	Regulatory Assets
	Non-utility Assets - Net	11,207	11,428	Non-utility Assets - Net
	Employee Benefit Plans	8,689	—	Employee Benefit Plans
	Other	19	83	Other
	<b>TOTAL OTHER ASSETS</b>	<b>116,593</b>	<b>120,292</b>	<b>TOTAL OTHER ASSETS</b>
	<b>TOTAL ASSETS</b>	<b>\$ 1,074,450</b>	<b>\$ 1,020,015</b>	<b>TOTAL ASSETS</b>
<b>CAPITALIZATION AND LIABILITIES</b>	<b>CAPITALIZATION AND LIABILITIES</b>			<b>CAPITALIZATION AND LIABILITIES</b>
<b>CAPITALIZATION:</b>	Common Stock, No Par Value	\$ 233,054	\$ 221,919	Common Stock, No Par Value
	Retained Earnings	167,274	145,807	Retained Earnings
	<b>TOTAL COMMON EQUITY</b>	<b>400,328</b>	<b>367,726</b>	<b>TOTAL COMMON EQUITY</b>
	Preferred Stock	2,084	2,084	Preferred Stock

	Long-term Debt	290,280	306,520	Long-term Debt	35
	<b>TOTAL CAPITALIZATION</b>	<b>692,692</b>	<b>676,330</b>	<b>TOTAL CAPITALIZATION</b>	<b>78</b>
<b>CURRENT</b>	Current Portion of Long-term Debt	17,462	6,731	Current Portion of Long-term Debt	
<b>LIABILITIES:</b>	Notes Payable	55,500	13,000	Notes Payable	4
	Accounts Payable	24,847	21,125	Accounts Payable	2
	Accrued Taxes	12,162	8,621	Litigation Settlement Payable	
	Accrued Interest	2,535	1,986	Accrued Taxes	1
	Unearned Revenues and Advanced Service Fees	1,365	1,330	Accrued Interest	
	Other	3,988	3,826	Unearned Revenues and Advanced Service Fees	
	<b>TOTAL CURRENT LIABILITIES</b>	<b>117,859</b>	<b>56,619</b>	Other	
				<b>TOTAL CURRENT LIABILITIES</b>	<b>10</b>
<b>COMMITMENTS AND CONTINGENT LIABILITIES (Note 4)</b>	<b>COMMITMENTS AND CONTINGENT LIABILITIES (Note 4)</b>			<b>COMMITMENTS AND CONTINGENT LIABILITIES (Note 4)</b>	
<b>OTHER LIABILITIES:</b>	Customer Advances for Construction	21,382	23,529	Customer Advances for Construction	2
	Lease Obligations	3,706	4,367	Lease Obligations	
	Accumulated Deferred Income Taxes	77,783	69,500	Accumulated Deferred Income Taxes	8
	Employee Benefit Plans	—	11,290	Regulatory Liabilities	11
	Regulatory Liabilities	46,734	49,431	Other	
	Other	919	1,086	<b>TOTAL OTHER LIABILITIES</b>	<b>22</b>
	<b>TOTAL OTHER LIABILITIES</b>	<b>150,524</b>	<b>159,203</b>		
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	<b>113,375</b>	<b>127,863</b>	<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	<b>12</b>
	<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<b>\$ 1,074,450</b>	<b>\$ 1,020,015</b>	<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<b>\$ 1,23</b>

See Notes to Consolidated Financial Statements.

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

	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Net Income	\$ 42,429	\$ 36,543	\$ 38,425	\$ 31,524	\$ 42,429	\$ 36,543
Adjustments to Reconcile Net Income to						
Net Cash Provided by Operating Activities:						
Depreciation and Amortization	27,475	26,799	20,838	29,442	27,475	26,799
Provision for Deferred Income Taxes	(5,334)	(10,989)	(13,490)	(5,599)	(5,334)	(10,989)
Equity Portion of Allowance for Funds Used During Construction (AFUDC)	(1,387)	(1,505)	(2,503)	(1,458)	(1,387)	(1,505)
Cash Surrender Value of Life Insurance	401	(136)	(391)	(300)	401	(136)
Stock Compensation Expense	1,630	1,338	1,096	2,214	1,630	1,338
Gain on Sale of Subsidiary	(5,232)				(5,232)	—
Changes in Assets and Liabilities:						
Accounts Receivable	(707)	(742)	(2,661)	(2,154)	(707)	(742)
Unbilled Revenues	(1,386)	(208)	118	(638)	(1,386)	(208)
Materials & Supplies	(819)	(246)	333	(795)	(819)	(246)
Prepayments	256	6	(519)	791	256	6
Accounts Payable	3,722	(9,318)	7,137	2,771	3,722	(9,318)
Accrued Taxes	3,541	(1,517)	2,503	(1,627)	3,541	(1,517)
Accrued Interest	549	(151)	106	603	549	(151)
Employee Benefit Plans	(4,266)	(2,645)	(1,377)	(1,340)	(4,266)	(2,645)
Unearned Revenue & Advanced Service Fees	35	75	44	25	35	75
Other Assets and Liabilities	454	(4,276)	3,696	(677)	454	(4,276)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>61,361</b>	<b>33,028</b>	<b>53,355</b>	<b>52,782</b>	<b>61,361</b>	<b>33,028</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Utility Plant Expenditures, Including AFUDC of \$927 in 2022, \$1,148 in 2021 and \$1,513 in 2020	(91,335)	(79,378)	(105,619)			
Utility Plant Expenditures, Including AFUDC of \$975 in 2023, \$927 in 2022 and \$1,148 in 2021				(90,179)	(91,335)	(79,378)
Proceeds from Sale of Subsidiary	3,122	—	—	—	3,122	—
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(88,213)</b>	<b>(79,378)</b>	<b>(105,619)</b>	<b>(90,179)</b>	<b>(88,213)</b>	<b>(79,378)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Redemption of Long-term Debt	(7,423)	(52,691)	(7,472)	(17,463)	(7,423)	(52,691)
Proceeds from Issuance of Long-term Debt	2,662	86,595	50,316	75,812	2,662	86,595
Net Short-term Bank Borrowings	42,500	11,000	(18,000)	(12,750)	42,500	11,000
Deferred Debt Issuance Expense	(624)	(994)	(148)	(131)	(624)	(994)
Common Stock Issuance Expense	(32)	—	(37)	(10)	(32)	—
Payment of Grantee Withholding Taxes in Exchange for Restricted Stock				(619)	—	—
Proceeds from Issuance of Common Stock	10,335	3,837	1,230	12,115	10,335	3,837
Payment of Common Dividends	(20,810)	(19,373)	(18,178)	(22,441)	(20,810)	(19,373)
Payment of Preferred Dividends	(120)	(120)	(120)	(120)	(120)	(120)
Construction Advances and Contributions-Net	659	11,225	8,578	1,566	659	11,225
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>27,147</b>	<b>39,479</b>	<b>16,169</b>	<b>35,959</b>	<b>27,147</b>	<b>39,479</b>
<b>NET CHANGES IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>295</b>	<b>(6,871)</b>	<b>(36,095)</b>	<b>(1,438)</b>	<b>295</b>	<b>(6,871)</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD</b>	<b>3,533</b>	<b>10,404</b>	<b>46,499</b>	<b>3,828</b>	<b>3,533</b>	<b>10,404</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD</b>	<b>\$ 3,828</b>	<b>\$ 3,533</b>	<b>\$ 10,404</b>	<b>\$ 2,390</b>	<b>\$ 3,828</b>	<b>\$ 3,533</b>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:</b>						
Utility Plant received as Construction Advances and Contributions	\$ 6,252	\$ 4,750	\$ 5,080	\$ 7,259	\$ 6,252	\$ 4,750
Long-term Debt Deobligation	\$ —	\$ 64	\$ 258	\$ —	\$ —	\$ 64
Non-Cash Consideration for Sale of Subsidiary	\$ 2,100	\$ —	\$ —	\$ —	\$ 2,100	\$ —
Litigation Settlement Receivable					\$ 69,872	\$ —

Litigation Settlement Payable	\$ 6,237	\$ —	\$ —
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Cash Paid During the Year for:			
Interest	\$ 9,251	\$ 8,546	\$ 7,644
Interest Capitalized	\$ 927	\$ 1,148	\$ 1,513
Income Taxes	\$ 3,230	\$ 3,335	\$ 2,509

See Notes to Consolidated Financial Statements.

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

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
Common Stock, No Par Value				
Shares Authorized - 40,000				
Shares Outstanding - 2022 - 17,642; 2021 - 17,522	\$ 233,054	\$ 221,919		
Shares Outstanding - 2023 - 17,821; 2022 - 17,642			\$ 246,764	\$ 233,054
Retained Earnings	167,274	145,807	176,227	167,274
<b>TOTAL COMMON EQUITY</b>	<b>\$ 400,328</b>	<b>\$ 367,726</b>	<b>\$ 422,991</b>	<b>\$ 400,328</b>
 Cumulative Preferred Stock, No Par Value:				
Shares Authorized - 120				
Shares Outstanding - 20				
Convertible:				
Shares Outstanding, \$7.00 Series - 10	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005
Nonredeemable:				
Shares Outstanding, \$7.00 Series - 1	79	79	79	79
Shares Outstanding, \$4.75 Series - 10	1,000	1,000	1,000	1,000
<b>TOTAL PREFERRED STOCK</b>	<b>\$ 2,084</b>	<b>\$ 2,084</b>	<b>\$ 2,084</b>	<b>\$ 2,084</b>
 Long-term Debt:				
First Mortgage Bonds, 0.00%-5.50%, due 2023-2059	\$ 252,269	\$ 203,892		
First Mortgage Bonds, 0.00%-5.50%, due 2024-2059			\$ 278,374	\$ 252,269
Amortizing Secured Notes, 3.94%-7.05%, due 2028-2046	44,918	47,613	69,724	44,918
State Revolving Trust Notes, 2.00%-4.22%, due 2025-2038	9,200	7,510		
Construction Loans, 0.00%	—	52,131		
State Revolving Trust Notes, 2.00%-4.03%, due 2025-2044			16,638	9,200
<b>SUBTOTAL LONG-TERM DEBT</b>	<b>306,387</b>	<b>311,146</b>	<b>364,736</b>	<b>306,387</b>
Add: Premium on Issuance of Long-term Debt	6,873	7,271	6,529	6,873
Less: Unamortized Debt Expense	(5,518)	(5,166)	(5,372)	(5,518)
Less: Current Portion of Long-term Debt	(17,462)	(6,731)	(7,740)	(17,462)
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 290,280</b>	<b>\$ 306,520</b>	<b>\$ 358,153</b>	<b>\$ 290,280</b>

See Notes to Consolidated Financial Statements.

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

	Common Stock Shares	Common Stock Amount	Retained Earnings	Total	Common Stock Shares	Common Stock Amount	Retained Earnings	Total
Balance at January 1, 2020	17,434	\$ 215,125	\$ 108,667	\$ 323,792				
Net Income	—	\$ —	\$ 38,425	\$ 38,425				
Dividend Reinvestment & Common Stock Purchase Plan	19	1,230	—	1,230				
Restricted Stock Award - Net - Employees	16	851	—	851				
Stock Award - Board Of Directors	4	245	—	245				
Cash Dividends on Common Stock (\$1.041 per share)	—	—	(18,178)	(18,178)				
Cash Dividends on Preferred Stock	—	—	(120)	(120)				
Common Stock Expenses	—	—	(37)	(37)				
Balance at December 31, 2020	17,473	\$ 217,451	\$ 128,757	\$ 346,208				
Balance at January 1, 2021					17,473	\$ 217,451	\$ 128,757	\$ 346,208
Net Income	—	\$ —	\$ 36,543	\$ 36,543	—	\$ —	\$ 36,543	\$ 36,543
Dividend Reinvestment & Common Stock Purchase Plan	40	3,837	—	3,837	40	3,837	—	3,837
Restricted Stock Award - Net - Employees	6	350	—	350	6	350	—	350
Stock Award - Board Of Directors	3	281	—	281	3	281	—	281
Cash Dividends on Common Stock (\$1.108 per share)	—	—	(19,373)	(19,373)	—	—	(19,373)	(19,373)
Cash Dividends on Preferred Stock	—	—	(120)	(120)	—	—	(120)	(120)
Balance at December 31, 2021	17,522	\$ 221,919	\$ 145,807	\$ 367,726	17,522	\$ 221,919	\$ 145,807	\$ 367,726
Net Income	—	\$ —	\$ 42,429	\$ 42,429	—	\$ —	\$ 42,429	\$ 42,429
Dividend Reinvestment & Common Stock Purchase Plan	114	10,335	—	10,335	114	10,335	—	10,335
Restricted Stock Award - Net - Employees	3	520	—	520	3	520	—	520
Stock Award - Board Of Directors	3	280	—	280	3	280	—	280
Cash Dividends on Common Stock (\$1.1825 per share)	—	—	(20,810)	(20,810)	—	—	(20,810)	(20,810)
Cash Dividends on Preferred Stock	—	—	(120)	(120)	—	—	(120)	(120)
Common Stock Expenses	—	—	(32)	(32)	—	—	(32)	(32)
Common Stock Issuance Expenses					—	—	(32)	(32)
Balance at December 31, 2022	17,642	\$ 233,054	\$ 167,274	\$ 400,328	17,642	\$ 233,054	\$ 167,274	\$ 400,328
Net Income					—	\$ —	\$ 31,524	\$ 31,524
Dividend Reinvestment & Common Stock Purchase Plan					167	12,115	—	12,115
Restricted Stock Award - Net - Employees					7	1,235	—	1,235
Stock Award - Board Of Directors					5	360	—	360
Cash Dividends on Common Stock (\$1.2625 per share)					—	—	(22,441)	(22,441)
Cash Dividends on Preferred Stock					—	—	(120)	(120)
Common Stock Issuance Expenses					—	—	(10)	(10)
Balance at December 31, 2023					17,821	\$ 246,764	\$ 176,227	\$ 422,991

See Notes to Consolidated Financial Statements.

**MIDDLESEX WATER COMPANY**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

**(a) Organization** - Middlesex Water Company (Middlesex 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), Utility Service Affiliates (Perth Amboy) Inc. (USA-PA) and Twin Lakes Utilities, Inc. (Twin Lakes). Southern Shores Water Company, LLC (Southern Shores) and White Marsh Environmental Systems, Inc. (White Marsh) are wholly-owned subsidiaries of Tidewater.

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

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

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

**(d) Regulatory Accounting** - We maintain our books and records in accordance with accounting principles generally accepted in the United States of America. Middlesex and certain of its subsidiaries, which account for 93% of Operating Revenues and 99% of Total Assets, are subject to regulation in the state in which they operate. Those companies are required to maintain their accounts in accordance with regulatory authorities' rules and guidelines, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance provided in Accounting Standards Codification (ASC) 980, *Regulated Operations*.

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

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

The Company's costs for providing retirement benefits are dependent upon numerous factors, including actual plan experience and assumptions of future experience. Retirement benefit plan obligations and expense are determined

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based on investment performance, discount rates and various other demographic factors related to the population participating in the Company's retirement benefit plans, all of which can change significantly in future years. For more information on the Company's Retirement Benefit Plans, see Note 7 – *Employee Benefit Plans*.

**(f) Utility Plant** – Utility Plant is stated at original cost as defined for regulatory purposes. Property accounts are charged with the cost of betterments and major replacements of property. Cost includes direct material, labor and indirect charges for pension benefits and payroll taxes. The cost of labor, materials, supervision and other expenses incurred in making repairs and minor replacements and in maintaining the properties is charged to the appropriate expense accounts. At **December 31, 2022** **December 31, 2023**, there was no event or change in circumstance that would indicate that the carrying amount of any long-lived asset was not recoverable.

**(g) Depreciation** – Depreciation is computed by each regulated member of the Company utilizing a rate approved by the applicable regulatory authority. The accumulated provision for depreciation is charged with the cost of property retired, less salvage. The following table sets forth the range of depreciation rates for the major utility plant categories used to calculate depreciation for the years ended **December 31, 2022** **December 31, 2023**, **2021** **2022**, and **2020** **2021**. These rates have been approved by the NJBPU or DEPSC:

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

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

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

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

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

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

**(j) Allowance for Funds Used During Construction (AFUDC)** - Middlesex and its regulated subsidiaries capitalize AFUDC, which represents the cost of financing projects during construction. AFUDC is added to the construction costs of individual projects exceeding specific cost and construction period thresholds established for each company and then depreciated with the utility plant direct costs over the underlying assets' estimated useful life. AFUDC is calculated using each company's weighted cost of debt and equity as approved in their most recent

respective regulatory rate order. The AFUDC rates for the years ended December 31, 2022, 2021 and 2020 for Middlesex and Tidewater are as follows:

	2022	2021	2020	2023	2022	2021
Middlesex	6.35 %	6.50 %	6.50 %	6.35%	6.35%	6.50%
Tidewater	7.92 %	7.92 %	7.92 %	7.92%	7.92%	7.92%

**(k) Accounts Receivable** – We record bad debt expense based on a variety of factors such as our customers' payment history, current economic conditions and trending reasonable and supportable forecasts on expected collectability of accounts receivable. The allowance for doubtful accounts was **\$2.3 million** \$2.1 million and **\$2.6 million** \$2.3 million as of **December 31, 2022** December 31, 2023 and **2021**, 2022, respectively. For the years ended **December 31, 2022** December 31, 2023, **2021** 2022 and **2020**, 2021, bad debt expense was **\$0.5 million** \$1.0 million, **\$0.9 million** \$0.5 million and **\$1.1 million** \$0.9 million, respectively. For the years ended **December 31, 2022** December 31, 2023, **2021** 2022 and **2020**, 2021, write-offs were **\$0.7 million** \$1.2 million, **\$0.4 million** \$0.7 million and **\$0.5 million** \$0.4 million, respectively.

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

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

Non-regulated service contract revenues consist of base service fees as well as fees for additional billable services provided to customers. Fees are billed monthly and are due within 30 days after the invoice date. The Company considers the amounts billed to represent the value of these services provided to customers. These contracts expire at various times through 2032 and contain remaining performance obligations for which the Company expects to recognize revenue in the future. These contracts also contain customary termination provisions.

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

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

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

	(In Thousands)			(In Thousands)		
	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
<b>Regulated Tariff Sales</b>						
Residential	\$ 84,950	\$ 77,699	\$ 76,798	\$ 86,581	\$ 84,950	\$ 77,699
Commercial	22,689	16,715	15,448	23,945	22,689	16,715
Industrial	11,152	8,990	9,512	11,586	11,152	8,990
Fire Protection	12,726	12,608	12,374	12,582	12,726	12,608
Wholesale	18,769	14,590	15,187	19,117	18,769	14,590
	12,006	12,391	12,130	12,320	12,006	12,391
<b>Non-Regulated Contract Operations</b>						
<b>Total Revenue from Contracts with Customers</b>	<b>\$ 162,292</b>	<b>\$ 142,993</b>	<b>\$ 141,449</b>	<b>\$ 166,131</b>	<b>\$ 162,292</b>	<b>\$ 142,993</b>
Other Regulated Revenues	831	929	532	806	831	929
Other Non-Regulated Revenues	440	427	415	453	440	427
Inter-segment Elimination	(1,129)	(1,208)	(804)	(1,116)	(1,129)	(1,208)
<b>Total Revenue</b>	<b>\$ 162,434</b>	<b>\$ 143,141</b>	<b>\$ 141,592</b>	<b>\$ 166,274</b>	<b>\$ 162,434</b>	<b>\$ 143,141</b>

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

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

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

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

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

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

**(s) Coronavirus (COVID-19) Pandemic** – In January 2023, the United States Secretary of Health and Human Services renewed the determination that a nationwide health emergency exists as a result of the COVID-19 Pandemic with an announced end to the declared health emergency on May 11, 2023. While the Company's operations and capital construction program have not been materially disrupted to date from the pandemic, the COVID-19 impact on economic conditions nationally and areas the Company operated continues to be uncertain and could affect the Company's results of operations, financial condition and liquidity in the future. In New Jersey, the declared COVID-19 State of Emergency Order ended in March 2022. In Delaware, the declared COVID-19 State of Emergency Order ended in July 2021.

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

**(t) Regulatory Notice of Non-Compliance** – In September 2021, the New Jersey Department of Environmental Protection (NJDEP) issued a Notice of Non-Compliance (Notice) to Middlesex based on self-reporting by Middlesex that the level of Perfluorooctanoic Acid (PFOA) in water treated at its Park Avenue Wellfield Treatment Plant (Park Avenue Plant) in South Plainfield, New Jersey exceeded a recently promulgated NJDEP standard that became effective in 2021. The NJDEP standard for PFOA was developed based on a Health-based Maximum Contaminant Level of 14 parts per trillion. Neither the NJDEP nor Middlesex has characterized this exceedance as an acute health threat. However, Middlesex was required to notify its affected customers and complied in November 2021 as required by the regulation.

The Notice further required the Company to take any action necessary to comply with the new standard by September 7, 2022.

Prior to 2021, the Company began design for construction of an enhanced treatment process at the Park Avenue Wellfield Treatment Plant to comply with the new standard prior to the regulation being enacted. Since completion was not expected until mid-2023, in December 2021, the Company implemented an interim solution to meet the Notice requirements. The Park Avenue Wellfield Treatment Plant was temporarily taken off-line and alternate sources of supply were obtained. Simultaneously, the Company accelerated a portion of the enhanced treatment project to allow a restart of the Park Avenue Wellfield Treatment Plant ahead of historical higher water demand periods during the summer months.

In June 2022, a portion of the enhanced treatment process was completed, placed into service and is effectively treating the ground water in compliance with all state and federal drinking water standards.

On September 13, 2022, In September 2022, the Company entered into an Administrative Consent Order (ACO) with the NJDEP with respect to the Notice, which requires the Company to take whatever actions are necessary to achieve and maintain compliance with the Safe Drinking Water Act, N.J.S.A. 58:12A-1 et seq., and the Safe Drinking Water Act regulations N.J.A.C. 7:10-1 et seq., including applicable public notifications. The Company's agreement to enter into an ACO avoided voided any further Notice notice regarding the fact that the permanent treatment solution was not in service by September 7, 2022. The Company issued as required by the public notifications in February 2023 and will continue to update and distribute public information as Notice. As prescribed in the ACO. In addition, in accordance with ACO, the ACO Company was to issue periodic public notifications until the ACO was closed.

- On or before June 30, 2023, the Company shall complete the permanent construction of the Park Avenue Wellfield treatment upgrades, place the treatment upgrades into operation, and all water at the Park Avenue Wellfield Treatment Plant shall be treated to comply with the PFOA NJDEP standards.
- The Company must perform required sample testing and reporting for PFOA subsequent to completion of the Park Avenue Wellfield treatment upgrades.
- The Company shall submit to the NJDEP quarterly progress reports detailing the Company's In June 2023, the Company completed the permanent construction of the entire Park Avenue Plant treatment upgrades and placed the upgrades into operation in full compliance with the ACO.

