

MIDDLESEX WATER CO
Form 10-Q
August 02, 2018

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, 2018

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.)

1500 Ronson Road, Iselin, New Jersey 08830

Edgar Filing: MIDDLESEX WATER CO - Form 10-Q

(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, a smaller reporting company or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, non-accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting company Emerging growth company

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

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

Yes No

The number of shares outstanding of each of the registrant's classes of common stock, as of July 31, 2018: Common Stock, No Par Value: 16,392,350 shares outstanding.

INDEX

<u>PART I. FINANCIAL INFORMATION</u>	<u>PAGE</u>
Item 1. <u>Financial Statements (Unaudited):</u>	
<u>Condensed Consolidated Statements of Income</u>	1
<u>Condensed Consolidated Balance Sheets</u>	2
<u>Condensed Consolidated Statements of Cash Flows</u>	3
<u>Condensed Consolidated Statements of Capital Stock and Long-Term Debt</u>	4
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	15
Item 3. <u>Quantitative and Qualitative Disclosures of Market Risk</u>	22
Item 4. <u>Controls and Procedures</u>	23
<u>PART II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	23
Item 1A. <u>Risk Factors</u>	23
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	23
Item 3. <u>Defaults upon Senior Securities</u>	23
Item 4. <u>Mine Safety Disclosures</u>	23
Item 5. <u>Other Information</u>	24
Item 6. <u>Exhibits</u>	24
<u>SIGNATURES</u>	25

Index

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,	
	2018	2017	2018	2017
Operating Revenues	\$34,919	\$33,014	\$66,096	\$63,145
Operating Expenses:				
Operations and Maintenance	16,825	16,856	34,659	32,795
Depreciation	3,736	3,385	7,345	6,693
Other Taxes	3,637	3,415	7,021	6,724
Total Operating Expenses	24,198	23,656	49,025	46,212
Operating Income	10,721	9,358	17,071	16,933
Other Income (Expense):				
Allowance for Funds Used During Construction	214	180	381	299
Other Income (Expense), net	571	230	868	436
Total Other Income, net	785	410	1,249	735
Interest Charges	2,068	1,469	3,206	2,472
Income before Income Taxes	9,438	8,299	15,114	15,196
Income Taxes	763	2,918	1,945	5,374
Net Income	8,675	5,381	13,169	9,822
Preferred Stock Dividend Requirements	36	36	72	72
Earnings Applicable to Common Stock	\$8,639	\$5,345	\$13,097	\$9,750
Earnings per share of Common Stock:				
Basic	\$0.53	\$0.33	\$0.80	\$0.60
Diluted	\$0.52	\$0.33	\$0.80	\$0.59

Average Number of
Common Shares Outstanding :

Edgar Filing: MIDDLESEX WATER CO - Form 10-Q

Basic	16,388	16,332	16,371	16,316
Diluted	16,544	16,488	16,527	16,472
Cash Dividends Paid per Common Share	\$0.2238	\$0.2113	\$0.4475	\$0.4225

See Notes to Condensed Consolidated Financial Statements.

Index

MIDDLESEX WATER COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands)

		June 30, 2018	December 31, 2017
ASSETS			
UTILITY PLANT:	Water Production	\$ 154,542	\$ 153,844
	Transmission and Distribution	480,265	468,649
	General	70,837	69,457
	Construction Work in Progress	26,517	11,562
	TOTAL	732,161	703,512
	Less Accumulated Depreciation	151,681	146,272
	UTILITY PLANT - NET	580,480	557,240
CURRENT ASSETS:	Cash and Cash Equivalents	2,673	4,937
	Accounts Receivable, net	11,011	10,785
	Unbilled Revenues	8,744	6,999
	Materials and Supplies (at average cost)	4,826	4,118
	Prepayments	3,805	2,408
	TOTAL CURRENT ASSETS	31,059	29,247
AND OTHER ASSETS:	Preliminary Survey and Investigation Charges	4,859	4,676
	Regulatory Assets	99,717	58,423
	Operations Contracts, Developer and Other Receivables	439	439
	Restricted Cash	3,157	1,460
	Non-utility Assets - Net	9,598	9,478
	Other	435	177
	TOTAL DEFERRED CHARGES AND OTHER ASSETS	118,205	74,653
	TOTAL ASSETS	\$ 729,744	\$ 661,140
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock, No Par Value	\$ 156,251	155,120
	Retained Earnings	79,826	74,055
	TOTAL COMMON EQUITY	236,077	229,175
	Preferred Stock	2,433	2,433
	Long-term Debt	142,129	139,045
	TOTAL CAPITALIZATION	380,639	370,653
CURRENT	Current Portion of Long-term Debt	7,236	6,865

Edgar Filing: MIDDLESEX WATER CO - Form 10-Q

LIABILITIES:	Notes Payable	39,000	28,000
	Accounts Payable	16,413	13,929
	Accrued Taxes	14,700	11,418
	Accrued Interest	1,259	1,093
	Unearned Revenues and Advanced Service Fees	974	951
	Other	1,993	2,281
	TOTAL CURRENT LIABILITIES	81,575	64,537

COMMITMENTS AND CONTINGENT LIABILITIES (Note 7)

DEFERRED CREDITS	Customer Advances for Construction	21,832	21,423
AND OTHER LIABILITIES:	Accumulated Deferred Income Taxes	43,706	43,160
	Employee Benefit Plans	35,128	36,686
	Regulatory Liabilities	83,298	43,745
	Other	1,250	1,315
	TOTAL DEFERRED CREDITS AND OTHER LIABILITIES	185,214	146,329

CONTRIBUTIONS IN AID OF CONSTRUCTION

&n