

EMBRACING
& NAVIGATING
Change



ANNUAL MEETING OF SHAREHOLDERS

MAY 23, 2023



TODAY'S SPEAKERS



Dennis W. Doll
Chairman,
President & CEO



A. Bruce O'Connor
Sr. Vice President,
Treasurer and Chief
Financial Officer



Jay L. Kooper
Vice President,
General Counsel
& Secretary



Robert J. Capko
Principal
Accounting
Officer

FORWARD LOOKING STATEMENT

As an introduction to the information we will be discussing, please be aware that some of our comments can be considered forward-looking statements as defined by the federal securities laws and as outlined in the Company's SEC filings. As such, any forward-looking statements are based on currently available information and management's assumptions, expectations and estimates; however, actual results may vary significantly. Risk factors that could cause actual results to vary from expectations are described in the Company's filings with the SEC. These factors are also available in our most recent earnings release which can be viewed on our website at www.middlesexwater.com or in our Annual Report.



Our Services



**MSEX IS PARENT COMPANY & SOLE
SHAREHOLDER OF...**

Tidewater Utilities, Inc.

Pinelands Water Company

Pinelands Wastewater Company

Utility Service Affiliates Inc.

**Utility Service Affiliates (Perth
Amboy) Inc.**

- Water Production, Treatment and Distribution
- Full Service Municipal Contract Operations
- Design/Build/Own/Operate System Assets
- Public/Private Partnerships
- Wastewater Collection and Treatment
- Water and Wastewater System Maintenance
- Water and Sewer Line Maintenance Programs (through a third-party vendor)



**TIDEWATER UTILITIES, INC. HAS
WHOLLY-OWNED SUBSIDIARIES**

**Southern Shores Water
Company, LLC**

**White Marsh Environmental
Systems, Inc.**

BUSINESS SEGMENTS

- **Regulated**

Collecting, treating and distributing water on a retail and wholesale basis to residential, commercial, industrial and fire protection customers in parts of New Jersey and Delaware.

- **Non-Regulated Contract Services**

Operation and maintenance of municipal and private water and wastewater systems in New Jersey and Delaware.



STRATEGY FOR GROWTH



- ✓ Invest in projects, products & services that complement our core water and wastewater competencies
- ✓ Timely and adequate recovery of infrastructure investments and other costs to maintain service quality
- ✓ Prudent acquisitions of investor and municipally-owned water and wastewater utilities, and
- ✓ Operation of municipal and industrial water and wastewater systems on a contract basis which meet our risk profile





IMPORTANT HIGHLIGHTS

- Ozone Plant Operating Successfully
- Park Avenue Plant Permanent Treatment
- Recent Rate Filings & Decisions
- Lead Service Line Replacement Program
- Executive Leadership Changes

OZONE PLANT DEDICATION



RENEW - 2023

- **\$11.1 Million Project**
- **Carteret, NJ and Port Reading Section of Woodbridge, NJ**
- **Replacing 26,000 linear ft. of water main as well as service lines, valves and fire hydrants**
- **Installing exterior below ground meter pits**



LEAD SERVICE LINE REPLACEMENT

New Jersey legislation signed into law on July 22, 2021, requires investor owned and municipal water utilities to replace all utility owned and customer owned lead and galvanized steel service lines by 2031.



Middlesex removed any known lead lines several decades ago, but the legislation enables Middlesex to **help customers address lead on their private property** and the portion of the service line they own.



PARK AVENUE PFAS TREATMENT PLANT

Accelerated Partial Treatment Phase 1 (in Service 4/8/23) Phase 2 (mid-May 2023) Phase 3 (June 30)
Final Completion (End of Summer)



48" TRANSMISSION MAIN

- ✓ Pipeline Condition Assessment
- ✓ Repair/Replacement of Leaking Sections
- ✓ 1969 In-service Date
- ✓ Structural Carbon Fiber Lining



Meeting Delaware Growth Needs



- New Storage Tanks in Millville by the Sea and South Rehoboth Districts
- Interconnection of large water districts in Sussex County, DE
- New Treatment Plant in the Bayside Americana community

FINANCIAL HIGHLIGHTS



	2022	2021
OPERATING REVENUES	\$ 162.4M	\$ 143.1M
O&M EXPENSES	\$ 79.1M	\$ 73.7M
NET INCOME*	\$ 42.4M	\$ 36.5M
EARNINGS PER SHARE*	\$ 2.39	\$ 2.07