The Company's failure to comply with the compliance schedule and/or progress reporting NJDEP PFOA standards. In October 2023, the Company received confirmation from the NJDEP that it has complied with all requirements of the ACO could lead to penalties up to \$500 per day. In addition, and consequently, the NJDEP could penalize the Company for other violations, if any, of the ACO. ACO has been closed.

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

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acknowledged coverage of potential liability which may result from these lawsuits. In May 2022, the Company impleaded 3M Company (3M) as a third-party defendant in one of these class action lawsuits. The Company had previously initiated a separate lawsuit against 3M seeking to hold Company (3M), in connection with the Company's claim that 3M accountable for introduction of introduced perfluoroalkyl substances (commonly known as "PFAS"), which include PFOA, into the Company's water supply at its Park Avenue Wellfield facility. Plant.

In January 2022, On August 29, 2023, Middlesex and 3M executed a settlement agreement (the Settlement Agreement) to resolve the Company filed a petition with the NJBPU seeking to establish a regulatory asset and deferred accounting treatment until its next base rate setting proceeding for all costs associated with the interim solution to comply with the Notice. lawsuit. The Company is currently awaiting a decision on this matter from the NJBPU. Settlement Agreement provides that:

- 3M will pay \$93.2 million in two installments, one payment of \$23.3 million received in December 2023 and one payment of \$69.9 million in July 2024. Middlesex is obligated to pay 30% of the proceeds received plus reimbursable out-of-pocket legal expenses to its lawyers as legal fees, or \$29.5 million in total;
- Proceeds received from the Settlement Agreement are being used to mitigate the impact of the increase in Middlesex's customer rates approved by the NJBPU, which is to be implemented March 1, 2024 (for further discussion of Middlesex's base rate increase, see Note 2, *Rate Matters, Middlesex* below);

**(u) Sale of Subsidiary** — In January 2022, Middlesex closed on the DEPSC approved sale of 100% of the common stock of its subsidiary Tidewater Environmental Services, Inc. for \$6.4 million in cash and other consideration, resulting in a \$5.2 million pre-tax gain. The Company will continue to own and operate its regulated water utilities in Delaware as well as its non-regulated operations and maintenance contract business.

- Middlesex, by nature of its status as a U.S. water purveyor impacted by PFAS, was automatically included in a Multi-District Litigation Settlement before the United States District Court for the District of South Carolina in which 3M and other companies (Non-3M Companies) are participants. Middlesex agreed as part of the Settlement Agreement to remain a member of the plaintiff class in order to be eligible to obtain future additional compensation from 3M and the Non-3M Companies for any future remediation which may be required of its water treatment facilities; and
- Middlesex and 3M agreed to enter into a joint mediation which occurred November 2023, to resolve two PFOA-related class action lawsuits against Middlesex seeking restitution for medical, water replacement and other claimed related costs. Both Middlesex and 3M are defendants in these lawsuits. These lawsuits remain in the legal process and their ultimate resolution is not known at this time.

Note 2 - Rate and Regulatory Matters

### **Rate Matters**

**Middlesex** — In February 2024, Middlesex's petition to the NJBPU, filed in May 2023, seeking permission to increase its base water rates was concluded, based on a negotiated settlement that is expected to increase annual operating revenues by \$15.4 million effective March 1, 2024. The approved tariff rates were designed to recover increased operating costs as well as a return on invested capital of \$563.1 million, based on an authorized return on common equity of 9.6%. Middlesex has made capital infrastructure investments to ensure prudent upgrade and replacement of its utility assets to support continued regulatory compliance, resilience and overall quality of service. Net proceeds from the 3M Settlement Agreement were used to recover costs for the construction of the Park Avenue Plant PFAS treatment upgrades, including depreciation and carrying costs.

**Middlesex** The rate case settlement will result in the reclassification of \$48.3 million from Regulatory Liabilities to CIAC in the March 31, 2024 balance sheet. The Company will also record in the first quarter of 2024 the recovery of \$0.7 million and \$2.4 million of prior year depreciation and carrying costs, respectively, as well as the recovery of \$1.4 million of prior year costs which were associated with the interim solution to comply with the Notice, all of which were approved in the rate case settlement. For further information on the 3M Settlement Agreement, see Note 1(s) - *Regulatory Notice of Non-Compliance* above.

In January 2024, the NJBPU approved Middlesex's petition for the proposed cost recovery of its Lead Service Line Replacement (LSLR) Plan and cost recovery of project costs associated with replacing Middlesex customer-owned lead service lines. Replacement of Middlesex and Middlesex customer-owned lead service lines is required by the New Jersey LSLR Law. Under this legislation, the costs associated with replacing customer-owned lead service lines are recoverable through future customer surcharges. Cost recovery for replacing Company-owned lead service lines are recoverable through traditional base rate case filings. The current estimates for replacement of Middlesex and Middlesex customer-owned lead service lines are approximately \$46 million to \$77 million over a nine-year period.

In October 2023, the 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 base 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 subsequent to the March 1, 2024 increase. Under the terms of the Foundational Filing, the Company is required to file a base rate petition before October 2026.

In September 2022, the NJBPU approved Middlesex's Emergency Relief Motion to reset its Purchased Water Adjustment Clause (PWAC) tariff rate to recover additional costs of \$2.7 million for the purchase of treated water from a non-affiliated water utility. A PWAC is a rate mechanism that allows for recovery of increased purchased water costs between base rate case filings. The increase, effective October 1, 2022, was on an interim basis and subject to refund with interest, pending final resolution of this matter, which the NJBPU provided in August 2023. In connection with the full recovery of the \$2.7 million of additional costs, Middlesex reset its PWAC rate to zero in October 2023.

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

**Tidewater** – In September 2022, December 2023, the NJBPU DEPSC approved Middlesex's Emergency Relief Motion Tidewater's application to reset its PWAC tariff implement a new DSIC. Effective January 1, 2024, Tidewater implemented a DSIC rate to recover additional costs of \$2.7 million for the purchase of treated water from a non-affiliated regulated water utility. The increase, effective October 1, 2022 3.71%, is on an interim basis and subject to refund with interest, pending final resolution of this matter, which is expected in the second quarter to generate revenue of 2023. In March 2021, the NJBPU approved Middlesex's annual petition approximately \$1.3 million annually. A Delaware DISC is subject to a semi-annual reset its PWAC tariff with an overall maximum rate to recover additional costs of \$1.1 million for the purchase of treated water from a non-affiliated regulated water utility. The new PWAC rate became effective April 4, 2021 7.5%.

**Tidewater** – On August 31, 2022, In October 2023, the DEPSC issued an Order requiring that made a temporary base rate reduction permanent. The initial DEPSC order required Tidewater to reduce its base rates charged to general metered and private fire customers by 6% 6.0%, effective for service rendered on and after September 1, 2022. In June 2022, the Delaware Division of the Public Advocate filed a petition with the DEPSC requesting that Tidewater's rates be reduced based on the claim that Tidewater had been earning above its authorized rate of return. The rate reduction is expected to reduce was ordered as a result of Tidewater earning in excess of its authorized return, and resulted in reduced annual revenues by of approximately \$2.2 million. \$2.1 million in 2023. In March 2021, Tidewater was notified by the DEPSC that it had determined Tidewater's earned rate of return exceeded the rate of return authorized by the DEPSC. Consequently, Tidewater reset its Distribution System Improvement Charge (DSIC) DSIC rate to zero effective April 1, 2021 and refunded approximately \$1.0 million to customers primarily in the form of an account credit for DSIC revenue previously billed between April 1, 2020 and March 31, 2021. A DSIC is a rate-mechanism that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements made between base rate proceedings.

**Pinelands** – In September 2022, April 2023, Pinelands Water and Pinelands Wastewater filed separate petitions with concluded their base rate case matters when the NJBPU seeking permission to approved a combined \$1.0 million increase in annual base rates, by approximately \$0.6 million and \$0.4 million per year, respectively. These effective April 15, 2023. The requests were necessitated by capital infrastructure investments both the companies have made or have committed to make, and as well as increased operations and maintenance costs. We cannot predict whether the NJBPU will ultimately approve, deny, or reduce the amount of the requests. A decision by the NJBPU in both matters is expected in the first quarter of 2023.

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**Southern Shores** - Effective January 1, 2020, the DEPSC approved the renewal of a multi-year agreement for water service to a 2,200 unit condominium community we serve in Sussex County, Delaware. Under the agreement, current rates were to remain in effect until December 31, 2024, unless there are unanticipated capital expenditures or regulatory related changes in operating expenses exceeding certain thresholds during this time period. In 2022, capital expenditures did exceed the established threshold and rates were increased by 5.39%, effective January 1, 2023. Beginning in 2025 and thereafter, **inflation based** **inflation-based** rate increases cannot exceed the lesser of the regional Consumer Price Index or, 3%. Inflation based increases are in addition to the threshold rate increases. This agreement expires on December 31, 2029.

**Twin Lakes Utilities, Inc. (Twin Lakes)** - Twin Lakes provides water services to approximately 115 residential customers in Shohola, Pennsylvania. Pursuant to the Pennsylvania Public Utility Code, Twin Lakes filed a petition requesting the Pennsylvania Public Utilities Commission (PAPUC) to order the acquisition of Twin Lakes by a capable public utility. The PAPUC assigned an Administrative Law Judge (ALJ) to adjudicate the matter and submit a recommended decision (Recommended Decision) to the PAPUC. As part of this legal proceeding the PAPUC also issued an Order in January 2021 appointing a large Pennsylvania based investor-owned water utility as the receiver (the Receiver Utility) of the Twin Lakes system until the petition is fully adjudicated by the PAPUC. In November 2021, the PAPUC issued an Order affirming the ALJ's Recommended Decision, ordering the Receiver Utility to acquire the Twin Lakes water system and for Middlesex, **the parent company of Twin Lakes**, to submit \$1.7 million into an escrow account within 30 days. Twin Lakes immediately filed a Petition For Review (PFR) with the Commonwealth Court of Pennsylvania (the **Pennsylvania Commonwealth Court**) seeking reversal and vacation of the escrow requirement on the grounds that it violates the Pennsylvania Public Utility Code as well as the United States Constitution. In addition, Twin Lakes filed an emergency petition for stay of the PAPUC Order pending the **Pennsylvania Commonwealth Court's** review of the merits arguments contained in Twin Lakes' PFR. In December 2021, the **Pennsylvania Commonwealth Court** granted Twin Lakes' emergency petition, pending its review. In August 2022, the Commonwealth Court issued an opinion upholding PAPUC's November 2021 Order in its entirety. In September 2022, Twin Lakes filed a Petition For Allowance of Appeal (Appeal Petition) to the Supreme Court of Pennsylvania seeking reversal of the Commonwealth Court's decision to uphold the escrow requirement on the grounds that the **Pennsylvania Commonwealth Court** erred in failing to address Twin Lakes' **claims** that because the \$1.7 million escrow requirement placed on Middlesex violated Middlesex's constitutional **claims**. The timing rights, Middlesex's refusal to submit **this escrow payment** would jeopardize the relief Twin Lakes was otherwise entitled to in the appointment of the **final decision by Receiver Utility**. In March 2023, the Supreme Court of Pennsylvania **and issued a decision** denying Twin Lakes' Appeal Petition without addressing this claim on the **final adjudication** merits. As a result of **this matter cannot be predicted at this time**, the **Pennsylvania Courts' failure to address Twin Lakes' claim**, Middlesex subsequently filed a Complaint with the United States District Court for the Middle District of Pennsylvania to address the issue of whether the PAPUC's Order violated Middlesex's rights under the United States Constitution. On January 18, 2024, the District Court issued an Order dismissing Middlesex's Complaint without addressing the issue of whether the PAPUC's Order violated Middlesex's rights under the United States Constitution. On January 31, 2024, Middlesex filed a Notice of Appeal of the District Court's decision with the United States Court of Appeals for the Third Circuit. We are currently awaiting the Court's decision.

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

### Regulatory Matters

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

<b>Regulatory Assets</b>	(Thousands of Dollars)			(Thousands of Dollars)		
	December 31,		Remaining Recovery Periods	December 31,		Remaining Recovery Periods
	2022	2021		2023	2022	
Retirement Benefits	\$ 9,214	\$ 24,926	Various	\$ —	\$ 9,214	Various
Income Taxes	74,422	70,427	Various	84,419	74,422	Various
Rate Cases, Tank Painting, and Other	6,410	5,385	2-10 years	6,275	6,410	2-10 years
<b>Total</b>	<b>\$ 90,046</b>	<b>\$ 100,738</b>		<b>\$ 90,694</b>	<b>\$ 90,046</b>	

Retirement benefits include pension and other retirement benefits that have been recorded on the Consolidated Balance Sheet in accordance with the guidance provided in ASC 715, *Compensation – Retirement Benefits*. These amounts represent obligations in excess of current funding (regulatory asset) or less than current funding (regulatory liability, which was \$1.5 million as of December 31, 2023), which the Company believes will be fully recovered or refunded in rates set by the regulatory authorities.

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

The net proceeds available to Middlesex from the 3M Settlement Agreement, after excluding legal fees, \$63.6 million, were recorded as a regulatory liability, as of December 31, 2023. For further information on the 3M Settlement Agreement, see *Rates, Note 1(s) - Regulatory Notice of Non-Compliance and Rate Matters, Middlesex* above.

The 2017 Tax Act reduced the statutory corporate federal income tax rate from 35% to 21%. The tariff rates charged to customers effective prior to 2018 in the Company's regulated companies include recovery of income taxes at the statutory rate in effect at the time those rates were approved by the respective state public utility commissions. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company has recorded regulatory liabilities of \$29.0 million \$28.2 million and \$30.4 29.0 million, respectively for excess income taxes collected through rates due to the lower income tax rate under the 2017 Tax Act. These regulatory liabilities are overwhelmingly related to utility plant depreciation deduction timing differences, which are subject to Internal Revenue Service (IRS) normalization rules. The IRS rules limit how quickly the excess taxes attributable to accelerated taxes can be returned to customers. The current base rates for Middlesex and Pinelands customers became effective after 2017 and reflect the impact of the 2017 Tax Act on their revenue requirements.

As part of Middlesex's March 2018 base water rate settlement with the NJBPU, Middlesex received approval for regulatory accounting treatment of income tax benefits associated with the adoption of tangible property regulations issued by the IRS, and, as of December 31, 2022 and 2021, the Company has recorded \$0.0 and \$3.0 million of related regulatory liabilities, respectively.

The Company uses composite depreciation rates for its regulated utility assets, which is currently an acceptable method under generally accepted accounting principles and is widely used in the utility industry. Historically, under the composite depreciation method, the anticipated costs of removing assets upon retirement are provided for over the life of those assets as a component of depreciation expense. The Company recovers certain asset retirement costs through rates charged to customers as an approved component of depreciation expense. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company has approximately \$17.7 million \$19.7 million and \$16.1 million \$17.7 million, respectively, of expected costs of removal recovered currently in rates in excess of actual costs incurred as regulatory liabilities.

Note 3 – Income Taxes

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

	(Thousands of Dollars)			(Thousands of Dollars)		
	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
Income Tax at Statutory Rate	\$ 9,590	\$ 6,521	\$ 7,204	\$ 6,839	\$ 9,590	\$ 6,521
Tax Effect of:						
Utility Plant Related	(1,106)	(1,290)	(1,356)	(1,495)	(1,106)	(1,290)
Tangible Property Repairs	(6,767)	(12,281)	(11,298)	(5,475)	(6,767)	(12,281)
State Income Taxes – Net	1,296	1,499	1,364	1,117	1,296	1,499
Other	227	63	(33)	55	227	63
<b>Total Income Tax Expense (Benefit)</b>	<b>\$ 3,240</b>	<b>\$ (5,488)</b>	<b>\$ (4,119)</b>	<b>\$ 1,041</b>	<b>\$ 3,240</b>	<b>\$ (5,488)</b>

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

	(Thousands of Dollars) Years Ended December 31,			(Thousands of Dollars) Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
<b>Current:</b>						
Federal	\$ 425	\$ (8,247)	\$ (4,281)	\$ 2,952	\$ 425	\$ (8,247)
State	1,381	1,467	2,598	1,066	1,381	1,467
<b>Deferred:</b>						
Federal	1,242	933	(1,490)	(3,261)	1,242	933
State	260	431	(871)	348	260	431
Investment Tax Credits	(68)	(72)	(75)	(64)	(68)	(72)
<b>Total Income Tax (Benefit) Expense</b>	<b>\$ 3,240</b>	<b>\$ (5,488)</b>	<b>\$ (4,119)</b>			
<b>Total Income Tax Expense (Benefit)</b>				<b>\$ 1,041</b>	<b>\$ 3,240</b>	<b>\$ (5,488)</b>

As part of Middlesex's March 2018 base water rate settlement with the NJBPU, Middlesex received approval for regulatory accounting treatment of income tax benefits associated with the adoption of tangible property regulations issued by the IRS (fully amortized as of March 31, 2022) as well as prospective recognition of the income tax benefits for the immediate deduction of repair costs on tangible property. This results in significant reductions in the Company's effective income tax rate, current income tax expense (benefit) and deferred income tax expense (benefit).

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

	(Thousands of Dollars)	
	December 31,	2022
	2021	2022
Utility Plant Related	\$ 72,996	\$ 65,107
Customer Advances	(3,568)	(3,595)
Employee Benefits	7,380	7,091
Investment Tax Credits	304	373
Other	671	524
<b>Total Accumulated Deferred Income Taxes</b>	<b>\$ 77,783</b>	<b>\$ 69,500</b>

The Company's federal income tax returns for the tax years 2014 through 2017 were selected for examination by the IRS, which included the tax year in which the Company had adopted the final IRS tangible property regulations and changed its accounting method for the tax treatment of expenditures that qualified as deductible repairs. As a result of the audit examination, the Company agreed to certain modifications of its accounting method for expenditures that qualify as deductible repairs. In 2019, the Company paid \$2.7 million in income taxes and \$0.1 million in interest in connection with the conclusion of the 2014 through 2017 federal income tax return audits. The statutory review period for 2018 and prior federal income tax returns has now closed, and as such, in the third quarter of 2022 the Company reversed the December 31, 2021 income tax reserve provision and interest expense liability of \$0.5 million and \$0.2 million, respectively.

The statutory review periods for federal income tax returns for the years prior to 2019 have been closed. There are no unrecognized tax benefits resulting from prior period tax positions.

	(Thousands of Dollars)	
	December 31,	2022
	2023	2022
Utility Plant Related	\$ 84,330	\$ 72,996
Customer Advances	(3,546)	(3,568)
Employee Benefits	7,100	7,380
Investment Tax Credits	240	304
Other	612	671
<b>Total Accumulated Deferred Income Taxes</b>	<b>\$ 88,736</b>	<b>\$ 77,783</b>

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Note 4 - Commitments and Contingent Liabilities

**Water Supply** - Middlesex has an agreement with the New Jersey Water Supply Authority (NJWSA) for the purchase of untreated water through November 30, 2023, which expires November 30, 2048. NJSWA provides for an average purchase of 27.0 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, Delaware to purchase treated water of 15.0 million up to 60.0 million gallons annually.

Purchased water costs are shown below:

	(Millions of Dollars)						(Millions of Dollars)		
	Years Ended December 31,			Years Ended December 31,					
	2022	2021	2020	2023	2022	2021			
Untreated	\$ 3.2	\$ 3.3	\$ 3.4	\$ 3.2	\$ 3.2	\$ 3.3			
Treated		3.9	3.6	3.6	5.3	3.9			
Total Costs	\$ 7.1	\$ 6.9	\$ 7.0	\$ 8.5	\$ 7.1	\$ 6.9			

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

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

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

Given the impacts of accounting for regulated operations, and the resulting recognition of expense at the amounts recovered in customer rates, expenditures for operating leases are consistent with lease expense and was \$0.8 million for each of the years ended **December 31, 2022** December 31, 2023, **2021** 2022 and **2020**, 2021.

Information related to operating lease ROU assets is as follows:

	(In Millions)		(In Millions)		
	December 31, 2022	2021	December 31, 2023	2022	
ROU Asset at Lease Inception	\$ 7.3	\$ 7.3	\$ 7.3	\$ 7.3	
Accumulated Amortization	(3.5)	(2.8)	(4.1)	(3.5)	
Current ROU Asset	\$ 3.8	\$ 4.5	\$ 3.2	\$ 3.8	

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The Company's future minimum operating lease commitments as of **December 31, 2022** December 31, 2023 are as follows:

	(In Millions) December 31, 2022	(In Millions) December 31, 2023
2023	0.8	
2024	0.8	0.8
2025	0.8	0.8
2026	0.9	0.9
2027	0.9	0.9
2028		0.9
Thereafter	1.8	0.9
Total Lease Payments	\$ 6.0	\$ 5.2
Imputed Interest	(1.6)	(1.5)
Present Value of Lease Payments	4.4	3.7
Less Current Portion*	(0.7)	(0.6)
Non-Current Lease Liability	\$ 3.7	\$ 3.1

\*Included in Other Current Liabilities

**Construction** – The Company has projected to spend approximately \$102 million in 2023, \$86 million \$75 million in 2024, and \$78 million \$81 million in 2025 and \$70 million in 2026 on its construction program. **The As of December 31, 2023**, the Company has entered into several contractual construction agreements that in total obligate it to expend an estimated \$16.8 million \$6.7 million in the future. The actual amount and timing of capital expenditures is dependent on the need for replacement of existing infrastructure, customer growth, residential new home construction and sales, project scheduling, supply chain issues and continued refinement of project scope and costs and could be impacted if the effects of the COVID-19 pandemic continues for an extended period of time (for further discussion of the impact of COVID-19 on the Company, see Note 1(s) COVID-19). costs. There is no assurance that projected customer growth and residential new home construction and sales will occur.

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

**PFOA Matter** - In November 2021, the Company was served with two PFOA-related class action lawsuits seeking restitution for medical, water replacement and other related costs and economic damages. These lawsuits are in the early stages of the legal process Middlesex and their ultimate resolution cannot be predicted at this time. The Company's insurance provider has acknowledged coverage of potential liability resulting from 3M agreed to enter into a joint mediation on these lawsuits (for further discussion of this matter, see Note 1(t) 1(s) Regulatory Notice of Non-Compliance).

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

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### Note 5 – Short-term Borrowings

Information regarding the Company's short-term borrowings for the years ended **December 31, 2022**, **December 31, 2023** and **2021** is summarized below:

	(Millions of Dollars)		(In Millions)	
	2022	2021	2023	2022
Average Amount Outstanding	\$ 28.9	\$ 23.7	\$ 35.7	\$ 28.9
Weighted Average Interest Rate	3.34%	1.12%	6.13%	3.34%
Notes Payable at Year-End	\$ 55.5	\$ 13.0	\$ 42.8	\$ 55.5
Weighted Average Interest Rate at Year-End	5.17%	1.04%	6.50%	5.17%

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

	(Millions)				Line of Credit Renewal Date
	As of December 31, 2022				
	Outstanding	Available	Maximum	Credit Type	
Bank of America	\$ 15.0	\$ 45.0	\$ 60.0	Uncommitted	January 25, 2024
PNC Bank	39.5	28.5	68.0	Committed	January 31, 2024
CoBank, ACB (CoBank)	1.0	11.0	12.0	Committed	November 30, 2023
	\$ 55.5	\$ 84.5	\$ 140.0		

The Bank of America line of credit is renewed on an annual basis and was increased from \$30 million to \$60 million in January 2022.

