



## Middlesex Water Company Reports Third Quarter 2011 Operating Results

November 4, 2011

ISELIN, NJ -- (MARKET WIRE) -- 11/04/11 -- Middlesex Water Company (NASDAQ: MSEX) ("Middlesex" or the "Company") today reported third quarter operating revenues of \$28.7 million compared to \$29.6 million for the same period in 2010. Net income for the quarter decreased to \$5.1 million from \$5.7 million in the same quarter of 2010. Earnings per basic and diluted share for the quarter were \$0.33 and \$0.32 per share, compared to \$0.37 and \$0.36 for the same period in 2010. For the nine months ended September 30, 2011, revenues were \$78.8 million, as compared to \$77.8 million for the same period in 2010, and net income decreased to \$11.4 million from \$11.7 million for the same period in 2010. Earnings per basic and diluted share for the nine months ended September 30, 2011 were \$0.72 per share, compared to \$0.81 and \$0.80 for the same period in 2010.

### Third Quarter Operating Results

Cooler temperatures and abnormally high precipitation in the third quarter of 2011 contributed to decreased water consumption revenue of \$0.9 million across all customer classes in our New Jersey and Delaware systems, as compared to the same period in 2010.

Middlesex Water Company Chairman, President and CEO, Dennis W. Doll, said, "The cooler temperatures and one of the wettest months of August on record had a significant impact on customer water consumption patterns with respect to outdoor water use. Hurricane Irene, which battered much of the East Coast during August, contributed to the decline in customers' consumption. Our contingency planning and other preparations helped us to overall maintain reliable service for our customers during the hurricane despite a loss of electric power for a prolonged period at key water production and wastewater collection facilities. With all these unusual weather-related operating challenges however, we continued to build on our enterprise-wide technology platform, further improve certain business processes and keep focused on important initiatives to further grow shareholder value throughout the quarter," added Doll.

Operation and maintenance expenses for the three months ended September 30, 2011 increased \$0.6 million from the same period in 2010. This was attributable primarily to an increase in employee healthcare and post retirement benefit plan expenses of \$0.5 million and increased net costs of \$0.1 million related to the implementation of our technology platform.

### Nine Month Operating Results

Consolidated operating revenues for the nine months ended September 30, 2011 increased \$1.0 million from the same period in 2010. \$0.7 million of the increase was due to the full effect of the base rate increase for the Middlesex system in New Jersey of 13.5 %, which went into effect in late March 2010, and \$0.3 million was the result of a scheduled increase in the fixed-fee portion of revenues under our operating contract with the City of Perth Amboy, New Jersey. Operation and maintenance expenses increased \$1.6 million from the same period in 2010, due mostly to higher labor and benefits costs. Net income decreased \$0.3 million to \$11.4 million from \$11.7 million from the same period in 2010. Basic and diluted earnings per share for the nine months were \$0.72, compared to \$0.81 and \$0.80 in 2010. The decline in earnings per share was due to lower net income, as well as a higher average number of shares outstanding in 2011, due to the Company's public offering of 1.9 million shares of common stock in June 2010.

### Board Increases Quarterly Dividend

The Company's Board of Directors approved an increase in the quarterly cash dividend on common stock to \$0.1850 from \$0.1825. The new dividend rate is payable December 1, 2011 to shareholders of record as of November 15, 2011. This dividend increase raises the annual dividend to \$0.74 from \$0.73 per share of common stock and represents the 39th consecutive year of annual dividend increases.

### About Middlesex Water Company

Middlesex Water Company, organized in 1897, provides regulated and unregulated water and wastewater utility services primarily in New Jersey and Delaware through various subsidiary companies. For additional information regarding Middlesex Water Company including information about the Company's Dividend Reinvestment and Common Stock Purchase Plan, visit the Company's Web site at [www.middlesexwater.com](http://www.middlesexwater.com) or call (732) 634-1500.

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, our long-term strategy and expectations, the status of our acquisition program, the impact of our acquisitions, the impact of current and projected rate requests and the impact of our capital program on our environmental compliance. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions, unfavorable weather conditions, the success of certain cost containment initiatives, changes in regulations or regulatory treatment, availability and the cost of capital, the success of growth initiatives and other factors discussed in our filings with the Securities and Exchange Commission.

	Three Months Ended September 30, 2011		September 30, 2010		Nine Months Ended September 30, 2011		September 30, 2010	
Operating Revenues	\$	28,671	\$	29,585	\$	78,769	\$	77,768
Operating Expenses:								
Operations and Maintenance		14,667		14,036		42,760		41,205
Depreciation		2,421		2,387		7,250		6,827
Other Taxes		3,067		3,141		8,737		8,532
Total Operating Expenses		20,155		19,564		58,747		56,564
Operating Income		8,516		10,021		20,022		21,204
Other Income (Expense):								
Allowance for Funds Used During Construction		235		143		626		785
Other Income		759		172		1,118		532
Other Expense		(20)		(129)		(180)		(181)
Total Other Income, net		974		186		1,564		1,136
Interest Charges		1,703		1,819		4,631		5,125
Income before Income Taxes		7,787		8,388		16,955		17,215
Income Taxes		2,644		2,652		5,557		5,495
Net Income		5,143		5,736		11,398		11,720
Preferred Stock Dividend Requirements		52		52		155		156
Earnings Applicable to Common Stock	\$	5,091	\$	5,684	\$	11,243	\$	11,564
Earnings per share of Common Stock:								
Basic	\$	0.33	\$	0.37	\$	0.72	\$	0.81
Diluted	\$	0.32	\$	0.36	\$	0.72	\$	0.80
Average Number of Common Shares Outstanding :								
Basic		15,622		15,518		15,599		14,350
Diluted		15,885		15,781		15,862		14,613
Cash Dividends Paid per								

Common Share                   \$    0.1825   \$    0.1800   \$    0.5475   \$    0.5400

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Source: Middlesex Water Company