

MIDDLESEX WATER CO
Form 10-Q
August 02, 2012

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 June 30, 2012

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 **22-1114430**

(State of incorporation) (IRS employer identification no.)

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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

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 July 31, 2012: Common Stock, No Par Value: 15,733,286 shares outstanding.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Operating Revenues	\$ 27,401	\$ 26,102	\$ 50,947	\$ 50,098
Operating Expenses:				
Operations and Maintenance	14,765	14,062	29,140	28,093
Depreciation	2,582	2,417	5,130	4,829
Other Taxes	2,844	2,885	5,590	5,670
Total Operating Expenses	20,191	19,364	39,860	38,592
Operating Income	7,210	6,738	11,087	11,506
Other Income (Expense):				
Allowance for Funds Used During Construction	137	197	273	391
Other Income	125	202	317	359
Other Expense	(11)	(111)	(151)	(160)
Total Other Income, net	251	288	439	590
Interest Charges	1,779	1,714	3,133	2,928
Income before Income Taxes	5,682	5,312	8,393	9,168
Income Taxes	1,957	1,687	2,861	2,913
Net Income	3,725	3,625	5,532	6,255
Preferred Stock Dividend Requirements	51	51	103	103
Earnings Applicable to Common Stock	\$ 3,674	\$ 3,574	\$ 5,429	\$ 6,152
Earnings per share of Common Stock:				
Basic	\$ 0.23	\$ 0.23	\$ 0.35	\$ 0.40

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Diluted	\$ 0.23	\$ 0.23	\$ 0.35	\$ 0.40
Average Number of Common Shares Outstanding :				
Basic	15,716	15,598	15,704	15,587
Diluted	15,979	15,861	15,967	15,850
Cash Dividends Paid per Common Share	\$ 0.1850	\$ 0.1825	\$ 0.3700	\$ 0.3650

See Notes to Condensed Consolidated Financial Statements.

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

		June 30, 2012	December 31, 2011
ASSETS			
UTILITY PLANT:	Water Production	\$129,118	\$127,827
	Transmission and Distribution	332,715	326,629
	General	54,035	47,519
	Construction Work in Progress	9,940	12,575
	TOTAL	525,808	514,550
	Less Accumulated Depreciation	95,832	92,351
	UTILITY PLANT - NET	429,976	422,199
CURRENT ASSETS:	Cash and Cash Equivalents	2,727	3,106
	Accounts Receivable, net	10,232	11,280
	Unbilled Revenues	6,193	4,842
	Materials and Supplies (at average cost)	2,041	2,023
	Prepayments	2,242	1,622
	TOTAL CURRENT ASSETS	23,435	22,873
DEFERRED CHARGES AND OTHER ASSETS:	Unamortized Debt Expense	2,550	2,611
	Preliminary Survey and Investigation Charges	5,157	5,179
	Regulatory Assets	66,338	67,302
	Operations and Developer Contracts Receivable	2,147	5,300
	Restricted Cash	5,838	3,260
	Non-utility Assets - Net	9,106	8,182
	Other	594	630
	TOTAL DEFERRED CHARGES AND OTHER ASSETS	91,730	92,464
	TOTAL ASSETS	\$545,141	\$537,536
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock, No Par Value	\$142,592	\$141,432
	Retained Earnings	35,168	35,549
	TOTAL COMMON EQUITY	177,760	176,981
	Preferred Stock	3,353	3,353
	Long-term Debt	135,079	132,167
	TOTAL CAPITALIZATION	316,192	312,501

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CURRENT	Current Portion of Long-term Debt	4,996	4,569
LIABILITIES:	Notes Payable	25,250	24,250
	Accounts Payable	4,797	5,706
	Accrued Taxes	9,252	7,847
	Accrued Interest	1,622	1,628
	Unearned Revenues and Advanced Service Fees	743	734
	Other	1,875	1,953
	TOTAL CURRENT LIABILITIES	48,535	46,687
COMMITMENTS AND CONTINGENT LIABILITIES (Note 7)			
DEFERRED CREDITS	Customer Advances for Construction	21,707	21,944
AND OTHER LIABILITIES:	Accumulated Deferred Investment Tax Credits	1,107	1,146
	Accumulated Deferred Income Taxes	37,753	37,022
	Employee Benefit Plans	51,304	51,006
	Regulatory Liability - Cost of Utility Plant Removal	8,405	8,029
	Other	974	995
	TOTAL DEFERRED CREDITS AND OTHER LIABILITIES	121,250	120,142
CONTRIBUTIONS IN AID OF CONSTRUCTION		59,164	58,206
	TOTAL CAPITALIZATION AND LIABILITIES	\$545,141	\$ 537,536

See Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended June 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 5,532	\$ 6,255
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	5,489	5,174
Provision for Deferred Income Taxes and Investment Tax Credits	990	422
Equity Portion of Allowance for Funds Used During Construction (AFUDC)	(170)	(260)
Cash Surrender Value of Life Insurance	(90)	(86)
Stock Compensation Expense	372	234
Changes in Assets and Liabilities:		
Accounts Receivable	4,201	1,827
Unbilled Revenues	(1,351)	(1,567)
Materials & Supplies	(18)	247
Prepayments	(620)	(836)
Accounts Payable	(909)	(699)
Accrued Taxes	1,405	485
Accrued Interest	(6)	82
Employee Benefit Plans	1,846	891
Unearned Revenue & Advanced Service Fees	9	2
Other Assets and Liabilities	(867)	(87)
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,813	12,084
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility Plant Expenditures, Including AFUDC of \$103 in 2012, \$131 in 2011	(12,574)	(11,039)
Restricted Cash	(2,578)	