	(In Millions)				Line of Credit Renewal Date
	As of December 31, 2023				
	Outstanding	Available	Maximum	Credit Type	
Bank of America	\$ —	\$ 60.0	\$ 60.0	Uncommitted	January 24, 2025
PNC Bank	39.8	28.2	68.0	Committed	January 31, 2026
CoBank, ACB (CoBank)	3.0	9.0	12.0	Committed	May 20, 2026
	\$ 42.8	\$ 97.2	\$ 140.0		

The maturity dates for the Notes Payable as of **December 31, 2022** are in **January 2023** through **March 2023** and **December 31, 2023** 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 are set using the Bloomberg Short-Term Bank Yield Index Secured Overnight Financing Rate (SOFR) and then adding a specific financial institution credit spread, which varies by financial institution. spread. The interest rate for borrowings under the CoBank line of credit are set weekly using CoBank's internal cost of funds index that is similar to the Standard Overnight Financing Rate SOFR and adding a credit spread. There is no requirement for a compensating balance under any of the established lines of credit.

### Note 6 - Capitalization

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

#### **Common Stock**

The Company issues shares of its common stock in connection with its Middlesex Water Company Investment Plan (the Investment Plan), a direct share purchase and dividend reinvestment plan for the Company's common stock. The Company raised approximately **\$10.3 million** **\$12.1 million** under the Investment Plan during **2022, 2023**. On March 1, 2023, the Company will begin began offering shares of its common stock for purchase at a 3% discount to participants in the Investment Plan. The discount offering will continue until 200,000 shares are purchased at the discounted price or ended December 1, 2023, whichever event occurs first. The discount applies applied to all common stock purchases made under the Investment Plan during that time period, whether by optional cash payment or by dividend reinvestment. Since the inception of the Investment Plan and its predecessor plan, the Company has periodically replenished the level of authorized shares in the plans. Currently, 0.2 million shares remain registered with In May 2023, Middlesex received approval from the United States Securities and Exchange Commission for the Investment Plan and available for potential issuance to participants. Middlesex has filed a

petition with the NJBPU seeking to increase the number of authorized shares under the Investment Plan by 0.7 million shares. Currently, 0.7 million shares remain

registered with the United States Securities and Exchange Commission and available for issuance to participants under the Investment Plan.

In April 2023, Middlesex 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. As described below in "Long-term Debt", the NJBPU also approved the debt funding component of the financing plan.

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

The Company maintains a stock plan for its independent Directors as a component of outside members of the Board of Directors compensation. For the years ended December 31, 2022 December 31, 2023, 2022 and 2021, 4,608, 2,664 and 2020, 2,664, 3,444 and 4,074 shares, respectively, of Middlesex common stock were granted and issued to the Company's independent Directors under the plan. The maximum number of shares authorized for grant under the plan is 100,000, of which 46,461 41,853 shares remain available for future awards.

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

#### **Preferred Stock**

At December 31, 2022 December 31, 2023 and 2021, 2022, there were 120,000 shares of preferred stock authorized and less than 21,000 shares of preferred stock outstanding. There were no preferred stock dividends in arrears.

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

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

#### **Long-term Debt**

Subject to regulatory approval, the Company periodically issues long-term debt to fund its investments in utility plant. To the extent possible and fiscally prudent, the Company finances qualifying capital projects under State Revolving Fund (SRF) loan programs in New Jersey and Delaware. These government programs provide financing at interest rates typically below rates available in the broader financial markets. A portion of the borrowings under the New Jersey SRF is interest-free.

Under the New Jersey SRF program, borrowers first enter into a construction loan agreement with the New Jersey Infrastructure Bank (NJIB) at a below market interest rate. The interest rate on the Company's current construction loan borrowings is zero percent (0%). When construction on the qualifying project is substantially complete, NJIB will coordinate the conversion of the construction loan into a long-term securitized loan with a portion of the principal balance having a stated interest rate of zero percent (0%) and a portion of the principal balance at a market interest rate at the time of closing using the credit rating of the State of New Jersey. The term As a result of the long-term loans currently offered through revised project funding priority ranking for the NJIB SRF Program, the Company has no current projects in the NJIB SRF program. However, it is up seeking to thirty years, have Middlesex's LSLR Project added to the qualified list in order to borrow under the NJIB SRF program.

Under the Delaware SRF program, borrowers 1) enter into a long-term note agreement for a term not to exceed twenty years, 2) submit requisitions for cost reimbursements during the construction period for up to two years after the agreement is executed and 3) as the proceeds are received from the requisitions, borrowers record a corresponding debt obligation amount. In April 2023, Middlesex 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 may issue debt securities in a series of one or more transaction offerings to help fund Middlesex's multi-year capital construction program.

In March 2023, Middlesex closed on a \$40.0 million, 5.24% private placement of First Mortgage Bonds (FMBs) with a 2043 maturity date designated as Series 2023A. Proceeds were used to reduce the Company's outstanding balances under its bank lines of credit.

In May 2022, Middlesex repaid its two outstanding NJIB construction loans by issuing First Mortgage Bonds (FMBs) FMBs to the NJIB under two loan agreements. The total amount of FMBs issued is \$52.2 million and designated as Series 2022A (\$16.2 million) and Series 2022B (\$36.0 million). The interest rate on the Series 2022A bond is zero and the interest rate on the Series 2022B bond ranges between 2.7% and 3.0%. The final maturity date for both FMBs is August 1, 2056, with scheduled debt service payments over the life of these loans.

The NJIB has changed the SRF program for project funding priority ranking, the proportions In November 2021, Middlesex closed on a \$19.5 million, 2.79% private placement of interest free loans and market interest rate loans and overall loan limits on interest free loan balances FMBs with a 2041 maturity date designated as Series 2021A. Proceeds were used to investor-owned water utilities. These changes affect SRF projects for which the construction loan closes after September 2018. Under the new

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guidelines, the principal balance having a stated interest rate of zero percent (0%) is 25% of the loan balance with the remaining portion of 75% having a market based interest rate. This is limited to the first \$10.0 million of the loan. Loan amounts above \$10.0 million do not participate in the 0% rate program, but do participate at the market based interest rate. As a result of all these changes, reduce the Company's future capital funding plan currently does not include participating in the NJIB SRF program, outstanding balances under its lines of credit.

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

In May 2020, Middlesex received approval 2023, Tidewater closed on a \$20.0 million loan from CoBank, ACB (CoBank) with an interest rate of 5.71% and a 2033 maturity date and fully drew all funds by June 30, 2023. Proceeds from the NJBPU loan were used to borrow up to \$100 million pay off Tidewater's outstanding balances under its bank lines of credit and for other general corporate purposes.

In April 2023, Tidewater closed on three DEPSC-approved Delaware SRF loans totaling \$10.2 million, all at interest rates of 2.0% with maturity dates in one 2043 and 2044. These loans are for the construction, relocation, improvement, and/or more private placement transactions interconnection of transmission mains. Tidewater has drawn a total of \$6.1 million through December 31, 2023 to help fund Middlesex's multi-year capital construction program. In connection with this approval; and expects that the requisitions will continue through mid-2025.

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

In December 2021, Tidewater closed on the DEPSC approved a DEPSC-approved \$5.0 million Delaware SRF Program loan and began receiving disbursements in January 2022. at an interest rate of 2.0%. The loan was for construction of a one million gallon elevated storage tank. Through December 31, 2023, Tidewater has borrowed \$2.6 million under this loan with borrowing expected to draw a total of \$4.8 million and expects that the requisitions will continue through mid-2023, the first quarter of 2024. The final maturity date on the loan is 2044.

In September 2021, Tidewater completed its \$20 million secured borrowing with CoBank, at an interest rate of 3.94% with and a 2046 maturity date. Proceeds from the loan were used to pay off its outstanding balances under its lines of credit.

In July 2023, Pinelands Water and Pinelands Wastewater closed on \$3.9 million and \$3.6 million CoBank amortizing mortgage type loans, respectively, with an interest rate of 6.17% and a final maturity date of 2043 for each loan. Proceeds were used to pay off outstanding intercompany loans with Middlesex and for ongoing capital projects.

The aggregate annual principal repayment obligations as of December 31, 2023 for all long-term debt over the next five years and thereafter are shown below:

<u>Year</u>	<u>(Millions of Dollars) Annual Maturities</u>	<u>(Millions of Dollars) Annual Maturities</u>
2023	\$ 17.5	
2024	\$ 7.4	\$ 7.7
2025	\$ 6.9	\$ 7.6
2026	\$ 6.7	\$ 7.4
2027	\$ 6.4	\$ 7.2
2028	\$	\$ 6.9
Thereafter	\$ 261.5	\$ 327.9

The weighted average interest rate on all long-term debt at December 31, 2022 December 31, 2023 and 2021 2022 was 2.98% 3.65% and 2.83% 2.98%, respectively. Except for the FMB Series 2020 (\$40.0 million), FMB Series 2021 (\$65.0 million) and Amortizing Secured Notes (\$44.9 million), all of the Company's outstanding long-term debt has been issued through the NJEDA (\$63.6 million), the NJIB SRF program (\$83.7 million) and the Delaware SRF program (\$9.2 million).

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

**Earnings Per Share**

The following table presents the calculation of basic and diluted earnings per share (EPS) for the years ended **December 31, 2022** December 31, 2023, **2021** 2022 and **2020**, 2021. Basic EPS is computed on the basis of the weighted average number of shares outstanding. Diluted EPS assumes the conversion of the Convertible Preferred Stock \$7.00 Series.

Basic:	(In Thousands, Except Per Share Amounts)						(In Thousands, Except Per Share Amounts)					
	2022		2021		2020		2023		2022		2021	
	Income	Shares	Income	Shares	Income	Shares	Income	Shares	Income	Shares	Income	Shares
Net Income	\$ 42,429	17,597	\$ 36,543	17,492	\$ 38,425	17,459	\$ 31,524	17,732	\$ 42,429	17,597	\$ 36,543	17,492
Preferred Dividend	(120)		(120)		(120)		(120)		(120)		(120)	
Earnings Applicable to Common Stock	\$ 42,309	17,597	\$ 36,423	17,492	\$ 38,305	17,459	\$ 31,404	17,732	\$ 42,309	17,597	\$ 36,423	17,492
Basic EPS	\$ 2.40		\$ 2.08		\$ 2.19		\$ 1.77		\$ 2.40		\$ 2.08	
Diluted:												
Earnings Applicable to Common Stock	\$ 42,309	17,597	\$ 36,423	17,492	\$ 38,305	17,459	\$ 31,404	17,732	\$ 42,309	17,597	\$ 36,423	17,492
\$7.00 Series Dividend	67	115	67	115	67	115						
Convertible Preferred \$7.00 Series Dividend							67	115	67	115	67	115
Adjusted Earnings Applicable to Common Stock	\$ 42,376	17,712	\$ 36,490	17,607	\$ 38,372	17,574	\$ 31,471	17,847	\$ 42,376	17,712	\$ 36,490	17,607
Diluted EPS	\$ 2.39		\$ 2.07		\$ 2.18		\$ 1.76		\$ 2.39		\$ 2.07	

**Fair Value of Financial Instruments**

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

	(Thousands of Dollars)			
	At December 31,			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FMBs	\$ 133,374	\$ 131,745	\$ 147,269	\$ 138,756

	(Thousands of Dollars)			
	At December 31,			
	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FMBs	\$ 147,269	\$ 138,756	\$ 98,828	\$ 107,781

It was not practicable to estimate their 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 rate and due date on these series of long-term debt, please refer to those series of long-term debt titled "Amortizing Secured Notes", and "State Revolving Trust Notes", "State Revolving Fund Bond" and "Construction Loans" on the Consolidated Statements of Capital Stock and Long-Term Debt. The carrying amount of these instruments was \$231.3 million and \$159.1 million at December 31, 2023 and \$212.3 million at December 31, 2022 and 2021, 2022, respectively. Customer advances for construction have carrying amounts of \$21.3 million and \$21.4 million at December 31, 2023 and \$23.5 million at December 31, 2022 and 2021, 2022, 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.

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### Note 7 - Employee Benefit Plans

#### **Pension Benefits**

The Company's Pension Plan covers all active employees hired prior to April 1, 2007. Employees hired after March 31, 2007 are not eligible to participate in this plan, but can participate in a defined contribution profit sharing plan that provides an annual contribution at the discretion of the Company, based upon a percentage of the participants' annual paid compensation. In order to be eligible for contribution, the eligible employee must be employed by the Company on December 31<sup>st</sup> of the year to which the contribution relates. The Company maintains an unfunded supplemental plan for a limited number of its executive officers. The Accumulated Benefit Obligation for the Company's Pension Plan at December 31, 2022 December 31, 2023 and 2021 2022 was \$79.4 million \$83.7 million and \$100.4 million \$79.4 million, respectively.

#### **Other Benefits**

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

#### **Regulatory Treatment of Over/Underfunded Retirement Obligations**

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

The Company uses a December 31 measurement date for all of its employee benefit plans. The tables below set forth information relating to the Company's Pension Plan and Other Benefits Plan for 2022, 2023 and 2021, 2022.

	(Thousands of Dollars)				(Thousands of Dollars)			
	Pension Plan		Other Benefits Plan		Pension Plan		Other Benefits Plan	
	December 31,				Years Ended December 31,			
	2022	2021	2022	2021	2023	2022	2023	2022
Change in Projected Benefit Obligation:								
Beginning Balance	\$ 113,710	\$ 115,861	\$ 49,396	\$ 52,776	\$ 87,788	\$ 113,710	\$ 32,909	\$ 49,396
Service Cost	2,362	2,696	799	917	1,551	2,362	391	799
Interest Cost	3,042	2,706	1,325	1,236	4,270	3,042	1,608	1,325
Actuarial (Gain) Loss	(27,850)	(4,185)	(17,761)	(4,705)	1,966	(27,850)	(5,968)	(17,761)
Benefits Paid	(3,476)	(3,368)	(850)	(828)	(3,722)	(3,476)	(940)	(850)
Ending Balance	\$ 87,788	\$ 113,710	\$ 32,909	\$ 49,396	\$ 91,853	\$ 87,788	\$ 28,000	\$ 32,909
Change in Fair Value of Plan Assets:								
Beginning Balance	\$ 84,828	\$ 100,750	\$ 44,029	\$ 50,668				
Actual Return on Plan Assets	10,840	(14,346)	4,323	(6,639)				
Employer Contributions	400	1,900	940	850				
Benefits Paid	(3,722)	(3,476)	(940)	(850)				
Ending Balance	\$ 92,346	\$ 84,828	\$ 48,352	\$ 44,029				
Funded Status	\$ 494	\$ (2,960)	\$ 20,352	\$ 11,120				
Amounts Recognized in the Consolidated Balance Sheets consist of:								
Current Liability	\$ 933	\$ 529	\$ —	\$ —				
Noncurrent Liability (Asset)	(1,427)	2,431	(20,352)	(11,120)				
Net Liability (Asset) Recognized	\$ (494)	\$ 2,960	\$ (20,352)	\$ (11,120)				

	(Thousands of Dollars)					
	Pension Plan		Other Benefits Plan			
	December 31,		2022		2021	
Change in Fair Value of Plan Assets:						
Beginning Balance	\$ 100,750	\$ 88,921	\$ 50,668	\$ 44,892		
Actual Return on Plan Assets	(14,346)	11,798	(6,639)	5,776		
Employer Contributions	1,900	3,400	850	828		
Benefits Paid	(3,476)	(3,369)	(850)	(828)		
Ending Balance	\$ 84,828	\$ 100,750	\$ 44,029	\$ 50,668		
Funded Status	\$ (2,960)	\$ (12,960)	\$ 11,120	\$ 1,272		
(Thousands of Dollars)						
Pension Plan			Other Benefits Plan			
	2023	2022	Years Ended December 31,	2021	2023	2022
Components of Net Periodic Benefit Cost						
Service Cost	\$ 1,551	\$ 2,362	\$ 2,696	\$ 391	\$ 799	\$ 917
Interest Cost	4,270	3,042	2,706	1,608	1,325	1,236
Expected Return on Plan Assets	(5,865)	(7,041)	(6,225)	(3,082)	(3,547)	(3,142)
Amortization of Net Actuarial Loss (Gain)	658	1,674	2,868	(191)	—	527
Net Periodic Benefit Cost*	\$ 614	\$ 37	\$ 2,045	\$ (1,274)	\$ (1,423)	\$ (462)
(Thousands of Dollars)						
Pension Plan			Other Benefits Plan			
	2022	2021	Years Ended December 31,	2021	2022	2021
Amounts Recognized in the Consolidated Balance Sheets consist of:						
Current Liability	\$ 529	\$ 398	\$ —	\$ —	\$ —	\$ —
Noncurrent Liability (Asset)	2,431	12,562	(11,120)	(1,272)	(1,272)	(1,272)
Net Liability (Asset) Recognized	\$ 2,960	\$ 12,960	\$ (11,120)	\$ (1,272)	\$ (1,272)	\$ (1,272)
(Thousands of Dollars)						
Pension Plan			Other Benefits Plan			
	2022	2021	Years Ended December 31,	2020	2022	2021
Components of Net Periodic Benefit Cost						
Service Cost	\$ 2,363	\$ 2,696	\$ 2,434	\$ 799	\$ 917	\$ 993
Interest Cost	3,042	2,706	3,099	1,325	1,236	1,699
Expected Return on Plan Assets	(7,041)	(6,225)	(5,635)	(3,547)	(3,142)	(2,853)
Amortization of Net Actuarial Loss	1,673	2,868	2,059	—	527	1,352
Net Periodic Benefit Cost*	\$ 37	\$ 2,045	\$ 1,957	\$ (1,423)	\$ (462)	\$ 1,191

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

Amounts that are expected to be amortized from Regulatory Assets into Net Periodic Benefit Cost in 2023 2024 are as follows:

	(Thousands of Dollars)		
	Pension Plan	Other	Benefits Plan
Actuarial Loss (Gain)	\$ 658	\$ (191)	\$ (191)

	(Thousands of Dollars)					
	Pension Plan			Other Benefits Plan		
Actuarial Loss (Gain) <a href="#">Index</a>	\$ 153			\$ (1,098)		

The discount rate and compensation increase rate for determining our postretirement benefit plans' benefit obligations and costs as of and for the years ended **December 31, 2022** December 31, 2023, **2021** 2022 and **2020**, 2021, respectively, are as follows:

	Pension Plan			Other Benefits Plan			Pension Plan			Other Benefits Plan		
	2022	2021	2020	2022	2021	2020	2023	2022	2021	2023	2022	2021
Weighted Average Assumptions:												
Expected Return on Plan Assets	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Discount Rate for:												
Benefit Obligation	4.98%	2.72%	2.37%	4.98%	2.72%	2.37%	4.79%	4.98%	2.72%	4.79%	4.98%	2.72%
Benefit Cost	2.72%	2.37%	3.12%	2.72%	2.37%	3.12%	4.98%	2.72%	2.37%	4.98%	2.72%	2.37%
Compensation Increase for:												
Benefit Obligation	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Benefit Cost	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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

The Company utilizes the Society of Actuaries' mortality table (Pri-2012) (Mortality Improvement Scale [MP2021 for the 2022 valuation](#)) [MP2021](#)).

For the **2022** 2023 valuation, costs and obligations for our Other Benefits Plan assumed a 7.5% annual rate of increase in the per capita cost of covered healthcare benefits in **2022** 2023 with the annual rate of increase declining 0.5% per year for **2023-2028**, 2024-2029, resulting in an annual rate of increase in the per capita cost of covered healthcare benefits of 4.5% by year **2029**, 2030.

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

	(Thousands of Dollars)		(Thousands of Dollars)	
	1 Percentage Point		1 Percentage Point	
	Increase	Decrease	Increase	Decrease
Effect on Current Year Service and Interest Costs	\$ 435	\$ (334)	\$ 308	\$ (246)
Effect on Projected Benefit Obligation	\$ 4,239	\$ (3,448)	\$ 3,264	\$ (2,676)

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

Year	(Thousands of Dollars)		(Thousands of Dollars)	
	Pension Plan	Other Benefits Plan	Pension Plan	Other Benefits Plan
2023	\$ 4,153	\$ 1,262		
2024	4,961	1,423	\$ 5,078	\$ 1,181
2025	5,349	1,550	5,457	1,310
2026	5,344	1,645	5,444	1,377
2027	5,437	1,699	5,522	1,417
2028-2032	28,483	9,363		
2028			5,638	1,445
2029-2033			29,349	8,104
Totals	\$ 53,727	\$ 16,942	\$ 56,488	\$ 14,834

**Benefit Plans Assets**

The allocation of plan assets at **December 31, 2022** **December 31, 2023** and **2021** **2022** by asset category is as follows:

Asset Category	Pension Plan			Other Benefits Plan			Pension Plan			Other Benefits Plan		
	2022	2021	Target	2022	2021	Target	2023	2022	Target	2023	2022	Target
Equity Securities	53.6%	59.6%	55%	55.2%	66.8%	43%	58.1%	53.6%	55%	60.9%	55.2%	43%
Debt Securities	40.9%	37.9%	38%	24.7%	30.7%	50%	39.6%	40.9%	38%	36.1%	24.7%	50%
Cash	3.9%	1.0%	2%	20.1%	2.5%	2%	0.7%	3.9%	2%	3.0%	20.1%	2%
Real Estate/Commodities	1.6%	1.5%	5%	0.0%	0.0%	5%	1.6%	1.6%	5%	0.0%	0.0%	5%
Total	100.0%	100.0%		100.0%	100.0%		100.0%	100.0%		100.0%	100.0%	

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

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

**Fair Value Measurements**

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

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

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

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

	(Thousands of Dollars)					<b>Total</b>	
	As of December 31, 2023						
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>				
Mutual Funds	\$ 71,236	\$ —	\$ —	\$ 71,236			
Money Market Funds	663	—	—	663			
Common Equity Securities	12,544	—	—	12,544			
Corporate Bonds	5,091	—	—	5,091			
Agency/US Debt	1,854	—	—	1,854			
Sovereign/Non-US Debt	958	—	—	958			
<b>Total Investments</b>	<b>\$ 92,346</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 92,346</b>			

	(Thousands of Dollars)					<b>Total</b>	
	As of December 31, 2022						
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>				
Mutual Funds	\$ 71,559	\$ —	\$ —	\$ 71,559			
Money Market Funds	3,271	—	—	3,271			
Common Equity Securities	9,998	—	—	9,998			
<b>Total Investments</b>	<b>\$ 84,828</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 84,828</b>			

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

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

	(Thousands of Dollars)					As of December 31, 2023	
	Level 1		Level 2		Level 3		
	\$	29,437	\$	—	\$	—	\$
Mutual Funds							29,437
Money Market Funds		1,429		—		—	1,429
Agency/US/State/Municipal Debt		—		17,486		—	17,486
Total Investments	\$	30,866	\$	17,486	\$	—	\$ 48,352

	(Thousands of Dollars)					As of December 31, 2022	
	Level 1		Level 2		Level 3		
	\$	23,660	\$	—	\$	—	\$
Mutual Funds							23,660
Money Market Funds		8,623		—		—	8,623
Agency/US/State/Municipal Debt		—		10,592		—	10,592
Other		1,154		—		—	1,154
Total Investments	\$	33,437	\$	10,592	\$	—	\$ 44,029

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

**Benefit Plans Contributions**

For the Pension Plan, Middlesex made total cash contributions of \$1.9 million \$0.4 million in 2022 2023 and expects to make approximately \$2.0 million of cash contributions of approximately \$0.9 million in 2023, 2024.