*2022 Includes gain on sale of Delaware wastewater subsidiary



FIRST QUARTER RESULTS

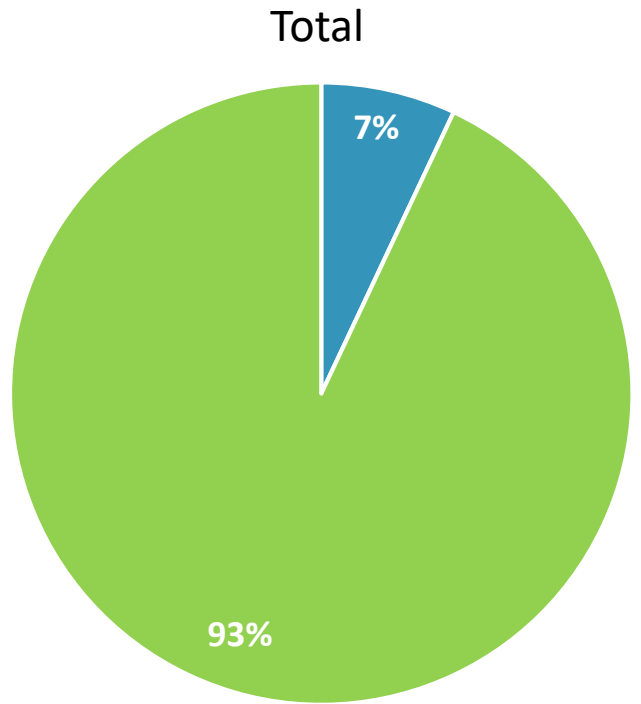


	2023	2022
OPERATING REVENUES	\$38.2M	\$36.2M
O&M EXPENSES	\$20.3M	\$19.1M
NET INCOME*	\$ 5.9M	\$12.1M
EARNINGS PER SHARE*	\$ 0.33	\$ 0.68

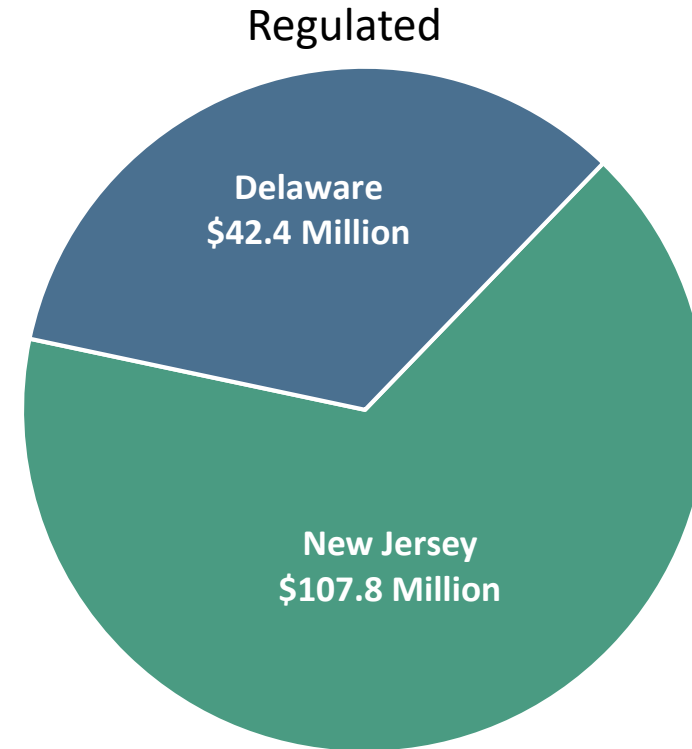
*2022 Includes gain on sale of Delaware wastewater subsidiary



