



## Tidewater Utilities Completes Capital Projects; Receives PSC Approval for Rate Increase

February 27, 2007

ISELIN, NJ -- (MARKET WIRE) -- 02/27/07 -- Middlesex Water Company (NASDAQ: MSEX), a provider of water, wastewater and related services, has announced that its Delaware wholly owned subsidiary, Tidewater Utilities, Inc. (Tidewater), has received final approval from the Delaware Public Service Commission (PSC) for a 26.9% or \$3.9 million overall increase in annual revenues. Tidewater is a water utility serving more than 30,000 residential and other customers in New Castle, Kent and Sussex Counties in Delaware.

Tidewater had filed a request in April 2006 with the PSC for a 38.6% increase in water rates to cover costs of increased capital investment as well as increased operations and maintenance expenses such as electric power, water treatment and labor and benefits costs. As allowed under PSC regulations, an interim increase of 15% was implemented in June 2006 pending the final resolution of this proceeding. This final decision by the PSC allows the Company to implement an additional increase of 11.9% or \$1.9 million in annual revenues, effective February 28, 2007. The timing of this final award was dependent upon the completion by Tidewater of certain capital projects, all of which have been placed into service.

Presently, the average household served by Tidewater is charged approximately \$33.61 per month for 5,000 gallons of water. The new rate structure, based on 5,000 gallons of water, and reflecting the full request, would result in a monthly bill of \$42.99. Water charges for residential customers would consist of a \$44.27 quarterly facilities charge and a consumption charge of \$5.6462 per 1,000 gallons. Tidewater operates 88 water plants and more than 160 active wells in 410 residential communities and commercial establishments throughout Delaware.

### Water System Improvements

Improvements in 2006 included installation and rehabilitation of water mains, pumps and treatment facilities, construction of a 500,000 gallon elevated water storage tank, upgrades to 87 pumping plant facilities as well as installation of numerous water main extensions and interconnections among previously independent water systems serving various communities. Further improvements included the installation of back-up electric generation capability at pumping facilities and fire wells to help maintain adequate water pressures.

The Company continues to focus on strategically consolidating its many independent systems into regional districts where appropriate, for greater efficiencies achievable through economies of scale. Interconnections and regionalization of independent water system communities is essential in order to ensure backup water supply and reliable operations.

Tidewater Utilities, Inc., together with Southern Shores Water Company and Tidewater Environmental Services Inc., are subject to the regulations of the Public Service Commission in Delaware. These companies are also subject to various Federal and State regulatory agencies concerning water quality standards. White Marsh Environmental Systems, Inc. operates small water and wastewater systems under contract on a non-regulated basis in Delaware.

For more information on Tidewater Utilities, Inc., visit the company's website at [www.tuiwater.com](http://www.tuiwater.com). For more information on its parent company, Middlesex Water Company, visit [www.middlesexwater.com](http://www.middlesexwater.com)

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