For the Other Benefits Plan, Middlesex made total cash contributions of \$0.9 million in 2022 2023 and expects to make approximately \$0.9 million of cash contributions in 2023, 2024.

**401(k) Plan**

The Company maintains a 401(k) defined contribution plan, which covers substantially all employees with more than 1,000 hours of service. Under the terms of the Plan, the Company matches 100% of a participant's contributions, which do not exceed 1% of a participant's compensation, plus 50% of a participant's contributions exceeding 1%, but not more than 6%. The Company's matching contribution was \$0.8 million, \$0.7 million and \$0.7 million for each of the years ended December 31, 2022 December 31, 2023, 2022 and 2021, and 2020, respectively.

Employees hired after March 31, 2007 are not eligible to participate in the Pension Plan and are generally eligible to participate in a discretionary profit sharing plan administered through the 401(k) plan. In December each year, the Board of Directors may approve that a stated percentage of eligible compensation be contributed to the account of the employee participant in the first quarter of the following year. For those employees still actively employed on December 31, 2022 December 31, 2023 or retired during the current year, the Company will fund a discretionary contribution of \$0.9 million before April 1, 2023 April 1, 2024, which represents 5.0% of eligible 2022 2023 compensation. For the years ended December 31, 2021 December 31, 2022 and 2020, 2021, the Company made qualifying discretionary contributions totaling \$0.8 million \$0.9 million and \$0.7 million \$0.8 million, respectively.

**Stock-Based Compensation**

The Company maintains a long-term incentive compensation plan for certain management employees where awards are made in the form of restricted common stock. Shares of restricted stock issued under the plan are subject to forfeiture by the employee in the event of termination of employment for any reason within five years of the award.

other than as a result of retirement at normal retirement age, death, disability or change in control. The maximum number of shares authorized for award under the plan is 300,000 shares, of which approximately 80% 75% remain available for award issuance.

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

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

	Shares(thousands)	Unearned Compensation (thousands)	Weighted Average Granted Price
Balance, January 1, 2020	97	1,706	
Granted	16	982	\$ 60.12
Vested	(27)	—	
Amortization of Compensation expense	—	(851)	
Balance, December 31, 2020	86	1,837	
Granted	15	1,151	\$ 79.02
Vested	(18)	—	
Amortization of Compensation expense	—	(1,057)	
Balance, December 31, 2021	83	1,931	
Granted	11	1,151	\$ 105.17
Vested	(17)	—	
Amortization of Compensation expense	—	(1,350)	
Balance, December 31, 2022	77	\$ 1,732	

	Shares(thousands)	Unearned Compensation (thousands)	Weighted Average Granted Price
Balance, January 1, 2021	86	\$ 1,837	
Granted	15	1,151	\$ 79.02
Vested	(18)	—	
Amortization of Compensation expense	—	(1,057)	
Balance, December 31, 2021	83	1,931	
Granted	11	1,151	\$ 105.17
Vested	(17)	—	
Amortization of Compensation expense	—	(1,350)	
Balance, December 31, 2022	77	1,732	
Granted	15	1,165	\$ 77.63
Vested	(18)	—	
Amortization of Compensation expense	—	(1,854)	
Balance, December 31, 2023	74	\$ 1,043	

## Note 8 – Business Segment Data

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

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

Operations by Segments:	(Thousands of Dollars)		
	2022	2021	2020
Revenues:			
Regulated	\$ 151,117	\$ 131,531	\$ 129,851
Non – Regulated	12,446	12,818	12,545
Inter-segment Elimination	(1,129)	(1,208)	(804)
Consolidated Revenues	\$ 162,434	\$ 143,141	\$ 141,592
Operating Income:			
Regulated	\$ 44,257	\$ 29,577	\$ 34,043
Non – Regulated	3,076	3,634	3,377
Consolidated Operating Income	\$ 47,333	\$ 33,211	\$ 37,420
Depreciation:			
Regulated	\$ 22,783	\$ 20,897	\$ 18,264
Non – Regulated	246	212	208
Consolidated Depreciation	\$ 23,029	\$ 21,109	\$ 18,472
Other Income (Expense), Net:			
Regulated	\$ 7,898	\$ 6,112	\$ 4,605
Non – Regulated	279	279	130
Inter-segment Elimination	(474)	(433)	(356)
Consolidated Other Income (Expense), Net	\$ 7,703	\$ 5,958	\$ 4,379
Interest Expense:			
Regulated	\$ 9,833	\$ 8,529	\$ 7,780
Non – Regulated	7	17	70
Inter-segment Elimination	(473)	(432)	(357)
Consolidated Interest Expense	\$ 9,367	\$ 8,114	\$ 7,493
Income Taxes:			
Regulated	\$ 2,084	\$ (6,723)	\$ (5,139)
Non – Regulated	1,156	1,235	1,020
Consolidated Income Taxes	\$ 3,240	\$ (5,488)	\$ (4,119)
Net Income:			
Regulated	\$ 40,229	\$ 33,849	\$ 35,951
Non – Regulated	2,200	2,694	2,474
Consolidated Net Income	\$ 42,429	\$ 36,543	\$ 38,425
Capital Expenditures:			
Regulated	\$ 91,054	\$ 79,195	\$ 105,091

Non – Regulated	281	183	528
Total Capital Expenditures	\$ 91,335	\$ 79,378	\$ 105,619

	(Thousands of Dollars)		
	Years Ended December 31,		
	2023	2022	2021
<b>Operation by Segments</b>			
Revenues:			
Regulated	\$ 154,617	\$ 151,117	\$ 131,531
Non – Regulated	12,773	12,446	12,818
Inter-segment Elimination	(1,116)	(1,129)	(1,208)
Consolidated Revenues	<u>\$ 166,274</u>	<u>\$ 162,434</u>	<u>\$ 143,141</u>
Operating Income:			
Regulated	\$ 35,820	\$ 44,257	\$ 29,577
Non – Regulated	3,403	3,076	3,634
Consolidated Operating Income	<u>\$ 39,223</u>	<u>\$ 47,333</u>	<u>\$ 33,211</u>
Depreciation:			
Regulated	\$ 24,931	\$ 22,783	\$ 20,897
Non – Regulated	263	246	212
Consolidated Depreciation	<u>\$ 25,194</u>	<u>\$ 23,029</u>	<u>\$ 21,109</u>
Other Income, Net:			
Regulated	\$ 6,637	\$ 7,898	\$ 6,112
Non – Regulated	214	279	279
Inter-segment Elimination	(366)	(474)	(433)
Consolidated Other Income, Net	<u>\$ 6,485</u>	<u>\$ 7,703</u>	<u>\$ 5,958</u>
Interest Expense:			
Regulated	\$ 13,508	\$ 9,833	\$ 8,529
Non – Regulated	—	7	17
Inter-segment Elimination	(365)	(473)	(432)
Consolidated Interest Expense	<u>\$ 13,143</u>	<u>\$ 9,367</u>	<u>\$ 8,114</u>
Income Taxes:			
Regulated	\$ (146)	\$ 2,084	\$ (6,723)
Non – Regulated	1,187	1,156	1,235
Consolidated Income Taxes	<u>\$ 1,041</u>	<u>\$ 3,240</u>	<u>\$ (5,488)</u>
Net Income:			
Regulated	\$ 29,094	\$ 40,229	\$ 33,849
Non – Regulated	2,430	2,200	2,694
Consolidated Net Income	<u>\$ 31,524</u>	<u>\$ 42,429</u>	<u>\$ 36,543</u>
Capital Expenditures:			
Regulated	\$ 90,047	\$ 91,054	\$ 79,195
Non – Regulated	132	281	183
Total Capital Expenditures	<u>\$ 90,179</u>	<u>\$ 91,335</u>	<u>\$ 79,378</u>

		(Thousands of Dollars)			
		As of December 31, 2022	As of December 31, 2021	As of December 31, 2023	As of December 31, 2022
Assets:					
Regulated		\$ 1,079,180	\$ 1,022,116	1,235,549	\$ 1,079,180
Non – Regulated		6,999	7,811	8,068	6,999
Inter-segment Elimination		(11,729)	(9,912)	(7,565)	(11,729)
Consolidated Assets		\$ 1,074,450	\$ 1,020,015	\$ 1,236,052	\$ 1,074,450

Note 9 - Quarterly Data - Unaudited

Financial information for each quarter of 2022 2023 and 2021 2022 is as follows:

	(Thousands of Dollars, Except per Share Data)					(Thousands of Dollars, Except per Share Data)					
	2022	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Total	2023	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
Operating Revenues	\$ 36,196	\$ 39,683	\$ 47,732	\$ 38,823	\$ 162,434	\$ 38,156	\$ 42,801	\$ 46,715	\$ 38,602	\$ 166,274	
Gain on Sale of Subsidiary	5,232	—	—	—	5,232						
Operating Income	12,523	10,088	16,575	8,146	47,332	7,490	10,669	12,822	8,242	39,223	
Net Income	12,100	8,868	14,291	7,169	42,428	5,868	9,901	9,990	5,765	31,524	
Basic Earnings per Share	\$ 0.69	\$ 0.50	\$ 0.81	\$ 0.40	\$ 2.40	\$ 0.33	\$ 0.56	\$ 0.56	\$ 0.32	\$ 1.77	
Diluted Earnings per Share	\$ 0.68	\$ 0.50	\$ 0.81	\$ 0.40	\$ 2.39	\$ 0.33	\$ 0.55	\$ 0.56	\$ 0.32	\$ 1.76	
Common Dividend Per Share	\$ 0.2900	\$ 0.2900	\$ 0.2900	\$ 0.3125	\$ 1.1825	\$ 0.3125	\$ 0.3125	\$ 0.3125	\$ 0.3250	\$ 1.2625	
High/Low Common Stock Price	\$94.56/\$121.10	\$75.77/\$108.27	\$77.08/\$96.19	\$74.20/\$95.82		\$72.64/\$90.56	\$66.51/\$84.38	\$65.37/\$84.35	\$61.34/\$73.47		
2021	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Total	2022	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Total
Operating Revenues	\$ 32,541	\$ 36,701	\$ 39,874	\$ 34,025	\$ 143,141	\$ 36,196	\$ 39,683	\$ 47,732	\$ 38,823	\$ 162,434	
Gain on Sale of Subsidiary						5,232	—	—	—	5,232	
Operating Income	5,634	9,814	11,424	6,339	33,211	12,523	10,088	16,575	8,147	47,333	
Net Income	6,907	10,923	11,476	7,237	36,543	12,100	8,868	14,291	7,170	42,429	
Basic Earnings per Share	\$ 0.39	\$ 0.62	\$ 0.65	\$ 0.42	\$ 2.08	\$ 0.69	\$ 0.50	\$ 0.81	\$ 0.40	\$ 2.40	
Diluted Earnings per Share	\$ 0.39	\$ 0.62	\$ 0.65	\$ 0.41	\$ 2.07	\$ 0.68	\$ 0.50	\$ 0.81	\$ 0.40	\$ 2.39	

Common Dividend Per Share	\$ 0.2725	\$ 0.2725	\$ 0.2725	\$ 0.2900	\$ 1.1075	\$ 0.2900	\$ 0.2900	\$ 0.2900	\$ 0.3125	\$ 1.1825
High/Low Common Stock Price	\$85.92/\$67.09	\$88.61/\$77.31	\$116.40/\$81.02	\$119.37/\$98.12		\$94.56/\$121.10	\$75.77/\$108.27	\$77.08/\$96.19	\$74.20/\$95.82	

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

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

None.

ITEM 9A. **CONTROLS AND PROCEDURES**

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

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As required by Rule 13a-15 under the Exchange Act, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was conducted by the Company's Chief Executive Officer along with the Company's Chief Financial Officer for the quarter year ended **December 31, 2022** December 31, 2023. Based upon that evaluation, the Company's Chief Executive Officer and the Company's Chief Financial Officer concluded:concluded that:

**(a) Disclosure**

- a) The following changes in internal control over financial reporting occurred during the year ended December 31, 2023 that has materially affected, or are reasonably likely to materially affect, internal control over financial reporting:

In December 2023, management implemented various auditing and monitoring solutions that provide greater transparency into changes made within our information technology (IT) systems. These control solutions are supported by a timely review process that focuses on the proper authorization and approval of IT system changes.

- b) Our disclosure controls and procedures were not effective as of December 31, 2023 due to the material weaknesses described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

As the IT material weakness was recently determined to exist, the remediation actions described in paragraph (1) a) above were completed in December 2023. However, the implemented controls did not operate over a sufficient time period to adequately test and procedures validate the remediation and reassess other information technology general controls (ITGCs), which may require further remediation actions.

In addition, there were effective ineffective internal controls related to income tax accounting for a non-routine transaction.

Management has determined that such material weaknesses exist as of the end of the period covered by this report.

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

Accordingly, management believes the consolidated financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented. **December 31, 2023.**

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

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

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the adequacy of financial statement preparation and presentation. Middlesex's management assessed the effectiveness of the Company's internal control over financial reporting as of **December 31, 2022** December 31, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013 framework). Based

Subsequent to the issuance of the Company's consolidated financial statements for the year ended December 31, 2022 which were included in Company's Annual Report on our assessment, we believe that as of Form 10-K for the fiscal year ended December 31, 2022, originally filed with the United States Securities and Exchange Commission on February 24, 2023, the Company's independent registered public accounting firm, Baker Tilly US, LLP (Baker Tilly), conducted a routine internal quality review of its integrated audit of the Company's 2022 consolidated financial statements and internal

control over financial reporting is operating as of December 31, 2022. As a result of this review, Baker Tilly re-examined the Company's ITGCs in the areas of user access and change management over certain IT systems that support the Company's financial reporting processes. Certain of those controls were found to be deficient because of a lack of sufficient IT control processes designed to prevent or detect unauthorized changes in applications and is data in selected IT environments. It has therefore been concluded that automated and manual process controls dependent on ITGCs were not effective. These ineffective controls create a possibility that material misstatements in financial reporting processes and financial statement accounts in our consolidated financial statements will not be prevented or detected on a timely basis. As the material weakness was recently determined to exist, certain remediation actions were completed in December 2023. Various auditing and monitoring solutions have been implemented that provide greater transparency into changes made within our IT systems. These control solutions are supported by a timely review process that focuses on the proper authorization and approval of IT system changes. Due to the timing of the implementation of the solutions, the controls implemented did not operate over a sufficient time period to adequately test and validate the remediation and reassess other ITGCs, which may require further remediation actions.

In addition, there were ineffective internal controls related to income tax accounting for a non-routine transaction.

Management has determined that such material weaknesses exist as of December 31, 2023.

Notwithstanding the identified material weakness referred to above, management, including our principal executive officer and principal financial officer, believe that the financial statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 fairly present, in all material respects, the financial condition, results of operations and cash flows of the Company for all periods presented in accordance with accounting principles generally accepted in the United States of America.

While the Audit Committee of our Board of Directors and Company management will closely monitor the remediation efforts, until the remediation efforts discussed in this section are complete, tested and determined effective, based on those criteria, we will not be able to conclude that the material weakness has been remediated.

Middlesex's independent registered public accounting firm (PCAOB ID 23) has audited the effectiveness of our internal control over financial reporting as of December 31, 2022 December 31, 2023 as stated in their report dated as of February 29, 2024, which is included herein.

/s/ Dennis W. Doll

Dennis W. Doll  
President and  
Chief Executive Officer

/s/ A. Bruce O'Connor

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

Iselin, New Jersey

February 24, 2023 29, 2024

#### ITEM 9B. OTHER INFORMATION.

- (a) None.
- (b) Insider Trading Arrangements and Policies - During the three months ended December 31, 2023, 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 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

### **PART III**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.**

Information with respect to Directors of Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2023 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

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

#### **ITEM 11. EXECUTIVE COMPENSATION.**

This Information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2022 2023 Annual Meeting of Stockholders and is incorporated herein by reference.

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

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2023 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

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

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2023 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

#### **ITEM 14. PRINCIPAL ACCOUNTING ACCOUNTANT FEES AND SERVICES.**

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2023 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.**

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

[Consolidated Balance Sheets at December 31, 2022 December 31, 2023 and 2021](#),[2022](#).

[Consolidated Statements of Income for each of the three years in the period ended December 31, 2022](#),

December 31, 2023,

[Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2022](#),

December 31, 2023.

[Consolidated Statements of Capital Stock and Long-term Debt as of December 31, 2022 December 31, 2023 and 2021](#),[2022](#).

[Consolidated Statements of Common Stockholders' Equity for each of the three years in the period ended December 31, 2022 December 31, 2023](#).

[Notes to Consolidated Financial Statements](#).

2. [Financial Statement Schedules](#)

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

3. [Exhibits](#)

See Exhibit listing immediately following the signature page.

**ITEM 16. FORM 10-K SUMMARY.**

None.

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SIGNATURES

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

MIDDLESEX WATER COMPANY

By: /s/ Dennis W. Doll  
Dennis W. Doll  
President and Chief Executive Officer  
Date: February 24, 2023

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 24, 2023.

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 29, 2024.

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

By: /s/ Robert J. Capko  
Robert J. Capko  
Corporate Controller  
(Principal Accounting Officer)

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

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

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

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

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

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

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

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

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

## EXHIBIT INDEX

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

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

## EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
3.11	<a href="#">By-laws of the Company, as amended, filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.</a>		
3.12	<a href="#">Amendments to the by-laws of the Company, included as Exhibit 3(ii) to the Company's Current Report on Form 8-K dated November 22, 2017.</a>		
4.1	Form of Common Stock Certificate.	2-55058	2(a)
10.1	<a href="#">Water Service Agreement, dated February 28, 2006, between the Company and Elizabethtown Water Company, filed as Exhibit 10 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.</a>	2-15795	4(a)-4(f)
10.2	Mortgage, dated April 1, 1927, between the Company and Union County Trust Company, as Trustee, as supplemented by Supplemental Indentures, dated as of October 1, 1939 and April 1, 1949.	33-54922	10.4-10.9
10.3	Supplemental Indenture, dated as of July 1, 1964 and June 15, 1991, between the Company and Union County Trust Company, as Trustee.	33-31476	10.13
10.4	<a href="#">Agreement for a Supply of Water, dated as of July 27, 2011, between the Company and the Old Bridge Municipal Utilities Authority, filed as Exhibit No. 10.4 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.</a>	33-54922	10.24
10.5	Water Supply Agreement, dated as of July 14, 1987, between the Company and the Marlboro Township Municipal Utilities Authority, as amended.		
10.6	<a href="#">Water Purchase Contract, dated as of September 25, 2003, between the Company and the New Jersey Water Supply Authority, filed as Exhibit No. 10.7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2003.</a>		
10.7	<a href="#">Treatment and Pumping Agreement, dated October 1, 2014, between the Company and the Township of East Brunswick, filed as Exhibit No. 10.7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2016.</a>		
10.8	Water Supply Agreement, dated June 4, 1990, between the Company and Edison Township.		
10.9	<a href="#">Agreement for a Supply of Water, dated January 1, 2006, between the Company and the Borough of Highland Park, filed as Exhibit No. 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.</a>		
10.9(a)	<a href="#">Amendment to Agreement for a Supply of Water, dated as of December 1, 2015, between the Company and the Borough of Highland Park, filed as Exhibit No. 10.9(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2015.</a>		
Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
3.11	<a href="#">By-laws of the Company, as amended, filed as Exhibit 4.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.</a>		
3.12	<a href="#">Amendments to the by-laws of the Company, included as Exhibit 3(ii) to the Company's Current Report on Form 8-K dated November 22, 2017.</a>		
4.1	Form of Common Stock Certificate.	2-55058	2(a)
10.1	<a href="#">Water Service Agreement, dated February 28, 2006, between the Company and Elizabethtown Water Company, filed as Exhibit 10 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.</a>	2-15795	4(a)-4(f)
10.2	Mortgage, dated April 1, 1927, between the Company and Union County Trust Company, as Trustee, as supplemented by Supplemental Indentures, dated as of October 1, 1939 and April 1, 1949.	33-54922	10.4-10.9
10.3	Supplemental Indenture, dated as of July 1, 1964 and June 15, 1991, between the Company and Union County Trust Company, as Trustee.	33-31476	10.13
10.4	<a href="#">Agreement for a Supply of Water, dated as of July 27, 2011, between the Company and the Old Bridge Municipal Utilities Authority, filed as Exhibit No. 10.4 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.</a>	33-54922	10.24
10.5	Water Supply Agreement, dated as of July 14, 1987, between the Company and the Marlboro Township Municipal Utilities Authority, as amended.		
*10.6	<a href="#">Water Purchase Contract, dated as of October 24, 2023, between the Company and the New Jersey Water Supply Authority.</a>		
10.7	<a href="#">Treatment and Pumping Agreement, dated October 1, 2014, between the Company and the Township of East Brunswick, filed as Exhibit No. 10.7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2016.</a>		
10.8	Water Supply Agreement, dated June 4, 1990, between the Company and Edison Township.	33-54922	10.24
10.9	<a href="#">Agreement for a Supply of Water, dated January 1, 2006, between the Company and the Borough of Highland Park, filed as Exhibit No. 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.</a>		
10.9(a)	<a href="#">Amendment to Agreement for a Supply of Water, dated as of December 1, 2015, between the Company and the Borough of Highland Park, filed as Exhibit No. 10.9(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2015.</a>		