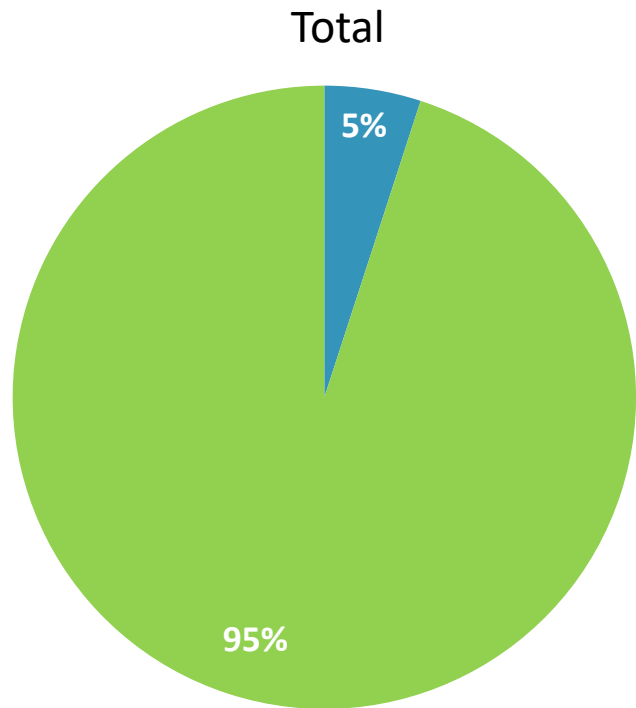
2022 REVENUE



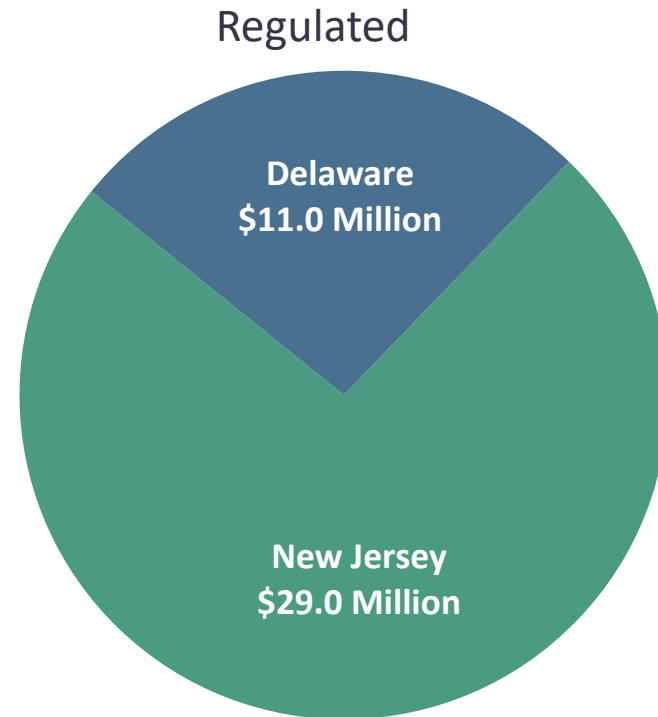
■ Non Regulated ■ Regulated



2022 NET INCOME



■ Non Regulated ■ Regulated



FACTORS IMPACTING EARNINGS



WEATHER



TIMELY & ADEQUATE
RATE RELIEF



COST MANAGEMENT



CUSTOMER GROWTH

ONGOING CHALLENGES



INFLATION



SUPPLY CHAIN

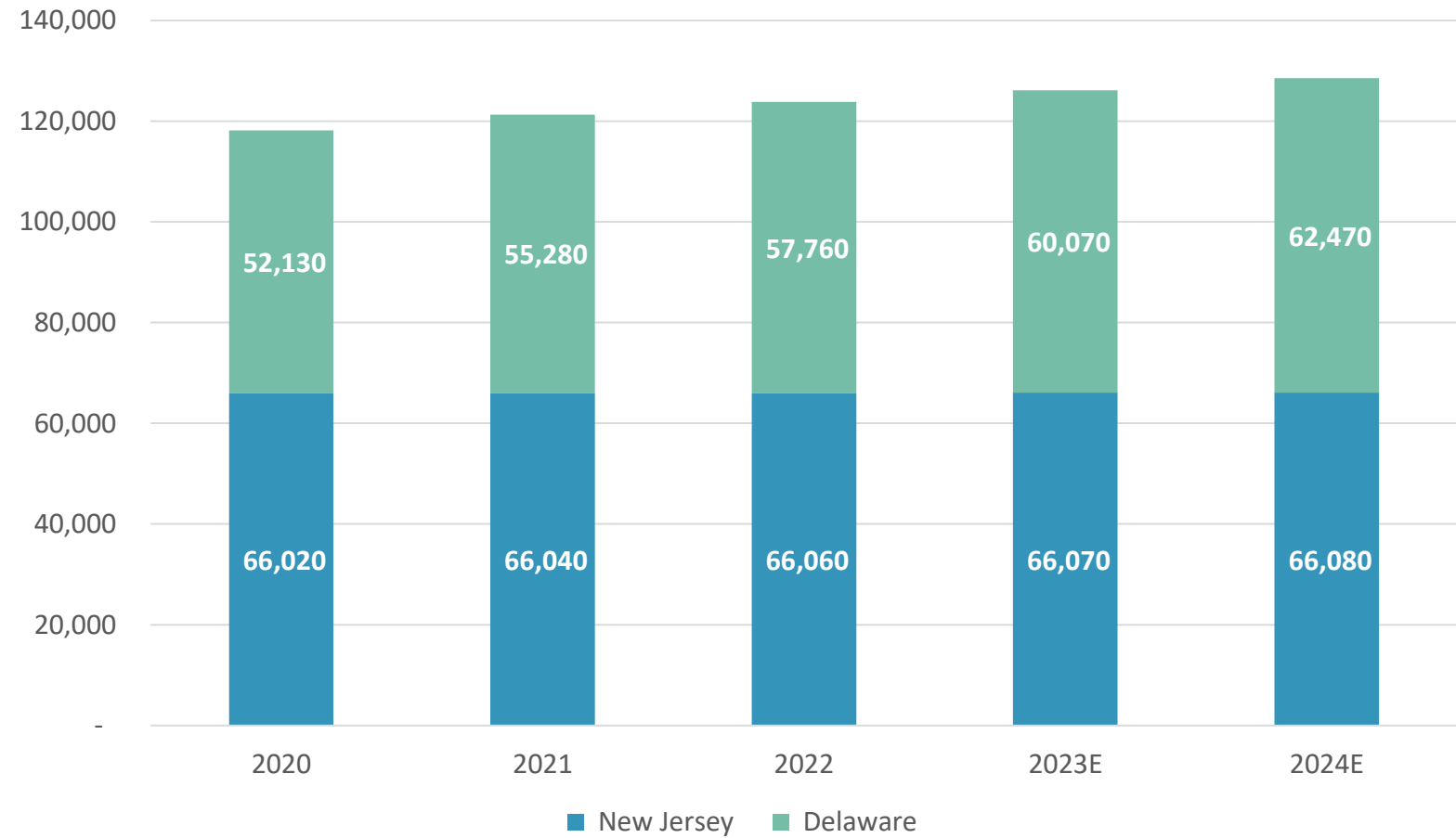


REGULATION &
LEGISLATION

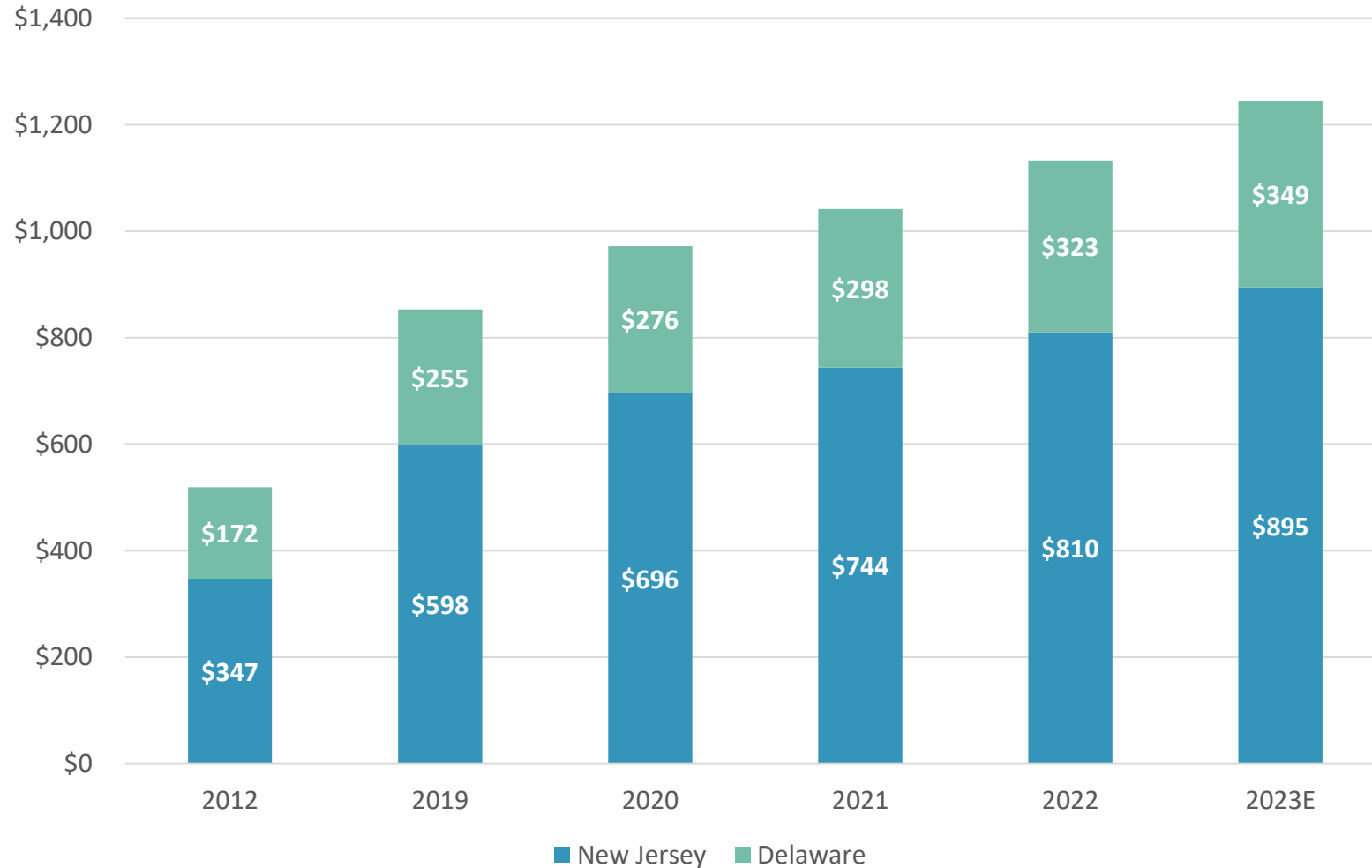


WORKFORCE ATTRITION

CUSTOMERS



UTILITY PLANT (MILLIONS)



CONSTRUCTION



Middlesex plans to invest approximately \$111 million for its construction program in 2023.



Projects include:

- PFAS Treatment
- RENEW Program
- Customer-Owned Lead Service Line Replacement
