

MIDDLESEX WATER CO
Form 10-Q
November 03, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2010

OR

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

For the transition period from _____ to _____

Commission File Number 0-422

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

New Jersey
(State of incorporation)

22-1114430
(IRS employer identification no.)

1500 Ronson Road, Iselin, NJ 08830
(Address of principal executive offices, including zip code)
(732) 634-1500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

Yes No

The number of shares outstanding of each of the registrant's classes of common stock, as of November 3, 2010:

Common Stock, No Par Value: 15,551,036 shares outstanding.

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

| | Three Months Ended Sept 30, | | Nine Months Ended Sept 30, | |
|--|--------------------------------|----------|-------------------------------|----------|
| | 2010 | 2009 | 2010 | 2009 |
| Operating Revenues | \$29,585 | \$25,498 | \$77,768 | \$69,164 |
| Operating Expenses: | | | | |
| Operations and Maintenance | 14,036 | 13,285 | 41,205 | 39,222 |
| Depreciation | 2,387 | 2,174 | 6,827 | 6,370 |
| Other Taxes | 3,141 | 2,715 | 8,532 | 7,699 |
| Total Operating Expenses | 19,564 | 18,174 | 56,564 | 53,291 |
| Operating Income | 10,021 | 7,324 | 21,204 | 15,873 |
| Other Income (Expense): | | | | |
| Allowance for Funds Used During Construction | 143 | 245 | 785 | 727 |
| Other Income | 172 | 432 | 532 | 760 |
| Other Expense | (129) | (31) | (181) | (49) |
| Total Other Income, net | 186 | 646 | 1,136 | 1,438 |
| Interest Charges | 1,819 | 1,791 | 5,125 | 4,949 |
| Income before Income Taxes | 8,388 | 6,179 | 17,215 | 12,362 |
| Income Taxes | 2,652 | 2,152 | 5,495 | 4,128 |
| Net Income | 5,736 | 4,027 | 11,720 | 8,234 |
| Preferred Stock Dividend Requirements | 52 | 52 | 156 | 156 |
| Earnings Applicable to Common Stock | \$5,684 | \$3,975 | \$11,564 | \$8,078 |
| Earnings per share of Common Stock: | | | | |
| Basic | \$0.37 | \$0.30 | \$0.81 | \$0.60 |
| Diluted | \$0.36 | \$0.29 | \$0.80 | \$0.60 |
| Average Number of Common Shares Outstanding : | | | | |
| Basic | 15,518 | 13,458 | 14,350 | 13,435 |
| Diluted | 15,781 | 13,720 | 14,613 | 13,698 |
| Cash Dividends Paid per Common Share | \$0.1800 | \$0.1775 | \$0.5400 | \$0.5325 |

See Notes to Condensed Consolidated Financial Statements.

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

| | | September 30, | December 31, |
|---------------------------------------|--|-------------------|-------------------|
| | | 2010 | 2009 |
| ASSETS | | | |
| UTILITY PLANT: | Water Production | \$ 117,323 | \$ 113,124 |
| | Transmission and Distribution | 303,243 | 293,269 |
| | General | 43,494 | 29,631 |
| | Construction Work in Progress | 12,529 | 17,547 |
| | TOTAL | 476,589 | 453,571 |
| | Less Accumulated Depreciation | 82,714 | 77,027 |
| | UTILITY PLANT - NET | 393,875 | 376,544 |
| CURRENT ASSETS: | | | |
| | Cash and Cash Equivalents | 3,090 | 4,278 |
| | Accounts Receivable, net | 14,119 | 10,616 |
| | Unbilled Revenues | 6,973 | 4,424 |
| | Materials and Supplies (at average cost) | 1,924 | 1,618 |
| | Prepayments | 1,597 | 1,109 |
| | TOTAL CURRENT ASSETS | 27,703 | 22,045 |
| DEFERRED CHARGES | | | |
| | Unamortized Debt Expense | 2,743 | 2,856 |
| AND OTHER ASSETS: | | | |
| | Preliminary Survey and Investigation Charges | 7,004 | 6,999 |
| | Regulatory Assets | 32,360 | 33,081 |
| | Operations Contracts Fees Receivable | 3,715 | 3,715 |
| | Restricted Cash | 4,761 | 5,266 |
| | Non-utility Assets - Net | 7,061 | 7,134 |
| | Other | 470 | 446 |
| | TOTAL DEFERRED CHARGES AND OTHER ASSETS | 58,114 | 59,497 |
| | TOTAL ASSETS | \$ 479,692 | \$ 458,086 |
| CAPITALIZATION AND LIABILITIES | | | |
| CAPITALIZATION: | | | |
| | Common Stock, No Par Value | \$ 139,111 | \$ 109,366 |
| | Retained Earnings | 34,024 | 30,265 |
| | TOTAL COMMON EQUITY | 173,135 | 139,631 |
| | Preferred Stock | 3,362 | 3,373 |
| | Long-term Debt | 130,550 | 124,910 |
| | TOTAL CAPITALIZATION | 307,047 | 267,914 |
| CURRENT LIABILITIES: | | | |
| | Current Portion of Long-term Debt | 4,350 | 3,710 |
| | Notes Payable | 18,800 | 42,850 |
| | Accounts Payable | 5,516 | 4,348 |
| | Accrued Taxes | 9,624 | 5,686 |
| | Accrued Interest | 827 | 1,861 |
| | Unearned Revenues and Advanced Service Fees | 920 | 861 |

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| | | | |
|--|---|---------------|---------------|
| | Other | 1,406 | 1,352 |
| | TOTAL CURRENT LIABILITIES | 41,443 | 60,668 |
| COMMITMENTS AND CONTINGENT LIABILITIES (Note 7) | | | |
| DEFERRED CREDITS | Customer Advances for Construction | 21,190 | 20,806 |
| | Accumulated Deferred Investment Tax | | |
| AND OTHER LIABILITIES: | Credits | 1,245 | 1,303 |
| | Accumulated Deferred Income Taxes | 28,241 | 27,788 |
| | Employee Benefit Plans | 24,689 | 25,723 |
| | Regulatory Liability - Cost of Utility Plant | | |
| | Removal | 7,230 | 6,738 |
| | Other | 129 | 275 |
| | TOTAL DEFERRED CREDITS AND OTHER LIABILITIES | | |