## EXHIBIT INDEX

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

**EXHIBIT INDEX**

Exhibit No.	Document Description	No.	No.	Previous	Filing's
				Registration	Exhibit
10.13(a) (t)10.10	<a href="#">Amendment, Middlesex Water Company Supplemental Executive Retirement Plan, filed as Exhibit 10.13 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999.</a> <a href="#">Middlesex Water Company 2018 Restricted Stock Plan, filed as Appendix A to the Company's Definitive Proxy Statement, dated November 28, 2016 and filed April 12, 2018.</a>				
(t)10.11(a)					
(t)10.11(b)	<a href="#">Registration Statement, Form S-8, under the Securities Act of 1933, filed December 18, 2008, relating to <u>Transmission</u> the Middlesex Water Company Outside Director Stock Compensation Stock Plan.</a>	333-156269			
(t)10.12	<a href="#">Employment Agreement, dated as of March 1, 2024, between the Company and the Township of East Brunswick, Nadine Duchemin-Leslie, filed as Exhibit No. 10.13(a)99.2 of the Company's Current Report on Form 8-K dated January 23, 2024.</a>				
(t)10.12(a)	<a href="#">Change in Control Termination Agreement, dated as of March 1, 2024, between the Company and Nadine Duchemin-Leslie, filed as Exhibit 99.3 of the Company's Current Report on Form 8-K dated January 23, 2024.</a>				
(t)10.12(b)	<a href="#">Change in Control Termination Agreement, dated as of January 1, 2009, between the Company and A. Bruce O'Connor, filed as Exhibit 10.13(b) of the Company's Annual Report on Form 10-K for the year ended December 31, 2016 December 31, 2008.</a>				
(t)10.12(c)	<a href="#">Change in Control Termination Agreement, dated as of March 1, 2012, between the Company and Lorrie B. Ginegaw, filed as Exhibit 10.13(e) of the Company's Annual Report on Form 10-K for the year ended December 31, 2011.</a>				
10.14 (t)10.12(d)	<a href="#">Contract, Change in Control Termination Agreement, dated August 20, 2018 as of January 1, 2009, between the City of Perth Amboy Company and Utility Service Affiliates (Perth Amboy), Inc., Bernadette M. Sohler, filed as Exhibit 10.16 10.13(h) of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.</a>				
(t)10.12(e)	<a href="#">Change in Control Termination Agreement, dated as of March 17, 2014, between the Company and Jay L. Kooper, filed as Exhibit 10.12(g) of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 June 30, 2014.</a>				
10.15 (t)10.12(f)	<a href="#">Thirtieth Supplemental Indenture, Change in Control Termination Agreement, dated October 15, 2004 as of July 1, 2019, between the Company and Wachovia Bank, National Association; Loan Agreement, dated November 1, 2004, between the State of New Jersey and the Company (Series EE), G. Christian Andreasen, filed as Exhibit No. 10.26 of the Company's for the year ended December 31, 2004.</a>				
10.16	<a href="#">Thirty-First Supplemental Indenture, dated October 15, 2004, between the Company and Wachovia Bank, National Association; Loan Agreement, dated November 1, 2004, between the New Jersey Environmental Infrastructure Trust and the Company (Series FF), filed as Exhibit No. 10.27 10.12(f) of the Company's Annual Report on Form 10-K for the year ended December 31, 2004 December 31, 2019.</a>				
10.17(a) (t)10.12(g)	<a href="#">Promissory Note and Supplement, Change in Control Termination Agreement, dated October 15, 2014 as of July 1, 2019, between Tidewater Utilities, Inc. the Company and CoBank, ACB; Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement, effective October 15, 2014, between Tidewater Utilities, Inc. and CoBank, ACB, Robert K. Fullagar, filed as Exhibit 10.23 10.12(g) of the Company's Annual Report on Form 10-K for the year ended December 31, 2014 December 31, 2019.</a>				

## EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
(t)10.12(h)	<a href="#">Change in Control Termination Agreement, dated as of July 1, 2019, between the Company and Georgia M. Simpson, filed as Exhibit 10.12(h) of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.</a>		
(t)10.12(i)	<a href="#">Change in Control Termination Agreement, dated as of April 28, 2023 between the Company and Robert J. Capko, filed as Exhibit 10.12(i) of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023.</a>		
10.13	Transmission Agreement, dated October 16, 1992, between the Company and the Township of East Brunswick.	33-54922	10.23
10.13(a)	<a href="#">Amendment, dated November 28, 2016, to Transmission Agreement between the Company and the Township of East Brunswick, filed as Exhibit No. 10.13(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2016.</a>		
10.14	<a href="#">Contract, dated August 20, 2018, between the City of Perth Amboy and Utility Service Affiliates (Perth Amboy), Inc., filed as Exhibit 10.16 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.</a>		
10.15	<a href="#">Thirtieth Supplemental Indenture, dated October 15, 2004, between the Company and Wachovia Bank, National Association; Loan Agreement, dated November 1, 2004, between the State of New Jersey and the Company (Series EE), filed as Exhibit No. 10.26 of the Company's Annual Report on Form 10-K for the year ended December 31, 2004.</a>		
10.16	<a href="#">Thirty-First Supplemental Indenture, dated October 15, 2004, between the Company and Wachovia Bank, National Association; Loan Agreement, dated November 1, 2004, between the New Jersey Environmental Infrastructure Trust and the Company (Series FF), filed as Exhibit No. 10.27 of the Company's Annual Report on Form 10-K for the year ended December 31, 2004.</a>		
10.17(a)	<a href="#">Promissory Note and Supplement, dated October 15, 2014, between Tidewater Utilities, Inc. and CoBank, ACB; Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement, effective October 15, 2014, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.23 of the Company's Annual Report on Form 10-K for the year ended December 31, 2014.</a>		

## EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.17(b)	<a href="#">Promissory Note and Supplement, dated March 29, 2021, between Tidewater Utilities, Inc. and CoBank, ACB; Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement, effective March 29, 2021, March 29, 2021, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.19(b) of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.</a>		
10.17(c)	<a href="#">Promissory Note and Supplement, dated May 11, 2023, between Tidewater Utilities, Inc. and CoBank, ACB; Amendments to Combination Water Utility Real Estate Mortgage and Security Agreement, effective May 11, 2023, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.17(c) of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023.</a>		
10.17(d)	<a href="#">Sixth Amendment to Promissory Note and Supplement, dated as of May 11, 2023, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.17(d) of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023.</a>		
10.18	<a href="#">Agreement for a Supply of Water, dated April 1, 2006, between the Company and the City of Rahway, filed as Exhibit No. 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.</a>		
10.19	<a href="#">Loan Agreement, dated November 1, 2006, between the State of New Jersey and the Company (Series GG), filed as Exhibit No. 10.30 of the Company's Annual Report on Form 10-K for the year ended December 31, 2006.</a>		

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EXHIBIT INDEX			
Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.20	<a href="#">Loan Agreement, dated November 1, 2006, between the New Jersey Environmental Infrastructure Trust and the Company (Series HH), filed as Exhibit No. 10.31 of the Company's Annual Report on Form 10-K for the year ended December 31, 2006.</a>		
10.21	<a href="#">Loan Agreement, dated November 1, 2007, between New Jersey Environmental Infrastructure Trust and the Company (Series II), filed as Exhibit No. 10.32 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007.</a>		
10.22	<a href="#">Loan Agreement, dated November 1, 2007, between the State of New Jersey and the Company (Series JJ), filed as Exhibit 10.33 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007.</a>		
10.23	<a href="#">Loan Agreement, dated November 1, 2008, between New Jersey Environmental Infrastructure Trust and the Company dated as of (Series KK), filed as Exhibit 10.34 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.</a>		

## EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.24	<a href="#">Loan Agreement, dated November 1, 2008, between the State of New Jersey and the Company (Series LL), filed as Exhibit 10.35 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.</a>		
10.25	<a href="#">Prospectus Supplement, filed August 3, 2022, relating to the Middlesex Water Company Investment Plan.</a>	333-266482	
10.25(a)	<a href="#">Prospectus Supplement, filed July 25, 2023, relating to the Middlesex Water Company Investment Plan.</a>	333-266482	
10.26(a)	<a href="#">Amended and Restated \$68,000,000 Revolving Line of Credit Note, dated February 9, 2022, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and White Marsh Environmental Systems, Inc., and PNC Bank, N.A., filed as Exhibit 10.26(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.</a>		
10.26(b)	<a href="#">Waiver Waiver and Amendment to Loan Documents, dated February 9, 2022, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and White Marsh Environmental Systems, Inc., and PNC Bank, N.A., filed as Exhibit 10.26(b) of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.</a>		
10.26(c)	<a href="#">Amendment to Loan Documents, dated March 17, 2023, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and White Marsh Environmental Systems, Inc., and PNC Bank, N.A. filed as Exhibit 10.26(c) of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023.</a>		
10.26(d)	<a href="#">Amendment to Loan Documents, dated April 5, 2023, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and White Marsh Environmental Systems, Inc., and PNC Bank, N.A. filed as Exhibit 10.26(d) of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023.</a>		

## EXHIBIT INDEX

Exhibit No.	Document Description	No.	Previous Registration	Filing's Exhibit
10.26(e)	<a href="#">Amendment to Loan Documents, dated June 15, 2023, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and White Marsh Environmental Systems, Inc., and PNC Bank, N.A. filed as Exhibit 10.26(e) of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023.</a>			
*10.26(f)	<a href="#">Amendment to Loan Documents, dated January 29, 2024, between the Company, Pinelands Wastewater Company, Pinelands Water Company, Tidewater Utilities, Inc., Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates Inc. and White Marsh Environmental Systems, Inc., and PNC Bank, N.A.</a>			
10.27(a)	<a href="#">Uncommitted (\$30,000,000) Loan Agreement, dated January 28, 2021, between the Company, Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates, Inc., Utility Service Affiliates (Perth Amboy) Inc., Tidewater Environmental Services, Inc., and Bank of America, N.A. filed as Exhibit 10.30 of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.</a>			
10.27(b)	<a href="#">Amendment No. 1 (\$60,000,000) to Uncommitted Loan Agreement, dated January 27, 2022, between the Company, Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates, Inc., Utility Service Affiliates (Perth Amboy) Inc., and Bank of America, N.A. filed as Exhibit 10.27(b) of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.</a>			
10.27(c)*	<a href="#">Amendment No. 2 (\$60,000,000) to Uncommitted Loan Agreement, dated January 26, 2023, between the Company, Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates, Inc., Utility Service Affiliates (Perth Amboy) Inc., and Bank of America, N.A. filed as Exhibit 10.27(c) of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.</a>			

## EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
*10.27(d)	<a href="#">Amendment No. 3 (\$60,000,000) to Uncommitted Loan Agreement, dated January 25, 2024, between the Company, Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates, Inc., Utility Service Affiliates (Perth Amboy) Inc, and Bank of America, N.A.</a>		
10.28	<a href="#">Fourth Amendment to Promissory Note and Supplement, dated as of August 19, 2020, between Tidewater Utilities, Inc. and CoBank, ACB, filed as Exhibit 10.34 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.</a>		
10.29	<a href="#">Loan Agreement, dated December 1, 2010, between the State of New Jersey and the Company (Series MM), filed as Exhibit 10.41 of the Company's Annual Report on Form 10-K for the year ended December 31, 2010.</a>		
10.30	<a href="#">Loan Agreement, dated December 1, 2010, between New Jersey Environmental Infrastructure Trust and the Company (Series NN), filed as Exhibit 10.42 of the Company's Annual Report on Form 10-K for the year ended December 31, 2010.</a>		
10.31	<a href="#">Loan Agreement, dated May 1, 2012, between the State of New Jersey and the Company, (Series OO), filed as Exhibit 10.43 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.</a>		
10.32	<a href="#">Loan Agreement, dated May 1, 2012, between New Jersey Environmental Infrastructure Trust and the Company (Series PP), filed as Exhibit 10.44 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.</a>		

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**EXHIBIT INDEX**

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.33	<a href="#">Loan Agreement, dated November 1, 2012, between the New Jersey Economic Development Authority and the Company (Series QQ, RR &amp; SS) (QQ)</a> , filed as Exhibit 10.41 of the Company's Annual Report on Form 10-K for the year ended December 31, 2012.		
10.34	<a href="#">Loan Agreement, dated May 1, 2013, between the State of New Jersey and the Company (Series TT)</a> , filed as Exhibit 10.42 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.		
10.35	<a href="#">Loan Agreement, dated May 1, 2013, between New Jersey Environmental Infrastructure Trust and the Company (Series UU)</a> , filed as Exhibit 10.43 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.		
10.36	<a href="#">Loan Agreement, dated May 1, 2014, between New Jersey Environmental Infrastructure Trust and the Company (Series VV)</a> , filed as Exhibit 10.43 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.		

## EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.37	<a href="#">Loan Agreement, dated May 1, 2014, between New Jersey Environmental Infrastructure Trust and the Company (Series WW), filed as Exhibit 10.44 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.</a>		
10.38	<a href="#">Loan Agreement, dated November 1, 2017, between New Jersey Environmental Infrastructure Trust and the Company (Series XX), filed as Exhibit 10.44 of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.</a>		
10.39	<a href="#">Loan Agreement, dated November 1, 2017, between New Jersey Environmental Infrastructure Trust and the Company (Series YY), filed as Exhibit 10.45 of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.</a>		
10.40	<a href="#">Loan Agreement, dated May 1, 2018, between New Jersey Environmental Infrastructure Trust and the Company (Series 2018A), filed as Exhibit 10.46 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.</a>		
10.41	<a href="#">Loan Agreement, dated May 1, 2018, between New Jersey Environmental Infrastructure Trust and the Company (Series 2018B), filed as Exhibit 10.47 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.</a>		
10.42	<a href="#">Loan Agreement, dated August 1, 2019, between New Jersey Economic Development Authority and the Company (Series 2019A and Series 2019B), filed as Exhibit 10.50 to the Company's Current Report on Form 8-K filed September 6, 2019.</a>		

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**EXHIBIT INDEX**

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.43	<a href="#">Bond Purchase Agreement, dated November 16, 2020, between New York Life Insurance Company and Affiliates and the Company (Series 2020A), filed as Exhibit 10.48 of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.</a>		
10.44	<a href="#">Bond Purchase Agreement, dated November 5, 2021, between New York Life Insurance Company and Affiliates and the Company (Series 2021A and Series 2021B), filed as Exhibit 10.46 of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.</a>		
10.45	<a href="#">Financing Agreement, dated December 16, 2021, between the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health &amp; Social Services, and Tidewater Utilities, Inc, filed as Exhibit 10.46 of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.</a>		
10.46	<a href="#">Loan Agreement, dated May 1, 2022, between New Jersey Infrastructure Bank and the Company (Series 2022A), filed as Exhibit 10.40 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022.</a>		

## EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.47	<a href="#">Loan Agreement, dated May 1, 2022, between the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection, and the Company (Series 2022B), filed as Exhibit 10.41 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022.</a>		
10.48	<a href="#">Bond Purchase Agreement, dated March 2, 2023, between New York Life Insurance Company and Affiliates and the Company (Series 2023A), filed as Exhibit 10.48 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023.</a>		
10.49	<a href="#">Financing Agreement, dated April 5, 2023, between the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health and Tidewater Utilities, Inc., filed as Exhibit 10.49 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023.</a>		
10.50	<a href="#">Financing Agreement, dated April 5, 2023, between the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health and Tidewater Utilities, Inc., filed as Exhibit 10.50 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023.</a>		
10.51	<a href="#">Financing Agreement, dated April 5, 2023, between the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health and Tidewater Utilities, Inc., filed as Exhibit 10.51 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023.</a>		
10.52	<a href="#">Multiple Advance Term Promissory Note, dated May 22, 2023, between Pinelands Water Company and CoBank, ACB, filed as Exhibit 10.53 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023.</a>		
10.53	<a href="#">Multiple Advance Term Promissory Note, dated May 22, 2023, between Pinelands Wastewater Company and CoBank, ACB, filed as Exhibit 10.54 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023.</a>		
10.54	<a href="#">Settlement Agreement, dated as of August 28, 2023, between Middlesex Water Company and 3M Company, filed as Exhibit 10.55 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023.</a>		
10.55	<a href="#">Consulting Agreement, dated March 1, 2024, between the Company and Dennis W. Doll, filed as Exhibit 99.4 of the Company's Current Report on Form 8-K dated January 23, 2024.</a>		

## EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
*19	<a href="#">Middlesex Water Company Insider Trading Policy</a>		
*21	<a href="#">Middlesex Water Company Subsidiaries</a>		
*23.1	<a href="#">Consent of Independent Registered Public Accounting Firm, Baker Tilly US, LLP</a>		
*31	<a href="#">Section 302 Certification by Dennis W. Doll pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934</a>		
*31.1	<a href="#">Section 302 Certification by A. Bruce O'Connor pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934</a>		
*32	<a href="#">Section 906 Certification by Dennis W. Doll pursuant to 18 U.S.C. §1350</a>		
*32.1	<a href="#">Section 906 Certification by A. Bruce O'Connor pursuant to 18 U.S.C. §1350</a>		
*97	<a href="#">Middlesex Water Company Incentive-Based Award Clawback Policy</a>		
101.INS	XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.		
101.SCH	Inline XBRL Taxonomy Extension Schema Document		
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document		

Exhibit 10.27(c) 10.6

**WATER PURCHASE CONTRACT RBS-2B****THIS WATER PURCHASE CONTRACT** (Contract) dated October 24, 2023

is made by and between the New Jersey Water Supply Authority (the "Authority"), an instrumentality of the State of New Jersey created pursuant to the provisions of the New Jersey Water Supply Authority Act, P.L. 1981, C. 293, as amended, [N.J.S.A. 58:IB-1 et seq.](#), and Middlesex Water Company ("Purchaser").

**BACKGROUND**

The parties hereto are entering into this Contract to provide for the sale to and purchase of water by the Purchaser consistent with the Purchaser's projected needs.

**WHEREAS**, the Raritan River Basin located in Central New Jersey in Hunterdon, Mercer, Middlesex, Monmouth, Morris, Somerset and Union Counties, has an area of approximately 1,100 square miles, and consists of a collection of numerous watersheds; and

**WHEREAS**, pursuant to the State's long-range water conservation and development

program authorized by the 1958 Water Supply Law, [N.J.S.A. 58:22-1 et seq.](#), the Spruce Run and Round Valley Reservoirs System was constructed to, among other things, augment stream flows in the Raritan Basin during periods of low natural runoff, deliver 176 million gallons of water per day (MGD) for consumptive use at Bound Brook based on the drought of record, and maintain a minimum passing flow of 90 MGD at Bound Brook; and

**WHEREAS**, the Delaware and Raritan Canal serves as a supply of potable water, delivering 65 MGD for consumptive use at Port Mercer based on the drought of record; and

**WHEREAS**, together the Raritan River Basin and the Delaware and Raritan Canal comprise the Raritan Basin System (System) for a combined safe yield of 241 MGD; and

WHEREAS, the Authority is responsible for ensuring that consumptive and depletive uses of water from the System comply with System safe or dependable yield; and  
WHEREAS, withdrawals of water from the System shall only be in accordance with the terms of formal agreements between the Authority and System water purchasers; and  
WHEREAS, depletive and consumptive uses of water throughout the System reduce the water supply available for consumptive use at Bound Brook; and  
WHEREAS, the Authority and Purchaser previously entered into Contract RBS-2A; and  
WHEREAS, Contract RBS-2A will expire on November 30, 2023; and  
WHEREAS, Purchaser has applied to the Authority for renewal of Contract RBS-2A for its existing supply provided from intake facilities on the Delaware and Raritan Canal within the Raritan Basin identifying requirements for an uninterrupted daily average of 27 MGD and peaking needs of up to 47 MGD.

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

**SECTION 1. Definitions.**

Unless the context clearly establishes otherwise, the following terms, when used in this Contract or in the Background hereto, shall have the following meanings:

"Annual Budget" means the annual budget of the Authority relating to the System (which shall include all costs, obligations and expenses properly allocable to the System in accordance with generally accepted accounting principles and cost allocation principles), as amended or supplemented, adopted or in effect for a particular Fiscal Year.

"Annual Overdraft Rate" means the rate for a System water user's average daily diversion for any calendar year in excess of the System water user's daily uninterrupted service, determined

and established from time to time by the Authority in accordance with the Rate Schedule, currently set forth in N.J.A.C. 7:11-2.18: rate \* one-hundred and fifteen percent of the average million gallons diverted each day during the calendar year or fraction thereof.

"Annual Payment" means the aggregate amount projected by the Authority to be payable to the Authority by the Purchaser for Uninterruptible Service during each Annual Payment Period, which Annual Payment shall be determined by (a) multiplying the applicable rates and charges for Uninterruptible Service set forth in the Rate Schedule in effect during the relevant Annual Payment Period by the number of MG of water contracted for by the Purchaser for Uninterruptible Service on an annual basis as set forth in this Contract, subject to adjustment to reflect any special allocations, charges, credits or adjustments provided for pursuant to the provisions of this Contract or any Rate Schedule, which may include but not be limited to: (i) adjustments based upon the water being derived from the System within the Delaware River Basin; (ii) debt service allocated specifically to those customers of the Authority who benefit from the debt to which such debt service relates; and (iii) for withdrawals within the Raritan Basin, an evaluation of the equivalent sustained supply and the application of an appropriate production factor, all as contemplated by and/or set forth in the Rate Schedule and (b) adding thereto any charges for access to the System and any other charges imposed on the Purchaser by this Contract.

"Annual Payment Period" means the calendar year, commencing January 1, during which Uninterruptible Service is to be provided to the Purchaser hereunder.

"Annual Requirements" means the aggregate amount required during each Annual Payment Period to pay, or make provision for, all (i) Operation and Maintenance Expenses; (ii) Debt Service; and (iii) other requirements of the System required to be paid as is set forth in the Resolution, or in any Rate Schedule, or in any documents relating to Other Indebtedness, including

but not limited to amounts required to meet the rate covenant set forth in Section 713 of the Resolution; provided, however, that the amount to be included for Debt Service in each Annual Payment Period shall be that amount accruing in the Bond Year or Bond Years, or corresponding portion thereof, commencing during the Fiscal Year within which such Annual Payment Period or portion thereof falls.

"Authority" means the New Jersey Water Supply Authority established pursuant to the Authority Act.

"Authority Act" means the "New Jersey Water Supply Authority Act", P.L. 1981, c.293, as amended (N.J.S.A.58:1B-1 *et seq.*).

"Authorized Officer" means the Chairman, Vice Chairman, Treasurer, Secretary or Executive Director of the Authority or any person or persons designated by the Authority to act on behalf of the Authority.

"Bonds" means all bonds, notes, or other evidences of indebtedness issued by the Authority and outstanding under the Resolution and each Supplemental Resolution to finance or refinance any cost, expense or liability paid or incurred or to be paid or incurred by the Authority in connection with the financing, planning, designing, constructing, acquiring, operating or maintaining of any part of the System.

"Bond Year" means, with respect to any Bonds, the twelve-month period (and such shorter initial period, if any) established with respect to the issuance of such Bonds in a Supplemental Resolution, and with respect to Other Indebtedness, the twelve-month period (and such shorter initial period, if any) established with respect to the issuance of such Other Indebtedness in the documents relating to the issuance of such Other Indebtedness.

"Contract" means this Water Purchase Contract.

"Credit Facility" means a policy of municipal bond insurance, a letter of credit, a surety bond, a loan agreement, a standby bond purchase agreement or other type of credit agreement, facility, insurance or guaranty arrangement pursuant to which funds can be obtained to pay the principal or redemption price of Bonds or Other Indebtedness and interest thereon.

"Debt Service" for any period means, as of any date of calculation, with respect to (A) Outstanding Bonds, an amount equal to the sum of (i) the interest accruing during such period on such Bonds, and (ii) that of the principal of such Bonds accruing during such period, all as is set forth in the Resolution and (B) Other Indebtedness, an amount equal to (i) the interest accruing during such period on such Other Indebtedness and (ii) that portion of the principal accruing on such Other Indebtedness during such period, all as is set forth in the documents relating to the issuance of such Other Indebtedness.