- Interconnecting Systems in DE
- Elevated Storage tanks

CAPITAL EXPENDITURES (ESTIMATED)



(Millions)

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2023-2025</u>
Distribution Systems	\$ 69	\$ 59	\$ 62	\$ 190
Production Systems	33	17	4	54
IT Systems	4	2	3	9
Other	5	6	9	20
Total	<u>\$ 111</u>	<u>\$ 84</u>	<u>\$ 78</u>	<u>\$ 273</u>

CAPITAL PROJECT FUNDING

- Cash Flow From Operations
- Lines of Credit
- Common Stock Reinvestment Plan
- Debt - Private Placement, State Revolving Funds
- Common Stock Offerings



FINANCING ACTIVITY & PLANS

- **DEBT**

- **\$40M Private Placement Loan** (*March 2023*)
- **\$10M Delaware SRF Loans** (*April 2023*)
- **\$20M CoBank Loan** (*May 2023*)

- **EQUITY**

- **3% Discount on Investment Plan Common Stock Purchases**

- **REGULATORY APPROVAL**

- **Sell Up to 1M Common Stock Shares Through End of 2025**
- **Borrow Up to \$300M Through End of 2025**
- **Pinelands Water & Wastewater - Borrow Up to \$10M from CoBank**

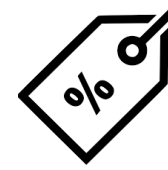


RATE CASE ACTIVITY



- **Pinelands Water and Wastewater Combined \$1M Base Rate Increase**
 - **Effective April 2023**
- **Middlesex Filed for \$34M (31.2%) Base Rate Increase**
 - **Utility Plant Investments**
 - **O&M Costs for Regulatory Compliance**
- **Middlesex Distribution System Improvement Charge Foundational Filing**
- **Middlesex Lead Service Line Replacement Filing**
- **Tidewater Expected to File for Rate Increase in 2nd Half of 2023**

