



Middlesex Water Company Reports Second Quarter 2008 Financial Results

August 6, 2008

ISELIN, NJ -- (MARKET WIRE) -- 08/06/08 -- Middlesex Water Company (NASDAQ: MSEX), a provider of water and wastewater and related services in New Jersey and Delaware, today reported higher operating revenues and net income for the quarter ended June 30, 2008 over the same period in 2007.

Second Quarter Operating Results

Consolidated operating revenues for the three months ended June 30, 2008 increased \$1.3 million, or 5.9%, from the same period in 2007. Revenues in the Middlesex system in New Jersey increased \$1.3 million as a result of a 9.1% base rate increase implemented in October 2007. Middlesex revenues decreased \$0.6 million due to lower water consumption in 2008. Revenues improved \$0.1 million in the Tidewater system in Delaware, largely due to an additional 1.62% rate increase from a Distribution System Improvement Charge that went into effect at the beginning of 2008.

Customer growth contributed \$0.1 million to the overall revenue increase. Fees charged for initial customer connections in the Tidewater system were \$0.1 million lower in 2008 reflecting a slow-down in new residential and commercial development in Delaware. Contract fees for managing the Perth Amboy water and wastewater systems were \$0.2 million higher than the same period in 2007, due mostly to higher pass-through charges. Revenues from non-regulated contract operations in Delaware increased \$0.1 million due to growth in contract customers and increased sales of additional services. Revenues from regulated wastewater operations in Delaware increased \$0.1 million due to customer growth. All other operations accounted for \$0.1 million of additional revenues.

Net income increased 7.6% from \$3.3 million to \$3.6 million. Diluted earnings per share were \$0.26 and \$0.24 for three months ended June 30, 2008 and 2007, respectively.

Operation and maintenance expenses for the three months ended June 30, 2008 increased \$0.5 million or 4.9%. Water production costs were \$0.1 million higher due to higher costs for water, electric power, chemicals and disposal of residuals in New Jersey. Operating costs for Tidewater Environmental Services Inc. increased \$0.1 million due to acquisition of the Milton, Delaware municipal wastewater system during 2007 and an increased number of wastewater treatment facilities in operation in Delaware. Operating costs for the Perth Amboy water and wastewater systems increased \$0.2 million due to higher pass-through charges. All other expense categories increased \$0.1 million.

Middlesex Water Company CEO, Dennis W. Doll, said, "The slow pace of growth in the housing markets continues to impact the pace of new developer-projects in Delaware and other areas where we have identified further opportunities for growth. We are taking advantage of this period to work with developers in the planning and permitting of projects that are intended to move forward as economic conditions improve. In addition, we are devoting significant effort to examining our internal business processes and implementing technology to support those processes. These substantial management initiatives, along with efforts in the areas of training, safety and other areas, are all contributing to success in our ongoing pursuit of further operational excellence, customer satisfaction and shareholder value."

Six Month Operating Results

Operating revenues for the six months ended June 30, 2008 increased \$3.2 million or 7.8% from the same period in 2007. Operation and maintenance expenses increased \$1.5 million or 6.6%. Net income increased \$0.5 million or 9.5%. Diluted earnings per share were \$0.41 and \$0.37 for six months ended June 30, 2008 and 2007, respectively.

Statement of Capital Stock and Long-term Debt and Balance Sheet to Be Restated

Management has announced that the Company has filed an amended Form 10-Q for the quarterly period ended March 31, 2008 in order to correct certain long-term debt information. As part of its financial reporting process review, management has determined to amend the filing. The restated Form 10-Q will amend the Condensed Statement of Capital Stock and Long-term Debt and Condensed Consolidated Balance Sheet as of March 31, 2008, for the reclassification of \$15.0 million of long-term debt scheduled to mature in less than twelve months, namely February 1, 2009. While the restatement does not have an impact on reported earnings, cash flows from operating activities or cash balances for the periods affected, the condensed consolidated financial statements issued in the original filing should not be relied upon because of the restatements to those financial statements. The Company has discussed with Beard Miller Company LLP, independent accountant, the matters disclosed in this filing.

Board Declares Quarterly Dividend

The Company's Board of Directors declared a quarterly cash dividend of \$0.1750 per share, payable September 2, 2008 to common shareholders as of August 15, 2008. 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, provides regulated and unregulated water and wastewater utility services in New Jersey and Delaware through various subsidiary companies. For additional information regarding Middlesex Water Company, visit the Company's Web site at 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.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
	=====	=====	=====	=====
Operating Revenues	\$ 23,035	\$ 21,745	\$ 43,890	\$ 40,732
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Operating Expenses:				
Operations	10,617	10,143	21,719	20,335
Maintenance	1,110	1,037	2,107	2,015
Depreciation	1,955	1,875	3,885	3,720
Other Taxes	2,528	2,411	5,008	4,662
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Total Operating Expenses	16,210	15,466	32,719	30,732
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Operating Income	6,825	6,279	11,171	10,000
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Other Income (Expense):				
Allowance for Funds Used During				
Construction	162	140	265	252
Other Income	277	282	518	508
Other Expense	(113)	(8)	(158)	(12)
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Total Other Income, net	326	414	625	748
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Interest Charges	1,806	1,698	3,323	3,081
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Income before Income Taxes	5,345	4,995	8,473	7,667
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Income Taxes	1,780	1,682	2,904	2,583

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Net Income	3,565	3,313	5,569	5,084
Preferred Stock Dividend Requirements	62	62	124	124
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Earnings Applicable to Common Stock	\$ 3,503	\$ 3,251	\$ 5,445	\$ 4,960
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Earnings per share of Common Stock:				
Basic	\$ 0.26	\$ 0.25	\$ 0.41	\$ 0.38
Diluted	\$ 0.26	\$ 0.24	\$ 0.41	\$ 0.37
Average Number of Common Shares Outstanding :				
Basic	13,269	13,191	13,262	13,184
Diluted	13,600	13,522	13,593	13,515
Cash Dividends Paid per Common Share				
	\$ 0.1750	\$ 0.1725	\$ 0.3500	\$ 0.3450

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