"Department" means the New Jersey Department of Environmental Protection. "Division" means the Division of Water Resources in the Department.

"Event of Default" means a default by the Purchaser of the provisions of this Contract as a result of the occurrence of any of the events set forth in Section 10 hereof.

"Existing Contracts" means the existing water use contracts for the System between the Authority and System Water Purchasers covering the provisions of water from the System.

"Fiscal Year" means the twelve-month period commencing on July 1 of each year and continuing through the following June 30.

"Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances; orders of the Government of the United States or the State or any agency or instrumentality thereof or of any civil or military authority; acts of terrorism, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts and explosions;

breakage or accidents to machinery, pipelines, dams or canals, other than as a result of the negligence of the party claiming inability to comply with its obligations; partial or entire failure of water supply, other than as a result of the negligence of the party claiming inability to comply with its obligations; arrests, civil disturbances; acts of any public enemy; and any other events not reasonably within the control of and not as a result of the negligence of the party claiming inability to comply with its obligations.

"GPM" means gallons of water per minute.

"General Fund" means the fund denominated as such and created pursuant to the Resolution.

"Interconnection System" means a water supply connection with another water supply system or systems.

"Liquidity Facility" means an irrevocable letter of credit or other irrevocable Credit Facility issued by a financial institution or insurance company, which letter of credit or Credit Facility is payable on demand in the event the terms under which such letter of credit or Credit Facility was issued require payment thereunder.

"Major Rehabilitation Fund" means the fund denominated as such and created pursuant to the Resolution.

"MG" means million gallons of water.

"MGD" means million gallons of water per day.

"Monthly Overdraft Rate" means the rate for overdraft service determined and established from time to time by the Authority in accordance with the Rate Schedule, currently set forth in N.J.A.C. 7:11-2.17: rate\* one-hundred and twenty percent of the average million gallons diverted each day during the calendar month or fraction thereof.

"Monthly Water Payments" means either (i) the amount obtained by dividing the amount of the Annual Payment for any Fiscal Year by twelve or (ii) such other or different required monthly payments for which the Authority gives notice to the Purchaser pursuant to Sections 4B, or 4E hereof.

"Operation and Maintenance Expenses" for any period means the amount (as set forth in the Annual Budget of the Authority, as from time to time amended) of all current costs, obligations and expenses of, or arising in connection with, the (i) operation, maintenance and administration of the System, and minor additions or improvements thereof or thereto, or (ii) performance of any Water Purchase Contract, including, but not limited to, the items set forth hereinbelow and items set forth in the Resolution as Operation and Maintenance Expenses, in each case, to the extent properly allocable to the System and, as applicable, determined on the cash basis of accounting and/or in accordance with generally accepted accounting and cost allocation principles, (iii) all repairs and ordinary replacements and reconstruction of the System; all wages, salaries and other personnel costs, including costs of pension, retirement, health and other employeebenefit programs; all fuel, utilities, supplies and equipment; and all supervisory, engineering, accounting, auditing, legal and financial advisory services; (iv) all taxes and payments in lieu of taxes; (v) all costs of insurance for the System, including any forms of self-insurance (or self insurance reserves) maintained by the Authority, and payment of all claims not covered by the Authority's insurance; (vi) all fees and expenses incurred in connection with any Credit Facility, Liquidity Facility, Reserve Account Credit Facility, the issuance of any Bonds or the issuance of any Other Indebtedness, and all fees and expenses of counsel, fiduciaries and others in connection with any such Credit Facility, Liquidity Facility, Reserve Account Credit Facility, Bonds or Other Indebtedness; provided, however, that none of the foregoing shall be considered as Operation and

Maintenance Expenses to the extent required to be capitalized under the Supplemental Resolution authorizing such Bonds or the documents authorizing such Other Indebtedness or paid out of the proceeds of such Bonds or Other Indebtedness; (vii) all amounts required, pursuant to applicable law, to be deposited into the Rebate Fund; (viii) all amounts required to be deposited, in accordance with the Resolution, into any reserve fund established for Operation and Maintenance Expenses; and (ix) allowance for depreciation with respect to equipment and property having a depreciable life of greater than three (3) years but less than ten (10) years; and (x) any other costs, expenses or obligations required to be paid by the Authority under the provisions of any Water Purchase Contract, contract relating to the System, any agreement or instrument relating to the Bonds or Other Indebtedness or by law.

"Other Indebtedness" means all bonds, other than the Bonds or other obligations issued pursuant to the Resolution, notes or other evidences of indebtedness issued by the Authority, and Outstanding, including financing agreements and arrangements with the State, to finance or refinance any cost, expense or liability paid or incurred or to be paid or incurred by the Authority in connection with the financing, planning, designing, constructing, acquiring, operating or maintaining of any part of the System; provided, however, that Other Indebtedness shall not include obligations for supplies and services which are to be paid by the Authority out of current revenues, or obligations under leases which are not required to be capitalized under generally accepted accounting principles.

"Outstanding" means (A) with reference to Bonds, as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Resolution or any Supplemental Resolution except to the extent that any particular Bonds are not deemed to be outstanding pursuant to the provisions of the Resolution and (B) with respect to Other Indebtedness, such Other Indebtedness.

theretofore or thereupon being authenticated and delivered pursuant to any documents relating to the issuance thereof except to the extent that any particular Other Indebtedness is not deemed to be outstanding as specifically provided therein.

"Overdraft Service" means (i) the supply of water from the System to the extent and from time to time available in excess of aggregate Uninterruptible Service, for certain, interim, interruptible, non-guaranteed uses which a System Water Purchaser is authorized to withdraw pursuant to a Contract or (ii) such other definition as is set forth in the Rate Schedule.

"Overdraft Service Rate" means the rate for overdraft service determined and established from time to time by the Authority in accordance with the Rate Schedule, currently set forth in N.J.A.C. 7:11-2.17: rate\* one-hundred and twenty percent of the average million gallons diverted each day during the calendar month or fraction thereof.

"Peaking Factor" means (i) the percentage equivalent of that volume of Overdraft Service available from the System for a given period in excess of Uninterruptible Service, which a customer may divert without charge or (ii) such other definition as is set forth in the Rate Schedule. "Point of Delivery" or "Point of Diversion" means the location where the System, including surface and ground water supplies, interconnects with the Purchaser's Interconnection System.

"Production Factor" means the inverse ratio between any upstream allocation for a consumptive or depletive water diversion and its equivalent in sustained supply at the confluence at the Millstone and Raritan Rivers as follows: Production factor = Safe yield at the confluence  $I$  yield at the point of diversion (see N.J.A.C. 7:11-2.8).

"Projected Annual Requirements" means the aggregate amount projected by the Authority in its Annual Budget, as from time to time amended, to be required during each Annual Payment Period to pay all Annual Requirements.

"Prudent Water Supply Practices" means, as of any particular time, any practices, methods and acts engaged in or approved by a significant portion of the water supply industry operating in areas having comparable characteristics to those of the System, or any of the practices, methods and acts which, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good practices, reliability, safety and expedition. Prudent Water Supply Practices are not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather are intended to be a spectrum of possible practices, methods or acts expected to accomplish the desired results.

"Purchaser" means the party to this Contract, which is purchasing water from the Authority. "Purchaser's Interconnection System" means the buildings, structures, piping, valves, meters and other control apparatus and equipment, installed or to be installed by or on behalf of, and owned and/or used by, the Purchaser (i) to connect Purchaser's system with the System at the Point of Delivery and to withdraw, measure, control and monitor the flow and quality of the water that the Purchaser withdraws from the System, and (ii) to transport such water to the Purchaser's system.

"Rates" means the charges from time to time determined and established by the Authority in accordance with the Rate Schedule.

"Rate Schedule" means the "Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System" promulgated from time to time by the Authority and set forth in the New Jersey Administrative Code 7:11-2, all in accordance with applicable laws and regulations, as the same may from time to time be amended, and in accordance with the provisions of the System Rules and Regulations, which Rate Schedule establishes the rates.

charges and debt service assessments by the Authority for water derived from the System in accordance with the following:

(a) Uninterruptible Service. The Rates per MG set forth in such Rate Schedule for Uninterruptible Service shall be established for each Annual Payment Period on the basis of: (i) the Projected Annual Requirements for such Fiscal Year; (ii) multiplied by the production factor for the diversion; (iii) divided by the lesser of: (a) the annualized amount of MGD of water from the System during such Fiscal Year which the Authority determines is available for Uninterruptible Service and for Standby Service or (b) the annualized amount of MGD of water from the System which is required to be provided by the Authority by the terms of all Water Supply Contracts for Uninterruptible Service and for Standby Service in effect during such Fiscal Year, in each case, times 365 (366 during a leap year); provided, however, that the Authority may exclude for any period, for purposes of computation hereunder, the Uninterruptible Service and Standby Service under any Water Purchase Contract where an Event of Default has occurred and is continuing.

(b) Overdraft Service. The Rate(s) per MG for average daily diversions in excess of the Peaking Factor during a calendar month and year shall be the amounts set forth in the Rate Schedule.

(c) Short-term Service. The Rates for Short-term Service established for each Annual Payment Period shall be the amounts set forth in the Rate Schedule.

(d) Standby Service. The Rates set forth in such Rate Schedule for Standby Service shall be established for each Annual Payment Period on the basis of (i) a standby charge for each month during which Standby Service is available, equal to the capacity, in MGD, of the Purchaser's withdrawal facilities to be served by such Standby Service plus (ii) a charge (against which the standby charge for such month shall be credited), for water actually consumed in any month, at

the rate per MG established by the Rate Schedule for Uninterruptible Service.

(e) **Special User Service.** The Rates for Special User Service established for each Annual Payment Period shall be the amounts set forth in the Rate Schedule.

"Rebate Fund" means the fund denominated as such and created pursuant to the Resolution. "Reserve Account Credit Facility" means a surety bond, insurance policy, letter of credit, line of credit or other Credit Facility satisfying the requirements set forth in Section 518 of the Resolution.

"Resolution" means the resolution adopted by the Authority authorizing the issuance of Bonds, and all Supplemental Resolutions.

"Revenue Fund" means the fund denominated as such and created pursuant to the Resolution.

"Safe or Dependable Yield" means that amount of water, from time to time determined by the Authority in accordance with applicable laws or regulations and presently estimated to be 241 MGD, which the System is capable of supplying continuously throughout a repetition of the most severe drought of record.

"Short-term Service" means (i) the supply of water from the System, to the extent from time to time available, in excess of aggregate Uninterruptible Service, for certain interim, interruptible, non-guaranteed or short-term uses, such as growing agricultural or horticultural products or meeting extraordinary requirements in consumer demand for potable or industrial water, which a System Water Purchaser is authorized to withdraw pursuant to a Contract or (ii) such other definition as is set forth in the Rate Schedule.

"Special User Service" means the supply of water from the Raritan River Basin, which a System Water Purchaser is authorized to continuously withdraw, without interruption, to be

returned by the Purchaser to the stream channel of the System at a point reasonably considered by the Authority to be at or in the near vicinity of the point of withdrawal, substantially undiminished in quantity and not substantially degraded in quality, all as is determined by the Authority.

"Standby Service" means the supply of water from the System for certain occasional uses, such as fire protection or other emergencies, natural or otherwise, which a System Water Purchaser is authorized to withdraw pursuant to a Contract.

"State" means the State of New Jersey.

"Supplemental Resolution" means any resolution enacted by the Authority supplemental to the Resolution in connection with the issuance of any particular Bonds, which Supplemental Resolution shall, *inter alia*, establish the specific terms applicable to such particular Bonds.

"System" means the water supply system operated by the Authority known as the Raritan Basin System, and any expansion thereof, the major components of which presently consist of the Delaware and Raritan Canal water supply transmission facility, the Spruce Run and Round Valley Reservoirs and an interconnecting pumping station located where the Raritan and Millstone Rivers meet adjacent to the Delaware and Raritan Canal, together with all component plants, structures and other real or personal property, and additions and improvements thereto, necessary or useful and convenient for the accumulation, supply or transmission of water including but not limited to: reservoir facilities, settling and sediment storage basins, dams, dikes, intake and reservoir pipelines, force mains, pump stations and intake structures.

"System Rules and Regulations" means the Rules for the Use of Water from the Raritan Basin System presently set forth in New Jersey Administrative Code, 7:11-3.1 to 3.28, and any amendments from time to time hereafter made thereto.

"System Water Purchaser" means any party to a Water Purchase Contract with the

**Authority.**

"Uninterruptible Service" means the supply of water from the System which a System Water Purchaser is authorized continuously to withdraw, without interruption, for potable or industrial water supply purposes, pursuant to a Contract.

"Water Act" means the "Water Supply Management Act", P.L. 1981, c. 262, as amended (N.J.S.A. 58:IA-1 et seq.) and the rules promulgated thereunder.

"Water Purchase Contracts" or "Contracts" means the contracts, and all supplements thereto, providing for Uninterruptible, Short-term, Standby Service or Special User Service with respect to water from the System to one or more System Water Purchasers.

"Water Supply Plan Approval" means any approval by the Department of the purchase of water from the System, whether in the form of a water supply allocation permit, an interim approval of a water supply plan submitted as may be required by the Department for a water supply allocation permit, or otherwise.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, districts, agencies and bodies. Any capitalized term used herein and not otherwise defined shall have the meaning set forth in the Resolution.

**SECTION 2. Water Service To Be Provided**

A. The Authority shall supply and make available for delivery to the Purchaser, on and after the date hereof, and the Purchaser shall be entitled to utilize the following water service, subject to the other terms and conditions of this Contract and the System Rules and Regulations:

(i) Uninterruptible Service in the amount of 27 MGD, which is the average amount

of Uninterruptible Service permitted to be withdrawn by the Purchaser. This Uninterruptible Service is subject to (a) any supplemental agreement between the parties; and (b) the limitations in Section 2B hereof. Purchaser's annual diversion shall not exceed 9,855 million gallons per year (MGY) (for non-leap years) or an average daily diversion of 27 MGD for public community supply purposes. The impact of this supply on System safe yield is 9,855 MGY and 27 MGD;

(ii) Overdraft Service of that number of MGD necessary to meet Purchaser's diversionary needs in excess of Uninterruptible Service. It is anticipated that the total diversion may be up to, but shall not exceed 47 MGD; and

(iii) The Purchaser may withdraw water with respect to Standby Service without prior notification to the Authority. Subsequent thereto, the Purchaser shall immediately notify the Authority of any such withdrawals. The Purchaser may withdraw water between the ranges of 27 MGD and 47 MGD, conditions allowing, without prior notification to the Authority; however, any increases more than 10 MGD above the previous day's average should be done concurrent with notification to the Authority when the reason for the increase is attributed to emergency conditions or non-emergency technical problems. Any anticipated diversion in excess of 47 MGD, as conditions may require, shall require the prior written consent of the Authority.

B. Purchaser shall not, without the prior written consent of the Authority, withdraw water for public water supply purposes, in the aggregate for all services provided hereunder, at rates greater than an average of 27 million gallons in any twenty-four (24) hour period, 822 million gallons per month, which per minute, daily and monthly amounts shall be appropriately adjusted to reflect fluctuations in water use; and an average of nine thousand, eight hundred and fifty-five (9,855) million gallons in any year for the term of this contract. The Purchaser shall immediately notify the Authority of any such withdrawals in excess of said

amount.

C. If the Authority determines that rationing the water derived from the System is necessary by reason of drought conditions or an emergency, it shall allocate all available water first to providing Uninterruptible Service under all Water Purchase Contracts, without any preference or priority, except that the Authority, in its sole discretion, may exclude Water Purchase Contracts where an Event of Default has occurred and is continuing, at the Authority's election, unless the Authority, in accordance with applicable law or regulation, is otherwise directed or required to allocate water in a specific manner, (i) pro rata, in accordance with the volume of water available, to each System Water Purchaser of Uninterruptible Service provided in all Water Purchase Contracts then in effect; or (ii) pro rata in accordance with the volume of water actually provided each System Water Purchaser of Uninterruptible Service pursuant to Water Purchase Contracts during the last preceding Annual Payment Period in which rationing of water was not necessary; or (iii) upon such other basis as shall be, in the judgment of the Authority, appropriate to distribute fairly among all System Water Purchasers of Uninterruptible Service pursuant to Water Purchase Contracts, the burden of such rationing. In the event that rationing is to be imposed by reason of an emergency for more than a seven-day period, the Authority shall consult with and give appropriate effect to the recommendations, if any, of the Department.

D. If rationing is instituted, or if, other than as a result of an Event of Default, the Authority does not provide to the Purchaser the amount of water constituting Uninterruptible Service hereunder, or advises the Purchaser that it will be unable to do so other than as a result of an Event of Default, the Purchaser shall nevertheless at all times be required to pay for all water from the System constituting Uninterruptible Service available for delivery to the Purchaser.

E. If in the event of an emergency, the Purchaser is legally restricted from

purchasing all of the water constituting Uninterruptible Service hereunder, the Purchaser shall only be required to pay for such water constituting Uninterruptible Service as it is legally permitted to purchase (and the Authority is able to supply) during the period of such emergency.

**SECTION 3. System Water Quality.**

A. The water to be supplied by the Authority hereunder shall be raw, untreated water which the Authority shall supply to all System Water Purchasers without distinction as to source or quality variations of the water supplied and subject to the hazards inherent in natural streams. THE AUTHORITY MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE QUALITY OF ANY WATER SUPPLIED OR THE CONDITION OF THE SYSTEM, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. However, the Authority, based upon water quality data supplied to it by any System Water Purchaser or other water quality data which may be obtained by the Authority, will exercise all appropriate administrative and legal rights under applicable law to compel the Department to assure that the stream water quality is in compliance with applicable stream standards.

B. (1) In the event of contaminant discharges, spills or runoff to the Authority's water supplies which constitute an emergency and require immediate action to maintain the supply of water from the System, the Authority will take immediate corrective action either: (i) through requesting the appropriate agency to take such action or, (ii) directly, by its own personnel and/or outside contractors, to contain and, if necessary to remove such contaminants from the water supply, in the Authority's sole discretion. In addition, to the extent it is legally able to do so and it determines that such action is in the best interests of the Authority, the Authority will seek to recover all costs and damages resulting from any such incidents from the parties responsible.

(2) If the Authority and the Purchaser, at the request of the Purchaser, agree that the quality of the water derived from the System is not of sufficient quality to be treated by the Purchaser for the purposes for which such water is to be used or there is any trend towards degradation of such water as a result of contamination in the quality of water derived from the System, the Authority and such Purchaser shall jointly: (i) request the Department to take appropriate action to implement corrective measures or; (ii) take other administrative or operational measures.

#### **SECTION 4. Payment for Water Services**

A. General. Purchaser agrees to make all payments for uninterrupted water services available hereunder in the amounts, at the times and places and in the manner provided herein, in the Rate Schedule or in the System Rules and Regulations.

B. Uninterruptible Service, Purchaser agrees to pay the Authority a rate equal to one-hundred percent of the total rate set forth in the Schedule of Rates (See N.J.A.C. 7:11-2.1 (c) for Uninterruptible Water Services set forth in Section 2 (A)(i) as illustrated in the following formula:  $27 \text{ MG} * \# \text{ of days in the month} * \text{rate}$

C. Monthly Overdraft Rate, Purchaser agrees to pay the Authority a Monthly Overdraft Rate equal to one-hundred and twenty percent of the total rate set forth in said Rate Schedule for Uninterruptible Service (see Section 2(A)(i)) for its average daily diversions for any calendar month in excess of a Peaking Factor of ten-percent of Uninterruptible Service, as illustrated in the following formula:

$[(\text{actual monthly diversion}/\# \text{ of days in the month}) - (27 \text{ MGD}) * 1.10] * \text{overdraft service rate} * \text{days in the month};$

D. Annual Overdraft Rate. Purchaser agrees to pay the Authority an Annual

Overdraft Rate equal to one-hundred and fifteen percent of the total rate set forth in said Rate Schedule for Uninterruptible Service (see Section 2(A)(i)(a)) for average daily diversion for any calendar year in excess of Purchaser's Uninterrupted Service as illustrated in the following formula:

$$[(\text{Total annual diversion})/365) - 27 \text{ MGD}]*\text{annual overdraft rate}*365$$

E. Water Payments. Purchaser agrees to make Monthly Water Payments for Uninterruptible Water Services provided in Section 4, no later than thirty (30) days from the date of each billing by the Authority to the Purchaser. Except as hereinafter provided, payments for Uninterruptible Service shall be based on the number of days in each month, whether or not the Purchaser actually withdraws the full amount of water available to it as Uninterruptible Service; provided, however, that the Purchaser shall not be required to make payment for water that the Authority does not make available to the Purchaser except where such non-provision of water is as a result of an Event of Default. The Authority shall notify the purchaser not later than thirty days prior to the beginning of each Annual Payment Period of the amount of the Purchaser's Annual Payment for Uninterruptible Service and the amounts of the Monthly Water Payments.

F. Standby Service. Purchaser agrees to pay not later than thirty (30) days from the date of each billing by the Authority to the Purchaser, the standby charge for such month established by the Authority from time to time for Standby Service and the charges for water actually consumed as Standby Service in the immediate preceding month.

G. Overdraft Payments. The Purchaser agrees to pay annually, the charges for those diversions referenced in Sects 4 (C) and 4 (D) above. The monthly overdraft payment will be remitted in November of the year in which the overdraft occurs. The annual overdraft payment will be remitted in February of the year following the year in which the overdraft occurred.

H. Production Factor Payments. The Rate Schedule and System Rules provide that for a depletive diversion at any location above the confluence of the Millstone and Raritan Rivers, the Total Daily Allotment Charge shall be multiplied by the Production Factor, which is equal to System Safe Yield at the point of delivery. The Authority concludes that no Production Factor applies to this diversion.

I. Absolute Obligation. Purchaser's obligations hereunder to pay for water in the manner set forth in this Contract shall be absolute and unconditional, and shall not be affected by any failure by the Authority to perform its obligations hereunder, other than a failure by the Authority to supply water constituting Uninterruptible Service (in which event, as herein provided, Purchaser shall be unconditionally obligated to pay for the water available for taking), except as a result of an Event of Default, or be subject to any other defense or to any reduction, whether by offset, counterclaim or otherwise, except for any reductions or credits provided for herein, in the Rate Schedule or in the System Rules and Regulations.

J. Calculation of Payments. The amounts to be paid by Purchaser for Standby Service and Short-term Service shall be determined by the meter reading procedure which is set forth in Section SF hereof. The Authority shall calculate bills for such services based upon such meter readings.

K. Overdue Payments. All payments for service which are not made by the due date therefore and any other sums required to be paid by the Purchaser to the Authority pursuant to this Contract shall bear interest at a per annum rate equal to the prime rate, as from time to time established by the bank holding short-term deposits of the Authority as its prime rate (with any changes in such prime rate to be effective on any date that such rate is changed) plus 2%, such interest to be calculated from the due date of any required payment until actual payment thereof.