3% STOCK PURCHASE DISCOUNT



FUNDS RAISED ARE USED FOR
INFRASTRUCTURE INVESTMENT

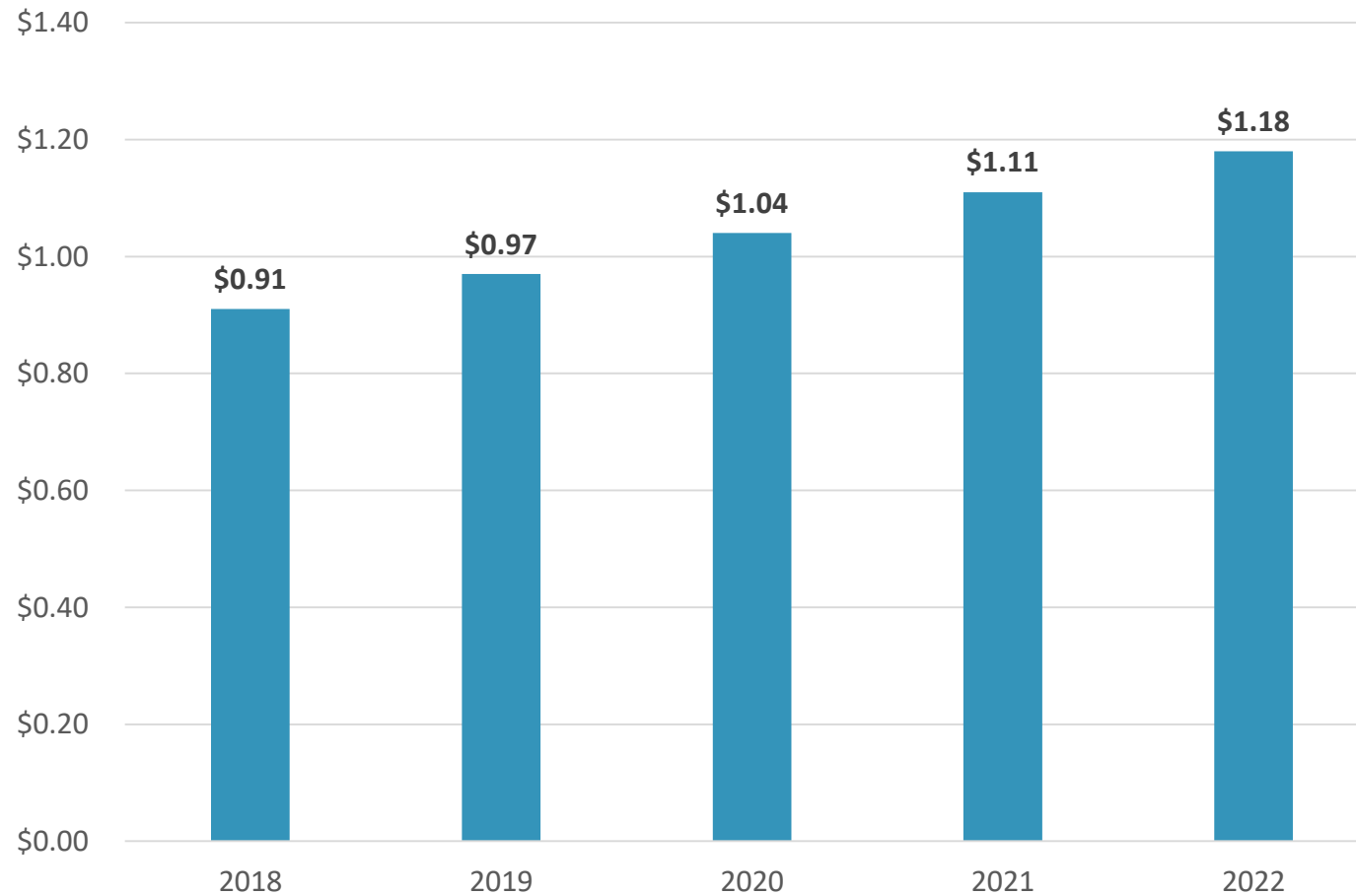
- On purchases of MSEX Common Stock through the Company's Investment Plan.
- Purchases by optional cash payment and/or by dividend reinvestment.
- Continues until 200,000 shares are purchased at the discounted price or December 1, 2023, whichever occurs first.



