



Middlesex Water Company Reports First Quarter Earnings

August 5, 2006

ISELIN, NJ -- (MARKET WIRE) -- 05/08/06 -- Middlesex Water Company (NASDAQ: MSEX), a provider of water and wastewater and related services in New Jersey and Delaware, today announced that its net income for the quarter ended March 31, 2006 increased to \$1.8 million from \$1.4 million from the prior year period.

First Quarter 2006 Results

Consolidated operating revenues for the quarter ended March 31, 2006, were \$18.2 million, up \$1.5 million, from \$16.7 million for the same period in 2005. Water sales revenues improved by \$1.0 million in our New Jersey systems, which was primarily a result of base rate increases. Continued customer growth and base rate increases for the Company's Delaware subsidiary, Tidewater Utilities, Inc. (TUI), generated an additional \$0.3 million in revenues during the quarter. The Company's non-regulated subsidiaries, Utility Service Affiliates, Inc. and White Marsh Environmental Systems, Inc., helped revenues increase \$0.2 million as compared with the same period in 2005.

"As expected, we are beginning to realize the full effect of rate decisions received in 2005, and we continue to realize the impact of customer growth in our Delaware operations. We remain focused on timely recovery of prudently incurred capital investments as evidenced by our April 28th filing before the Delaware Public Service Commission for a \$5.5 million base rate increase," said Dennis W. Doll, President & CEO.

Operating expenses increased to \$14.3 million, up from \$13.6 million for the same period in 2005. Higher costs for water production and treatment for the Middlesex system represented \$0.2 million of the increase. This increase was offset by reduced payroll and benefit costs of \$0.2 million in New Jersey. The continuing growth of TUI resulted in higher operating costs of \$0.2 million. All other operating expenses increased \$0.2 million. Depreciation and other taxes increased a combined \$0.2 million.

The Company reported first quarter 2006 earnings applicable to common stock increased to \$1.7 million, compared to \$1.3 million in the prior year, and basic and diluted earnings per share of common stock increased from \$0.12 to \$0.15.

Board Declares Quarterly Dividend

The Company's Board of Directors declared a quarterly cash dividend of \$0.17 per share, payable June 1, 2006 to common shareholders as of May 15, 2006. The Company has paid cash dividends in varying amounts continually since 1912. Middlesex Water has a Dividend Reinvestment Plan under which dividends and optional cash payments can be used to purchase additional shares of Common stock.

About Middlesex Water Company

Middlesex Water Company, organized in 1897, is an investor-owned water utility, serving customers in central and southern New Jersey and in the State of Delaware. The Company and its New Jersey subsidiaries -- Pinelands Water Company and Pinelands Wastewater Company -- are subject to the regulations of the Board of Public Utilities of the State of New Jersey. Middlesex Water operates the water and wastewater utilities for the City of Perth Amboy through its subsidiary, Utility Service Affiliates (Perth Amboy), Inc. Middlesex Water also provides contract operations services and a service line maintenance program through its non-regulated subsidiary, Utility Service Affiliates, Inc. The Company's regulated Delaware subsidiaries, Tidewater Utilities, Inc., together with Southern Shores Water Company, and Tidewater Environmental Services, Inc. (TESI) are subject to the regulations of the Public Service Commission in Delaware. TESI provides regulated wastewater utility services. White Marsh Environmental Systems, Inc. operates small water and wastewater systems under contract on a non-regulated basis in Delaware. These companies are also subject to various Federal, State and regulatory agencies concerning water and wastewater effluent, quality standards.

For additional information regarding Middlesex Water Company, visit the Company's Web site at www.middlesexwater.com or call (732) 634-1500.

Certain matters discussed in this press release are "forward-looking statements" regarding the Company's results of operations and financial position. Such statements address future plans, objectives, expectations and events concerning various matters such as capital expenditures, earnings, litigation, growth potential, rate, regulatory matters, liquidity, capital resources and accounting matters. Actual results in each case could differ materially from those currently anticipated in such statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information,

future events or otherwise.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited) □

	Three Months Ended March 31,	
	2006	2005
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Operating Revenues	\$ 18,230,146	\$ 16,742,903
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Operating Expenses:		
Operations	9,646,131	9,041,996
Maintenance	738,984	898,685
Depreciation	1,668,393	1,548,048
Other Taxes	2,203,453	2,083,134
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Total Operating Expenses	14,256,961	13,571,863
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Operating Income	3,973,185	3,171,040
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Other Income:		
Allowance for Funds Used During Construction	112,636	210,450
Other Income	57,938	55,219
Other Expense	(1,739)	(8,145)
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Total Other Income, net	168,835	257,524
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Income before Interest and Income Taxes	4,142,020	3,428,564
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Interest Charges	1,514,998	1,382,092
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Income before Income Taxes	2,627,022	2,046,472
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Income Taxes	814,658	666,770
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Net Income	1,812,364	1,379,702
Preferred Stock Dividend Requirements	61,947	63,697
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Earnings Applicable to Common Stock	\$ 1,750,417	\$ 1,316,005
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Earnings per share of Common Stock:		
Basic	\$ 0.15	\$ 0.12
Diluted	\$ 0.15	\$ 0.12
Average Number of Common Shares Outstanding:		
Basic	11,593,624	11,367,475
Diluted	11,924,764	11,710,615
Cash Dividends Paid per Common Share	\$ 0.1700	\$ 0.1675

For further information, please call:
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