L. **Rate Adjustments and Procedures.** The Authority reserves the right from time to time to adopt adjustments to the Rate Schedule and to the System Rules and Regulations in accordance with applicable laws and regulations. If as a result of any such adjustments the payments for service hereunder are adjusted by the Authority, the Authority shall notify the Purchaser of the adjustments and of any revised schedule of Monthly Water Payments required to reflect such adjustments and the same shall, without any further act of the Authority or the Purchaser, constitute an amendment to this Contract.

**SECTION 5. Delivery and Withdrawal of Water.**

A. All water shall be withdrawn from the System at the Purchaser's sole cost and expense. Title to all water supplied from the System shall be in the Authority to the Point of Delivery, at which point title shall vest in the Purchaser upon its withdrawal of such water.

B. The Authority hereby grants to the Purchaser for the term of this Contract a right which shall permit access to Purchaser and its designated representatives upon, over and under the System as may be necessary, at Purchaser's sole cost and expense, to install and construct at the Point of Delivery, and to replace, repair, operate and maintain, Purchaser's Interconnection System.

C. The Purchaser shall not install or construct nor make any material alterations in Purchaser's Interconnection System without the prior written approval of the Authority. Purchaser shall submit engineering plans therefore to the Authority for its review and approval.

D. The Authority or its designated representatives shall have the right at any time to examine Purchaser's Interconnection System from the point of Diversion to and including the flow meter or measuring devices (hereafter "flow meters"). The Authority shall comply with all reasonable security protocols developed by Purchaser in conducting its inspections. The Purchaser shall, at its sole cost and expense, within ten (10) days (or such longer period as may be

required by law) after receipt of written demand from the Authority, make such modifications or repairs to Purchaser's Interconnection System as, in the opinion of the Authority, may be required to eliminate leakage of water from, or potential damage to the System. If Purchaser should fail to make such modifications or repairs, the Authority may do so and the Purchaser agrees to reimburse the Authority on demand for the Authority's cost therefore.

E. The Purchaser shall purchase or construct, install, operate, maintain and repair, as a part of Purchaser's Interconnection System, at its sole cost and expense and in a manner which the Authority determines to be in accordance with Prudent Water Supply Practices, flow meters or measuring devices of the type and at a location approved by the Authority. The Purchaser shall have such flow meters tested for accuracy at its own sole cost and expense by a testing firm approved by the Authority (i) at least once during each Fiscal Year; (ii) following meter repairs; and (iii) at such other times as the Authority may reasonably request. Each test shall be evidenced by a certified report, which Purchaser will cause such testing firm to furnish to the Authority.

F. Monthly meter readings of water shall be taken by the Purchaser on the last day of each month, or if such last day falls on Sunday or legal holiday, on the first working day thereafter. The Purchaser shall keep a daily record of flow rates and cumulative daily water withdrawal totals and shall submit to the Authority, not later than the tenth (10th) business day of each month, copies of such records for the preceding month. The Authority or its designated representatives shall have the right at any time to examine the flow meters or other measuring device, and any repairs or replacements made to such flow meter or other measuring device. Purchaser shall submit written certifications with its monthly meter readings.

G. The Purchaser agrees to indemnify, defend and hold harmless the Authority from and against all claims, damages or losses suffered, sustained or required to be paid by the

Authority, arising from any act or omission of the Purchaser, its officers, agents, representatives or employees, in connection with Purchaser's Interconnection System, the operation thereof, or any activities carried out by the Purchaser, its officers, employees, agents or representatives, on the premises of, or with respect to, the System, or with respect to any of the services which are the subject of this Contract.

H. In the event that any of the flow meters required to be maintained by the Purchaser shall fail to properly operate, the Authority may make necessary estimates of or adjustments in accordance with the System Rules and Regulations, to the amounts of water withdrawn by the Purchaser and to be charged by the Authority to the Purchaser for any period during which such failure exists and continues. The Purchaser agrees that at the request of the Authority it will repair or replace such meters, at its sole cost and expense. If the Purchaser fails to repair or replace the meters within 60 days following notice from the Authority, the Authority, may suspend the withdrawal of water by the Purchaser until such time as the meter is repaired or replaced; provided, however, that the Purchaser shall be required to continue to honor its payment obligations for water pursuant to this Contract during the period of such suspension, as if such suspension had not occurred.

**SECTION 6. Force Majeure.**

If by reason of Force Majeure either the Authority or Purchaser shall be rendered unable to satisfy its obligations under this Contract, in whole or in part, and shall give notice and all of the particulars of such Force Majeure in writing to the other such party hereto within a reasonable time after the occurrence of the event or cause relied on, then the obligation of the party giving such notice, to the extent affected by such Force Majeure, shall be suspended during the continuance of such inability; provided, however, that the existence of Force Majeure shall in no

event affect the obligation of the Purchaser to make the Monthly Water Payments and other payments required under this Contract, but if less than the amount of water required to be supplied hereunder is supplied or available for supply, nothing in this Section 6 shall require the Purchaser to make payment for water other than in an amount equal to the greater of (i) the water actually supplied or (ii) the water available for supply by the Authority. Either party so affected shall use its best efforts to remove or overcome such Force Majeure as quickly as is practicable.

**SECTION 7. Term of Contract.**

A. This Contract shall commence on December 1, 2023 and shall expire on November 30, 2048, unless previously terminated as provided herein as a result of an Event of Default described in Section 10, or renewed as provided in Section 7B hereof.

B. If the Purchaser desires to continue the withdrawal of water from the System, contracted for pursuant to this Contract, beyond the date set forth in Section 7A hereof, the Purchaser shall submit to the Authority notification of intent to renew not less than 90 days prior to such date.

C. If the Purchaser has not submitted a notification of intent to renew as provided in Section 7B hereof, the Authority shall notify the Purchaser of the expiration date of the Contract. If, after such notification by the Authority, the Purchaser continues withdrawal of water, the charge for such withdrawal shall be twice the rate per million gallons as is specified in the Rate Schedule then in effect.

D. Within ninety (90) days after termination of this Contract, the Purchaser shall remove from the System Purchaser's Interconnection System and any other facilities installed by Purchaser on the System, shall restore the System to its former condition as nearly as may be practicable and in a manner satisfactory to the Authority. If Purchaser shall fail to remove and

restore as aforesaid, the Authority may make such removal and restoration at the sole cost and expense of the Purchaser, which cost and expense shall be paid by the Purchaser to the Authority on demand. The Authority further reserves the right to remove and sell Purchaser's Interconnection System and other facilities to the extent it deems appropriate.

#### **SECTION 8. Insurance**

A. Authority Insurance. The Authority shall use reasonable commercial efforts to purchase and carry fire, casualty, public liability and other insurance on the System, or to otherwise establish and fund its own self-insurance program or participate in any State-administered pooled risk or self-insurance program, for purposes and in amounts which ordinarily would be carried or funded by a person or entity owing and maintaining facilities similar to the System.

B. Purchaser Insurance. The Purchaser shall use reasonable commercial efforts to purchase and carry business interruption insurance covering Purchaser's business operations, unless Purchaser is not legally able to maintain business interruption insurance and shall purchase and carry insurance covering Purchaser's obligations pursuant to Section 50 hereof. All policies of insurance shall be written by insurance companies authorized to do business in the State and shall provide that no change of coverage shall be effected unless at least thirty (30) days' prior notice is given to the Authority. Certified copies of all replacement policies shall be delivered to the Authority not less than thirty (30) days prior to the expiration of any coverage. The "Authority" shall be named as an "Additional Insured" on all public liability insurance policies maintained by the Purchaser for Purchaser's Interconnection System and any other facilities of the Purchaser located on the System, on all business interruption insurance and all insurance covering Purchaser's obligations pursuant to Section 50 hereof. The proceeds of business interruption insurance shall be payable directly to the Authority to the extent of the Purchaser's obligations to purchase water.

hereunder. All insurance policies held by the Purchaser with regard to this Contract shall apply on a primary and noncontributory basis.

**SECTION 9. Covenants, Representations, and Warrants**

A. The Authority shall continuously operate and maintain the System in an efficient manner in accordance with Prudent Water Supply Practices. The Authority shall have no liability in the event that the water, which is actually available to the System is insufficient to permit the Authority to comply with its obligations hereunder.

B. The Authority shall not enter into any Water Purchase Contract which would result in (i) Uninterruptible Service called for under all Water Purchase Contracts to exceed the Safe or Dependable Yield or (ii) the water supply called for under all contracts or commitments for water of the System to exceed the maximum output capacity of the System.

C. The Authority represents and warrants that it has all licenses and permits presently obtainable from any federal, state or local governmental authority required in order to enter into this Contract and to provide water to Purchaser as herein set forth.

D. The Authority shall exercise reasonable effort to execute Contracts, similar in form and content to this Contract, with all other users of the System; provided, however, that notwithstanding the foregoing, the Authority may (i) enter into Contracts for durations other than the term of this Contract and (ii) enter into Contracts, containing terms which may be inconsistent with the terms of this Contract, if the Authority determines it to be necessary in connection with the operation of the System so long as such Contracts do not increase the Purchaser's obligations hereunder for Debt Service unless the Purchaser is benefited as a result of the provisions of such Contract. All Contracts entered into by the Authority shall contain rates and charges for water as are set forth in the Rate Schedule then in effect.

E. The Purchaser represents and warrants that it has all licenses and permits from any federal, state, or local governmental authority required in order to enter into this Contract, to divert water from the System in accordance therewith and to operate the Purchaser's Interconnection System.

F. The Purchaser covenants to (i) maintain in good operating order and repair the Purchaser's Interconnection System; (ii) continually operate the Purchaser's Interconnection System; and (iii) charge and collect taxes, fees and other charges to its customers which, from time to time together with other funds available to the Purchaser, are reasonably estimated to be required by the Purchaser to make the payments to the Authority which are required pursuant to this Contract.

**SECTION 10. Events of Default.**

Any of the following shall constitute an Event of Default:

If the Purchaser shall (i) fail to make any payment due under this Contract for a period of more than 15 days after any such payment is due or (ii) shall fail or be unable to perform, or shall default in the performance of, any of its obligations under this Contract, and such failure, inability or default in performance is (A) willful or (B) remains uncured for more than 30 days after notice thereof is given by the Authority to Purchaser; provided however, that if such failure, inability or default in performance is incapable of being cured within such 30 day period, the same shall not constitute an Event of Default so long as Purchaser commences to cure such failure, inability or default in performance within such 30 day period and diligently and continuously proceeds to cure the same.

If an Event of Default has occurred, then the Authority may, without further notice, take any one or more of the following actions:

- (a) Discontinue the supply and delivery of water under this Contract, including disconnecting Purchaser's Interconnection System from the System during the period of such default, without altering the obligation of the Purchaser to make Monthly Water Payments or any other payment required by the terms of this Contract;
- (b) Bring any suit, action or proceeding at law or in equity necessary or appropriate to enforce any covenant, agreement or obligation against the Purchaser;
- (c) Take any other action permitted by law or equity to enforce its rights under this Contract and to recover damages for breach thereof, or
- (d) Terminate this Contract.

**SECTION 11. Payments and Notice.**

Unless otherwise provided herein, any payment, notice, communication, request, reply or advice herein provided or permitted to be given, made or accepted by the Authority or the Purchaser to each other shall be given or be served either by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be so notified. For the purposes of notice, the addresses of the Authority and Purchaser shall, until changed as hereinafter provided, be as follows:

If to the Authority:

New Jersey Water Supply Authority 185 I State Highway 31  
Post Office Box 5196 Clinton, NJ 08809

Attention: Executive Director If to the Purchaser:

Middlesex Water Company 485C Route 1 South, Suite 400  
Iselin, NJ  
08830

The Authority and Purchaser shall have the right from time to time and at any time to change their respective addresses by at least fifteen (15) days' written notice to the other party hereto given in the manner hereinabove set forth.

**SECTION 12. Severability.**

In the event that any one or more of the provisions of this Contract shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, it is the intention of each of the parties hereto that such illegality or invalidity shall not affect any other provision hereof, but this Contract shall be construed and enforced as if such illegal or invalid provision had never been contained herein.

**SECTION 13. Incorporation of Rate Schedule and System Rules and Regulations.**

The Rate Schedule and the System Rules and Regulations are hereby incorporated herein by reference as fully as if herein set forth and all of the terms and provisions of such Rate Schedule and System Rules and Regulations shall be part of this Contract and shall be binding upon the Purchaser.

**SECTION 14. Calculations of the Authority.**

All meter readings to the extent made by the Authority and all calculations made by the Authority of amounts due by a Purchaser pursuant to this Contract, whether based upon meter readings or estimates by the Authority or meter readings by the Purchaser, shall be valid and binding upon the Purchaser absent manifest error by the Authority.

**SECTION 15. Binding Effect.**

This Contract, when executed and delivered by the parties hereto, shall be a valid and binding agreement, which shall be governed by and construed in accordance with the laws of the State. Neither party hereto may assign its rights or obligations hereunder without the consent of the other party. The undersigned warrant that they are authorized to sign this Contract and bind themselves, their successors, assignees, and/or trustees to comply with the terms and provisions of this Contract.

IN WITNESS WHEREOF, the Authority and the Purchaser have caused this Contract to be duly executed the date and year above first written.

**NEW JERSEY WATER SUPPLY AUTHORITY**

/s/ Marc Brooks

Marc Brooks, Executive Director

Dated: 11/29/23

**MIDDLESEX WATER COMPANY**

/s/ Dennis W. Doll

Name

Printed/Title: Dennis W. Doll, President and CEO

Dated: 10/24/23

Reviewed and Approved As to Form Only:

**Matthew J. Platkin**

Attorney General for New Jersey

By: /s/ Kathrine Hunt

Kathrine Hunt

Deputy Attorney General

New Jersey Water Supply Authority

RBS-2B

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Exhibit 10.26(f)

January 29, 2024

**MIDDLESEX WATER COMPANY**

485C US Highway 1 South Suite 400

Iselin, New Jersey 08830-3037

**WHITE MARSH ENVIRONMENTAL SYSTEMS, INC.**

485C US Highway 1 South Suite 400

Iselin, New Jersey 08830-3037

**TIDEWATER UTILITIES, INC.**

1500 Ronson Road, PO Box 1500

Iselin, New Jersey 08830-0452

**UTILITY SERVICE AFFILIATES INC.**

1500 Ronson Road, PO Box 1500

Iselin, New Jersey 08830-0452

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

1500 Ronson Road, PO Box 1500

Iselin, New Jersey 08830-0452

**PINELANDS WASTEWATER COMPANY**

485C US Highway 1 South Suite 400

Iselin, New Jersey 08830-3037

**PINELANDS WATER COMPANY**

485C US Highway 1 South Suite 400

Iselin, New Jersey 08830-3037

Re: Renewal of Expiration Date for that certain \$68,000,000.00 Committed Line of Credit ("Line of Credit") extended by PNC Bank, National Association (the "Bank") to Middlesex Water Company, White Marsh Environmental Systems, Inc., Tidewater Utilities, Inc., Utility Service Affiliates Inc., Utility Service Affiliates (Perth Amboy) Inc., Pinelands Wastewater Company, and Pinelands Water Company (individually and collectively, the "Borrower").

Dear Customer:

We are pleased to inform you that the Line of Credit has been renewed. The Expiration Date of the Line of Credit, as set forth in that certain promissory note executed and delivered by the Borrower to the Bank dated March 17, 2023 (the "Note") and/or that certain loan agreement governing the Line of Credit (the "Loan Agreement"), has been extended from January 31, 2025 to January 31, 2026, or such later date as may, in the Bank's sole discretion, be designated by the

Bank by written notice from the Bank to the Borrower, effective on February 1, 2025. All sums due under the Note, the Loan Agreement or any related documents, instruments, and agreements (collectively as amended from time to time, the "Loan Documents") shall be due and payable on the Expiration Date, as extended hereby. All other terms and conditions of the Loan Documents governing the Line of Credit remain in full force and effect.

It has been a pleasure working with you and I look forward to a continued successful relationship. Thank you again for your business.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Virginia Ailing  
 Virginia Ailing  
 Senior Vice President

#### AMENDMENT NO. 2 TO UNCOMMitted LOAN AGREEMENT

This Amendment No. 2 (the "Amendment") dated as of January 26, 2023 January 25, 2024, is between Bank of America, N.A. (the "Bank" "Bank") and Middlesex Water Company, a New Jersey corporation, Tidewater Utilities, Inc., a Delaware corporation, White Marsh Environmental Systems, Inc., a Delaware corporation, Pinelands Water Company, a New Jersey corporation, Pinelands Wastewater Company, a New Jersey corporation, Utility Service Affiliates, Inc., a New Jersey corporation and Utility Service Affiliates (Perth Amboy) Inc., a New Jersey corporation (individually and collectively, the "Borrower").

#### RECITALS

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

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

C. The Bank and the Borrower desire to amend the Agreement. This Amendment shall be effective on January 26, 2023 January 25, 2024, subject to any conditions stated in this Amendment.

#### AGREEMENT

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

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

1.2.1 In Paragraph 2.2 the date "January 26, 2023" 25, 2024" is changed to "January 25, 2024" 24, 2025".

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

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

2.3 In Paragraph 2.4(a) the words "BSBY Daily Floating Rate Loan" are changed to "Daily SOFR Loan" and the words "BSBY Rate Loan" are changed to "Term SOFR Loan."

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

"(b) A "Daily SOFR Loan" is a Loan that bears interest equal to Daily SOFR plus 1.25 percentage points. Daily SOFR is a fluctuating rate of interest which

can change on each banking day. "Daily SOFR" means the rate per annum equal to SOFR determined for any day pursuant to the definition thereof plus the SOFR Adjustment. Any change in Daily SOFR shall be effective from and including the date of such change without further notice. At any time Daily SOFR is less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. For purposes of this paragraph only:

- (i) "SOFR" means, for any determination date, the Secured Overnight Financing Rate published on the second U.S. Government Securities Business Day preceding such date by the SOFR Administrator on the Federal Reserve Bank of New York's website (or any successor source); provided, however, that if such determination date is not a U.S. Government Securities Business Day, then SOFR means such rate that applied on the first U.S. Government Securities Business Day immediately prior thereto.
- (ii) "SOFR Adjustment" with respect to Daily SOFR means 0.10%.
- (iii) "SOFR Administrator" means the Federal Reserve Bank of New York, as the administrator of SOFR, or any successor administrator of SOFR designated by the Federal Reserve Bank of New York or other person acting as the SOFR Administrator at such time.
- (iv) "U.S. Government Securities Business Day" means any banking day, except any banking day on which any of the Securities Industry and Financial Markets Association, the New York Stock Exchange or the Federal Reserve Bank of New York is not open for business because such day is a legal holiday under the federal laws of the United States or the laws of the State of New York, as applicable."

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

"(c) A "Term SOFR Loan" is a Loan that bears interest equal to Term SOFR plus 1.25 percentage points. No more than ten (10) Term SOFR Loans may be outstanding at any one time. "Term SOFR" means, for any applicable interest period, the rate per annum equal to the Term SOFR Screen Rate two (2) U.S. Government Securities Business Days prior to the commencement of such interest period with a term equivalent to such interest period; provided that if the rate is not published prior to 11:00 a.m. Eastern time on such determination date then Term SOFR means the Term SOFR Screen Rate on the first U.S. Government Securities Business Day immediately prior thereto, in each case, plus the SOFR Adjustment for such interest period. If at any time Term SOFR is less than zero, such rate shall be deemed to be zero for purposes of this Agreement." For purposes of this paragraph only:

- (i) "CME" means CME Group Benchmark Administration Limited.

- (ii) "SOFR" means the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York (or a successor administrator).
- (iii) "SOFR Adjustment" with respect to Term SOFR means 0.10%.
- (iv) "Term SOFR Screen Rate" means the forward-looking SOFR term rate administered by CME (or any successor administrator satisfactory to the Bank) and published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Bank from time to time).
- (v) "U.S. Government Securities Business Day" means any banking day, except any banking day on which any of the Securities Industry and Financial Markets Association, the New York Stock Exchange or the Federal Reserve Bank of New York is not open for business because such day is a legal holiday under the federal laws of the United States or the laws of the State of New York, as applicable."

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

"(d) The election of Term SOFR shall be subject to the following terms and requirements: The interest period during which Term SOFR will be in effect will be one (1) or three (3) months, as agreed to by the Bank in its sole and absolute discretion. The first day of the interest period must be a banking day. Each Term SOFR Loan will be for an amount not less than One Hundred Thousand Dollars (\$100,000). The last day of the interest period and the actual number of days during the interest period will be determined by the Bank using the practices of the relevant inter-bank market (as determined by the Bank in its sole and absolute discretion). The Borrower shall irrevocably request a Term SOFR Loan no later than 12:00 noon Eastern time on the banking day two (2) banking days before Term SOFR takes effect for such Term SOFR Loan, as specified above. For example, if there are no intervening holidays or weekend days in any of the relevant locations, the request must be made at least two (2) days before Term SOFR takes effect. Each prepayment of a Term SOFR Loan, whether voluntary, upon the Bank's demand, by reason of acceleration, maturity or otherwise, will be accompanied by the amount of accrued interest on the amount prepaid and a prepayment fee as described below. A "prepayment" is a payment of an amount on a date earlier than the scheduled payment date for such amount as required by this Agreement. The prepayment fee shall be in an amount sufficient to compensate the Bank for any loss, cost or expense incurred by it as a result of the prepayment, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Term SOFR Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by the Bank in connection with the foregoing."

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2.7 Paragraph 2.4(e) is amended to read in its entirety as follows:

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

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

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

3.1 4.1 A fully executed counterpart of this Amendment from the Borrower in form satisfactory to the Bank.

3.2 4.2 **KYC Information.**

(a) Upon the request of the Bank, the Borrower shall have provided to the Bank, and the Bank shall be reasonably satisfied with, the documentation and other information so

other information so requested in connection with applicable “know your customer” and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act.

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

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

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

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

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

any Obligor without further verification and (b) upon the request of the Bank any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, "Electronic Record" "Electronic Record" and "Electronic Signature" "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

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

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

Bank:

Bank of America, N.A.

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

Borrower:

Middlesex Water Company

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

Tidewater Utilities, Inc.

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

White Marsh Environmental Systems, Inc.

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

Pinelands Water Company

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

Pinelands Wastewater Company

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

Utility Service Affiliates, Inc.

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

Utility Service Affiliates (Perth Amboy) Inc.

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

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

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

**MIDDLESEX WATER COMPANY  
INSIDER TRADING POLICY**

**I. PURPOSE**

Middlesex Water Company (the "Company") hereby adopts this Insider Trading Policy ("Policy") to assist its directors, officers and employees in compliance with insider trading laws and regulations and to further prevent an appearance of improper insider trading.

**II. SCOPE**

- A. This Policy applies to all directors, officers and employees of the Company, as well as their respective family members and others in their households (collectively referred to as "Insiders"), and any other individuals the General Counsel may designate as Insiders because they have access to material nonpublic information concerning the Company.
- B. Except as set forth explicitly below, this Policy applies to any and all transactions in the Company's securities, including transactions in common stock, options, preferred stock, restricted stock, restricted stock units, and any other type of securities the Company may issue. This Policy applies to such securities regardless of whether they are held in a brokerage account, a 401(k) or similar account, through an employee stock purchase plan or otherwise.