2022 DIVIDENDS PAID

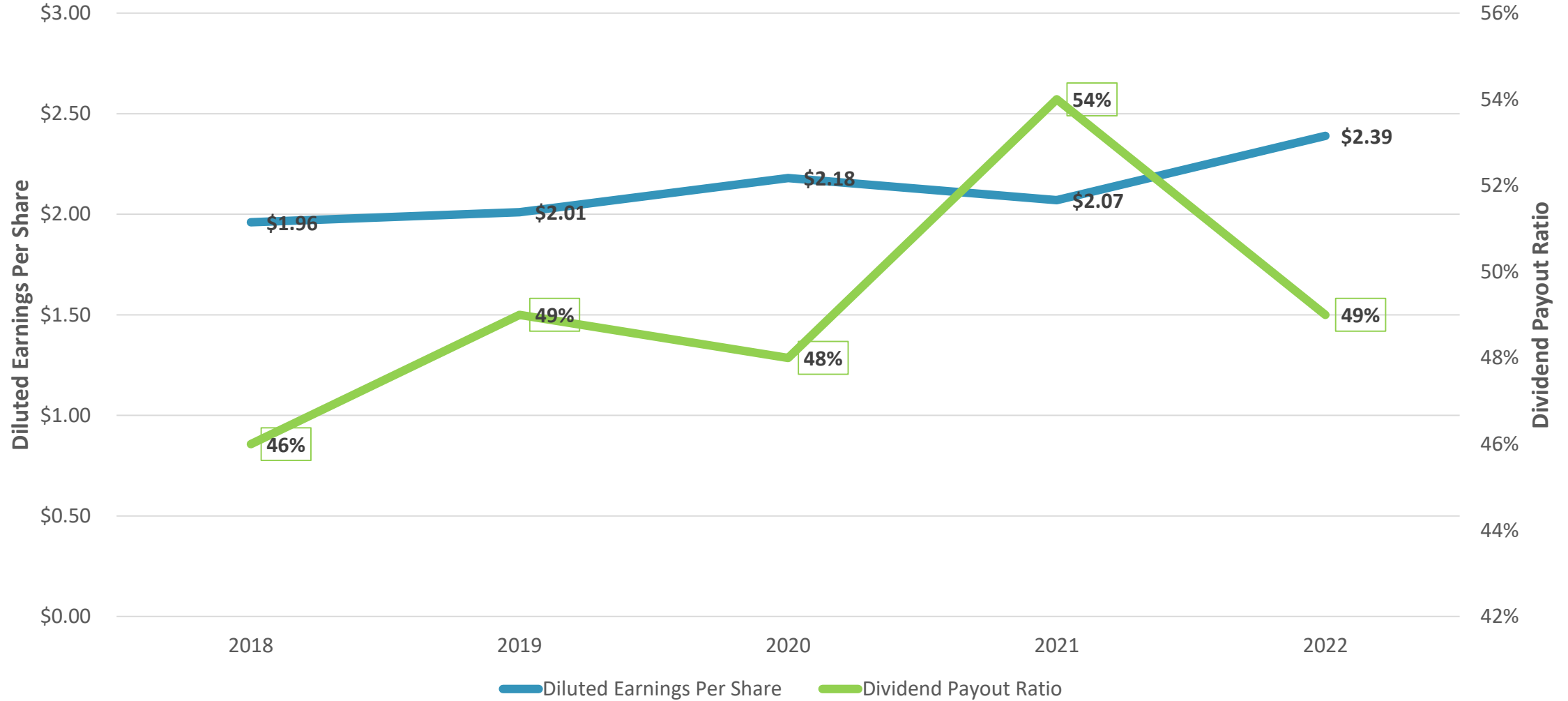
Dividend increased by 7.8% in October 2022.

Annual Dividend Rate: \$1.25 per share.



DILUTED EPS

PAYOUT RATIO



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)



Continuing our Progress to make meaningful impact.

*See our latest updates at
www.middlesexwater.com/environmental-social-and-governance/*

Our ESG strategy:

- ✓ **Protecting the health and safety of our employees and communities**
- ✓ **Ensuring compliance with regulations**
- ✓ **Investing in infrastructure to ensure the reliability of our service**
- ✓ **Fostering accountability through a sound structure for ethics and good governance**

EMPLOYEE ENGAGEMENT

Rewarding work, competitive benefits, hybrid work models, employee events, professional development, tuition reimbursement are just examples of ways we strive to retain and attract a talented and quality workforce.

Volunteering in our Community

Professional Development



Employee Events



Promoting Careers in Water



Active in the Areas We Serve



EXECUTIVE ANNOUNCEMENTS



Robert J. Capko
Named Principal
Accounting
Officer



Bruce Patrick
Named Executive
Vice President -
Tidewater



Dennis Doll
To Retire
December 2023



THANK YOU!



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