**III. SPECIFIC GUIDANCE**

**A. Generally Prohibited Activities.**

- 1. **Trading in Company Securities.**
  - a. No Insider may buy, sell or otherwise trade in Company securities while aware of material nonpublic information concerning the Company.
  - b. No Insider may buy, sell or otherwise trade in Company securities during any special trading blackout period applicable to such Insider as designated by the General Counsel.
- 2. **Tipping.** Providing material nonpublic information to another person who may trade or advise others to trade on the basis of that information is known as "tipping" and is illegal. Therefore, no Insider may "tip" or provide material nonpublic information concerning the Company to any person other than a director, officer or employee of the Company, unless required as part of that Insider's regular duties for the Company and authorized by the General Counsel.
- 3. **Giving Trading Advice.** No Insider may give trading advice of any kind about the Company to anyone, whether or not such Insider is aware of material nonpublic information about the Company, except that Insiders should advise other Insiders not to trade if such trading might violate the law or this Policy.

4. **Engaging in Short Sales.** No Insider may engage in short sales of Company securities. A short sale is the sale of a security that the seller does not own at the time of the trade.
5. **Engaging in Derivative Transactions.** No Insider may engage in transactions in puts, calls or other derivative instruments that relate to or involve Company securities. Such transactions are, in effect, bets on short-term movements in the Company's stock price and therefore create the appearance that the transaction is based on nonpublic information.
6. **Hedging.** No Insider may engage in hedging transactions involving Company securities, including forward sale or purchase contracts, equity swaps, collars or exchange funds. Such transactions are speculative in nature and therefore create the appearance that the transaction is based on nonpublic information.
7. **Margin Account and Pledges.** No Insider may pledge Company securities or hold Company securities in margin accounts. When Company securities are held in a margin account or pledged as collateral for a loan, such securities may be sold without the holder's consent if the holder fails to meet a margin call or defaults on a loan. A margin or foreclosure sale that occurs when an Insider is aware of material nonpublic information may, under some circumstances, result in unlawful insider trading.
8. **Trading in Securities of Other Companies.** No Insider may, while in possession of material nonpublic information about any other public company gained in the course of employment with the Company, (a) trade in the securities of the other public company, (b) "tip" or disclose such material nonpublic information concerning that company to anyone, or (c) give trading advice of any kind to anyone concerning the other public company.

**B. Additional Restrictions Applicable to Section 16 Individuals and Key Employees.**

1. No Section 16 Individual or Key Employee (each as defined below) may trade in Company securities outside of the Company trading window described in Section V.B below.
2. No Section 16 Individual may trade in Company securities unless the trade(s) have been approved by the General Counsel in accordance with the procedures set forth in Section V.C.1 below.

**C. Exceptions.**

The prohibited activities above do not apply to:

1. Exercises of stock options or similar equity awards or the surrender of shares to the Company in payment of the stock option exercise price or in satisfaction of any tax withholding obligations, provided that any securities acquired pursuant to such exercise **may not be sold** while the Insider is in possession of material nonpublic information or subject to a special trading blackout or, with respect to Section 16 Individuals and Key Employees, while the Company's trading window is closed.

2. Acquisitions or dispositions of Company securities under the Company's 401(k) plan, the Middlesex Water Company Investment Plan or any other individual account that are made pursuant to standing instructions to a broker entered into while the Insider is not in possession of material nonpublic information or otherwise subject to a special trading blackout and, with respect to Section 16 Individuals and Key Employees, while the Company's trading window is open.
3. Automatic periodic purchases of Company stock through employee payroll deductions under the Middlesex Water Company Investment Plan. This exception, however, does not apply to voluntary transactions including: (a) the initial election to enroll in the Middlesex Water Company Investment Plan; (b) an election to increase or decrease the amount of automatic periodic contributions by payroll deduction; (c) election to cease payroll deductions altogether and withdraw any accumulated cash; and (d) sales of Company stock that were purchased under the Middlesex Water Company Investment Plan, none of which should be done when an employee is in possession of material nonpublic information. An employee who participates in the Middlesex Water Company Investment Plan and does not possess material nonpublic information at the time of enrollment may have all subsequent automatic investments by payroll deduction established by the enrollment proceed without restriction under this Policy. Section 16 Individuals are not permitted to participate in automatic payroll deduction purchases under the Middlesex Water Company Investment Plan.
4. Automatic reinvestment of dividends paid on Company stock held in the Middlesex Water Company Investment Plan ("Dividend Reinvestment Plan"). This exception, however, does not apply to voluntary purchases of Company stock under the Dividend Reinvestment Plan resulting from an employee's initial election to participate in the plan, to make additional contributions or to increase the employee's level of participation.
5. Purchases or sales made pursuant to a Rule 10b5-1 plan that is adopted and operated in compliance with the terms of this Policy (see Section VII).

## IV. DETERMINING WHETHER INFORMATION IS MATERIAL AND NONPUBLIC

### A. Definition of "Material" Information.

1. There is no bright line test for determining whether particular information is material. Such a determination depends on the facts and circumstances unique to each situation, and cannot be made solely based on the potential financial impact of the information.
2. In general, information about the Company should be considered "material" if:
  - A reasonable investor would consider the information significant when deciding whether to buy or sell Company securities; or
  - The information, if disclosed, could be viewed by a reasonable investor as having significantly altered the general perception in the marketplace about the Company.

Put simply, if the information could reasonably be expected to affect the price of the Company's stock, it should be considered material.

3. It is important to remember that whether information is material will be viewed by enforcement authorities with the benefit of hindsight. In other words, if the price of the Company's stock changed as a result of the information having been made public, it will likely be considered material by enforcement authorities.
4. While it is not possible to identify every type of information that could be deemed "material," the following matters ordinarily should be considered material:
  - Financial performance, especially quarterly and year-end earnings or significant changes in financial performance or liquidity.
  - Potential significant mergers and acquisitions or the sale of significant assets or subsidiaries.
  - New major contracts, orders, suppliers, customers, or finance sources, or the loss thereof.
  - Major discoveries or significant changes or developments in products or product lines, research or technologies.
  - Significant changes or developments in supplies or inventory, including significant product defects, recalls or product returns.
  - Significant write-downs in assets or increases in reserves.
  - Liquidity problems.
  - Cybersecurity risks and incidents, including vulnerabilities and breaches.
  - Stock splits, public or private securities/debt offerings, or changes in dividend policies or amounts.
  - Significant changes in senior management or the Board (as defined below).

- Actual or threatened major litigation or the resolution of such litigation.
- An imminent change in the Company's credit rating by a rating agency.
- The contents of forthcoming publications that may affect the market price of Company securities.

**B. Definition of "Nonpublic" Information.**

Information is "nonpublic" if it has not been disseminated to investors through a widely circulated news or wire service (such as Dow Jones, Bloomberg, PR Newswire, etc.) or through a public filing with the Securities and Exchange Commission (the "SEC"). For the purposes of this Policy, information will not be considered public until after the close of trading on the second full trading day following the Company's widespread public release of the information.

**C. Consult the General Counsel for Guidance.**

Any Insider who is unsure whether the information that he or she possesses is material or nonpublic should consult the General Counsel for guidance before trading in any Company securities.

**V. ADDITIONAL PROVISIONS FOR SECTION 16 INDIVIDUALS AND KEY EMPLOYEES**

**A. Definitions of Section 16 Individuals and Key Employees.**

1. **"Section 16 Individual"** – Each member of the Company's Board of Directors ("Board"), those officers of the Company designated by the Board as "Section 16 officers" of the Company, and their respective family members and others in their households, for purposes of compliance with Section 16 of the Securities and Exchange Act of 1934.
2. **"Key Employees"** – The following individuals are Key Employees because of their position with the Company and their possible access to material nonpublic information:
  - Active employees of the Company who have met or currently meet the eligibility requirements to receive annual stock option and/or restricted stock unit awards awarded by the Compensation Committee of the Board (the "Committee"); and
  - Any other individual designated from time to time by the Board or the Committee as a Key Employee.

Employees and other individuals who are recipients of stock option and/or restricted stock unit awards awarded by the Committee that are broad-based or special awards from the Chief Executive Officer or other authorized officer under a pool of stock options or restricted stock units established by the Committee shall not be considered Key Employees unless they also meet one or more of the conditions set forth in the preceding two bullets.

**B. The Trading Window and Quarterly Blackout Periods.**

1. **Trading Only While Trading Window is Open.** Section 16 Individuals and Key Employees may buy, sell or trade in Company securities only while the Company's trading window is open. No Section 16 Individual or Key Employee may trade in Company securities during a quarterly blackout period, regardless of whether they are then actually aware of material non-public information.
2. **Quarterly Blackout Periods.** A quarterly blackout period is in effect with respect to each quarterly earnings announcement, starting no less than the last day of the Middlesex Water Company fiscal quarter and ending when two full trading days have passed following the public announcement of Middlesex Water Company's quarterly financial results.<sup>1</sup> Middlesex Water Company has selected this period because it is the time when there is likely to be material non-public information about Middlesex Water Company that may be available to Section 16 Individuals and Key Employees.
3. **No Trading While Aware of Material Nonpublic Information.** Notwithstanding the provisions of the immediately preceding section, any Section 16 Individual or Key Employee who is in possession of material nonpublic information regarding the Company may not trade in Company securities during an open trading window until after two full trading days have passed following the Company's widespread public release of such information.

**Exceptions for Hardship Cases.** The General Counsel may, on a case- by-case basis, authorize trading in Company securities outside of the applicable trading windows (but not during special trading blackout periods) due to financial hardship or other hardships, but only in accordance with the procedures set forth in Section V.C.2 below.

**C. Procedures for approving trades by Section 16 Individuals and Hardship Cases.**

1. **Section 16 Individual Trades.** No Section 16 Individual may trade in Company securities until:
  - a. the individual has notified the General Counsel in writing, at least three business days prior to the proposed trade(s), of the amount and nature of the proposed trade(s), and
  - b. the individual has certified to the General Counsel in writing, no more than three business days prior to the proposed trade(s), that he or she is not aware of material nonpublic information regarding the Company.

3-

<sup>1</sup> The end dates for each Quarterly Blackout Period shall be as follows: (a) 60 days after year-end (December 31) for the annual 10-K reporting period; and (b) 40 days after the close of each quarter for the quarterly 10-Q reporting period. Trading Windows open after 2 full trading days following each Quarterly Blackout Period End Date. Specific filing dates for the 10-K and 10-Q reports are subject to change, and the Vice President, General Counsel & Secretary shall advise Section 16 Individuals and Key Employees of any changes and impacts on the opening of a Trading Window period.

**OMNIBUS ORGANIZATIONAL CERTIFICATE** The notice and certification required by this Section V.C.1 shall be given using the form attached hereto as **Exhibit A**. Beginning on the day that is the fourth business day following the date of such notice, and for ten additional business days thereafter, provided that the facts referred to in Section V.C.1.b remain correct, the Section 16 Individual may execute the trade set forth in such notice. Once the approval period identified in the notice has expired, a new notice and certification pursuant to this Section V.C.1 must be given in order for the Section 16 Individual to trade in Company securities.

2. **Hardship Trades.** The General Counsel may, on a case-by-case basis, authorize trading in Company securities outside of an applicable trading window due to financial hardship or other hardships only after:
  - a. the person trading has notified the General Counsel in writing of the circumstances of the hardship and the amount and nature of the proposed trade(s), and
  - b. the person trading has certified to the General Counsel in writing no earlier than two business days prior to the proposed trade(s) that he or she is not aware of material nonpublic information concerning the Company.
3. **General Counsel Trades.** If the General Counsel desires to complete any trades involving Company securities, he or she must first obtain the approval of the Chief Executive Officer or the Chief Financial Officer of the Company.
4. **No Obligation to Approve Trades.** The existence of the foregoing approval procedures does not in any way obligate the General Counsel (or, in the case of any trade by the General Counsel, the Chief Executive Officer or the Chief Financial Officer of the Company) to approve any trades requested by Section 16 Individuals, hardship applicants or the General Counsel.

#### **VI. DUTIES OF THE GENERAL COUNSEL**

The **undersigned, Secretary** Company has designated its General Counsel as the individual responsible for ensuring compliance with this Policy. The duties of the General Counsel include the following:

- A. Administering this Policy and monitoring and enforcing compliance with all Policy provisions and procedures.
- B. Responding to all inquiries relating to this Policy.
- C. Reviewing and either approving or denying all proposed trades by Section 16 Individuals in accordance with the procedures set forth in Section V.C.1 above.
- D. After discussing with the Chief Executive Officer or the Chief Financial Officer, designating and announcing special trading blackout periods during which certain Insiders may not trade in Company securities.
- E. Providing copies of this Policy and other appropriate materials to all new Insiders.
- F. Administering, monitoring and enforcing compliance with all federal and state insider trading laws and regulations.

G. Assisting in the preparation and filing of all required SEC reports relating to insider trading in Company securities.

H. Revising the Policy as necessary to reflect changes in federal or state insider trading laws and regulations, or as otherwise deemed necessary or appropriate.

The General Counsel may designate one or more individuals who may perform the General Counsel's duties in the event that the General Counsel is unable or unavailable to perform such duties.

## VII. RULE 10b5-1 TRADING PLANS

### A. General Information.

Under Rule 10b5-1 of the Securities Exchange Act of 1934, an individual has an affirmative defense against an allegation of insider trading if he or she demonstrates that the purchase, sale or trade in question took place pursuant to a binding contract, specific instruction or written plan that was put into place before he or she became aware of material nonpublic information. Such contracts, irrevocable instructions and plans are commonly referred to as Rule 10b5-1 plans.

Rule 10b5-1 plans have the obvious advantage of protecting against insider trading liability. However, they also require advance commitments regarding the amounts, prices and timing of purchases or sales of Company securities and thus limit flexibility and discretion. In addition, once a Rule 10b5-1 plan has been adopted, it is generally not permissible to amend or modify such plan.

Accordingly, while some individuals may find Rule 10b5-1 plans attractive, they may not be suitable for all Insiders.

### B. Specific Requirements.

1. **Pre-Approval.** For a Rule 10b5-1 plan to serve as an adequate defense against an allegation of insider trading, a number of legal requirements must be satisfied. Accordingly, anyone wishing to establish a Rule 10b5-1 plan must first receive approval from the General Counsel or his or her designee. Section 16 Individuals wanting to establish a Rule 10b5-1 plan must also satisfy the notification and certification requirements set forth in Section V.C.1 above.
2. **Material Nonpublic Information and Special Blackouts.** An individual desiring to enter into a Rule 10b5-1 plan must enter into the plan at a time when he or she is not aware of any material nonpublic information about the Company or otherwise subject to a special trading blackout.
3. **Trading Window.** Section 16 Individuals and Key Employees may only establish a Rule 10b5-1 plan when the Company's trading window is open.
4. **30-Day Waiting Period.** To avoid even the appearance of impropriety, the Company requires a waiting period of 30 days between the date the Rule 10b5-1 plan is adopted and the date of the first possible transaction under the plan.

## VIII. POTENTIAL PENALTIES AND DISCIPLINARY SANCTIONS

### A. Civil and Criminal Penalties.

The consequences of prohibited insider trading or tipping can be severe. Persons violating insider trading or tipping rules may be required to disgorge the profit made or the loss avoided by the trading, pay the loss suffered by the person who purchased securities from or sold securities to the Insider or the recipient of the tip, pay significant civil and/or criminal penalties, and serve a lengthy jail term. The Company in such circumstances may also be required to pay major civil or criminal penalties.

### B. Company Discipline.

Violation of this Policy or federal or state insider trading or tipping laws by any Insider may, in the case of a director, subject the director to dismissal proceedings and, in the case of an officer or employee, subject the officer or employee to disciplinary action by the Company up to and including termination for cause.

### C. Reporting of Violations.

Any Insider who violates this Policy or any federal or state law governing insider trading or tipping, or knows of any such violation by any other Insider, must report the violation immediately to the General Counsel. Upon determining that any such violation has occurred, the General Counsel, in consultation with the Company's Disclosure Committee and, where appropriate, the Chair of the Audit Committee of the Board, will determine whether the Company should release any material nonpublic information, and, when required by applicable law, shall cause the Company to report the violation to the SEC or other appropriate governmental authority.

## IX. MISCELLANEOUS

This Policy will be delivered to all directors, officers, employees and designated outsiders upon its adoption by the Company and to all new directors, officers, employees and designated outsiders at the start of their employment or relationship with the Company.

Upon first receiving a copy of this Policy or any revised versions, each Section 16 Individual and Key Employee must sign an acknowledgment that he or she has received a copy of this Policy and agrees to comply with its terms.

Re-Approved: December 15, 2020

**Receipt and Acknowledgment**

Upon first receiving a copy of The Middlesex Water Company a New Jersey corporation, Tidewater Utilities, Inc., a Delaware corporation, Pinelands Water Company, a New Jersey corporation, Pinelands Wastewater Company, a New Jersey corporation, Utility Service Affiliates, Inc., a New Jersey corporation and Utility Service Affiliates (Perth Amboy) Inc., a New Jersey corporation (each a "Company", collectively the "Companies"), certifies as follows:

1. There have been no amendments to the Certificate of Incorporation of Insider Trading Policy or any of the Companies on file in the jurisdiction of its formation as attached to the Omnibus Organizational Certificate dated January 28, 2021 certified by me as Secretary of the Companies. There are no proceedings for the merger, consolidation, liquidation, sale of all or substantially all of the assets or dissolution of any Company pending or contemplated.

2. There has been no amendment to the By-laws of any of the Companies as attached to the Omnibus Organizational Certificate dated January 28, 2021 certified by me as Secretary of the Companies.

3. The resolutions revised version thereof, each member of the Board of Directors, each officer designated under the Policy as a "Section 16 Individual" and each individual meeting the definition of each "Key Employee" must sign and return to the Office of the Companies as attached General Counsel the following receipt and acknowledgement.

I, hereby acknowledge that I have received and read a copy of The Middlesex Water Company Insider Trading Policy and agree to the Omnibus Organizational Certificate dated January 28, 2021 certified by comply with its terms. I understand that violation of insider trading or tipping laws or regulations may subject me as Secretary to severe civil and/or criminal penalties, and that violation of the Companies is now in full force and effect and has not been modified, amended or revoked and is the only resolution terms of the Companies relating above-titled policy may subject me to the matters set forth in such resolution.

4. Each of the persons listed on such resolutions are presently the duly elected, qualified and acting officer of the applicable Company as specified therein.

5. As evidenced discipline by the Good Standing Certificates attached as Exhibit A, each of the Companies is in good standing in the jurisdiction of its formation.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of January 26, 2023.

/s/ Jay L. Cooper  
Jay L. Cooper  
Secretary

Exhibit A

Good Standing Certificates Attached Company up to and including termination for cause.

Signature

Date

(Print Name)

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**EXHIBIT A**  
**THE MIDDLESEX WATER COMPANY**  
**INSIDER TRADING POLICY**

**Notice and Certification for Section 16 Individuals<sup>2</sup> and Other Key Employees**

**To the General Counsel:**

I hereby notify you of my intent to trade in securities of The Middlesex Water Company (the "Company"). The amount and nature of the proposed trade is as follows:

Sell in the open market \_\_\_\_\_ shares of Company Common Stock currently held at \_\_\_\_\_ (example: Fidelity; another broker; in certificated form);  
 Purchase in the open market \_\_\_\_\_ shares of Company Common Stock;  
 Gift \_\_\_\_\_ shares of Company Common Stock to \_\_\_\_\_;  
 Other (explain) \_\_\_\_\_

I understand that I am not authorized to trade in Company securities in reliance upon this Notice and Certification until \_\_\_\_\_ (insert the date that is four business days after the date hereof), and that such authorization will continue until \_\_\_\_\_ (insert the date that is ten business days after the date hereof). I understand that if I have not completed my proposed trade by the last date of the authorization period set forth in the immediately preceding sentence, I must submit a new Notice and Certification in order to trade in Company securities or adopt a plan.

I hereby certify that I am not aware of material nonpublic information concerning the Company.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

To be completed by General Counsel

Approved: \_\_\_\_\_

Date: \_\_\_\_\_

<sup>2</sup> A "Section 16 Individual" is each member of the Company's Board of Directors, those officers designated by the Board of Directors as "Section 16 officers" of the Company, and their respective family members and others in their households.

Middlesex Water Company

Subsidiaries

	Jurisdiction of Organization
Tidewater Utilities, Inc.	Delaware
Pinelands Water Company	New Jersey
Pinelands Wastewater Company	New Jersey
Utility Service Affiliates (Perth Amboy) Inc.	New Jersey
Utility Service Affiliates, Inc.	New Jersey
Twin Lakes Utilities, Inc.	Pennsylvania

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-266482) and Form S-8 (File No. 333-156269) of Middlesex Water Company of our report dated **February 24, 2023** **February 29, 2024**, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this **Annual Report on Form 10-K**, **10-K** for the year ended **December 31, 2023**.

/s/ Baker Tilly US, LLP  
 Baker Tilly US, LLP

Philadelphia, Pennsylvania  
 February **24, 2023**  
**29, 2024**

SECTION 302 CERTIFICATION PURSUANT TO RULES 13a-14

I, Dennis W. Doll, certify that:

1. I have reviewed this Annual Report on Form 10-K of Middlesex Water Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Dennis W. Doll

Dennis W. Doll

Chief Executive Officer

Date: **February 24, 2023** February 29, 2024

Exhibit 31.1

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

I, A. Bruce O'Connor, certify that:

1. I have reviewed this Annual Report on Form 10-K of Middlesex Water Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- 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
- Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ A. Bruce O'Connor

A. Bruce O'Connor  
Chief Financial Officer

Date: **February 24, 2023** **February 29, 2024**

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Exhibit 32

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

I, Dennis W. Doll, hereby certify that, to the best of my knowledge, the periodic report being filed herewith containing financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) and that information contained in said periodic report fairly presents, in all material respects, the financial condition and results of operations of Middlesex Water Company for the period covered by said periodic report.

/s/ Dennis W. Doll

Dennis W. Doll  
Chief Executive Officer

Date: **February 24, 2023** **February 29, 2024**

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.

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Exhibit 32.1

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

I, A. Bruce O'Connor, hereby certify that, to the best of my knowledge, the periodic report being filed herewith containing financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) and that information contained in said periodic report fairly presents, in all material respects, the financial condition and results of operations of Middlesex Water Company for the period covered by said periodic report.

/s/ A. Bruce O'Connor

A. Bruce O'Connor  
Chief Financial Officer

Date: **February 24, 2023**  
**February 29, 2024**

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.

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Exhibit 97

#### Middlesex Water Company Incentive-Based Award Clawback Policy

Incentive-based awards are subject to the Company's "clawback" policy. Such policy requires that incentive-based awards are subject to return to the Company, in whole or in part, if a financial statement restatement occurs within the three calendar years subsequent to an award, where such restatement effectively negates the previous achievement of financial targets that precipitated such prior award. Awards made to any Executive Officer (as defined below) are subject to the provisions of the clawback policy.

For purposes of the clawback policy, Executive Officer means the Company's president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division or function (such as administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company.

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#### DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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