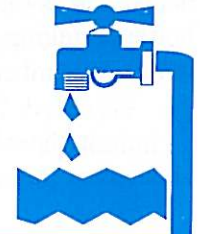


**Annual Drinking Water
Quality Report
DAVIDSON WATER INC.
PWSID #02-29-025
September, 1999**



DAVIDSON WATER INC.



1969-1999

WELCOME, NC

30th YEAR

We're pleased to present to you this year's Annual Quality Water Report. This report is designed to inform you about the quality of the water and services we deliver to you every day. Our constant goal is to provide you with a safe and depend-

able supply of drinking water. We want you to understand the efforts we make to continually improve the water treatment process and protect our water resources. We are committed to ensuring the quality of your water. Our water source is the Yadkin River. Our water plant is located on Koontz Road near Hwy 64 W.

We are pleased to report that our drinking water is safe and meets all federal and state requirements. This report shows our water quality and what it means.

If you have any questions about this report or concerns about your water utility, please contact **Ron Farnsworth or Tim Gwaltney at 336-787-5800**. We want our valued customers to be informed about their water utility. If you want to learn more, please attend any of our regularly scheduled meetings by appointment. They are held on the second and fourth Monday of each month at 6:00 PM and 7:30 PM respectively, at our Operations Facility at 7040 Old US Hwy 52 in Welcome. We also have an annual meeting held on the second Monday in March at either Lexington or Thomasville Court House. A notice is mailed with your bill immediately prior to the annual meeting. You can view this Annual Drinking Water Quality Report and also obtain other information about Davidson Water, Inc. on our web site: www.davidsonwater.com.

Davidson Water, Inc. routinely monitors for contaminants in your drinking water according to Federal and State laws. The following table shows the results of our monitoring for the period of January 1st to December 31st, **1998** and the most recent test results of contaminants that

| TEST RESULTS | | | | | | |
|---------------------------------------|-----------------|-------------------------|---------------------|------|----------------|---|
| Contaminant | Violation Y / N | Level Detected | Unit Measurement | MCLG | MCL | Likely Source of Contamination |
| Microbiological Contaminants 1998 | | | | | | |
| 1. Total Coliform Bacteria | N | ND | Absence or Presence | 0 | <5% of samples | Naturally present in the environment |
| 2. Fecal Coliform and E.Coli | N | ND | Absence or Presence | 0 | none | Naturally present in the environment |
| 3. Turbidity | N | *01-.37 #.04 | NTU | n/a | TT | Soil runoff |
| Radioactive Contaminants January 1996 | | | | | | |
| 4. Beta emitters | N | 2.37 | mrem/yr | 0 | 4 | Decay of natural and man-made deposits |
| 5. Alpha emitters | N | .82 | pCi/l | 0 | 15 | Erosion of natural deposits |
| Inorganic Contaminants December 1998 | | | | | | |
| 10. Barium | N | .01 | ppm | 2 | 2 | Discharge of drilling wastes; discharge from metal refineries; erosion of natural deposits |
| 14. Copper | N | .205 No sample above AL | ppm | 1.3 | AL=1.3 | Corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives |
| 16. Fluoride | N | 1.05 | ppm | 4 | 4 | Erosion of natural deposits; water additive which promotes strong teeth; discharge from fertilizer and aluminum factories |
| 17. Lead | N | ND-22 ** | ppb | 0 | AL=15 | Corrosion of household plumbing systems, erosion of natural deposits |
| 19. Nitrate (as Nitrogen) | N | .65 | ppm | 10 | 10 | Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits |
| Organic Contaminants 1998 | | | | | | |
| 73. TTHM (Total trihalomethanes) | N | *35.8-88.5 #53.5 | ppb | 0 | 80 | By-product of drinking water chlorination |

Note: (* Range from low to high # average of test results)
** Less than 10% of samples exceed AL this defines compliance

were not due to be tested in **1998**. As water travels over the land or underground it can pick up substances or contaminants such as microbes, inorganic and organic chemicals, and radioactive substances. All drinking water, including bottled drinking water, may be reasonably expected to contain at least small amounts of some contaminants. It's important to remember that the presence of these contaminants does not necessarily pose a health risk.

In the table you will find many terms and abbreviations you might not be familiar with. To help you better understand these terms we've provided the following definitions:

Non-Detects (ND)- laboratory analysis indicates that the constituent is not present.

Parts per million (ppm) or Milligrams per liter (mg/l)- one part per million corresponds to one minute in two years or a single penny in \$10,000.

Parts per billion (ppb) or Micrograms per liter- one part per billion corresponds to one minute in 2,000 years, or a single penny in \$10,000,000.

Picocuries per liter (pCi/L)- picocuries per liter is a measure of the radioactivity in water.

Millirems per year (mrem/yr)- measure of radiation absorbed by the body.

Nephelometric Turbidity Unit (NTU)- nephelometric turbidity unit is a measure of the clarity of water. Turbidity in excess of 5.0 NTU is just noticeable to the average person.

Action Level- the concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system must follow.

Treatment Technique (TT)- a treatment technique is a required process intended to reduce the level of a contaminant in drinking water.

Maximum Contaminant Level- the "Maximum Allowed" (MCL) is the highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.

Maximum Contaminant Level Goal- the "Goal" (MCLG) is the level of a contaminant in drinking water below which there is no known or expected health risks. MCLGs allow for a margin of safety.

As you can see by the table, our system had **no violations**. We're proud that your drinking water meets or exceeds all Federal and State requirements. We have learned through our monitoring and testing that some constituents have been detected. The EPA has determined that your water IS SAFE at these levels.

All sources of drinking water are subject to potential contamination by substances that are naturally occurring or man made. These substances can be microbes, inorganic or organic chemicals and radioactive substances. All drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that the water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the Environmental Protection Agency's Safe Drinking Water Hotline at 1-800-426-4791.

MCL's are set at very stringent levels. To understand the possible health effects described for many regulated constituents, a person would have to drink 2 liters of water every day at the MCL level for a lifetime to have a one-in-a-million chance of having the described health effect.

Nitrates: As a precaution we always notify physicians and health care providers in this area if there is ever a higher than normal level of nitrates in the water supply..

Lead: Lead in drinking water is rarely the sole cause of lead poisoning, but it can add to a person's total lead exposure. All potential sources of lead in the household should be identified and removed, replaced or reduced. No lead has ever been detected in the water supply. However, lead has been detected in water drawn from a few homes. The source is

leaching from household plumbing and fixtures when water stands for long periods of time. We are adding a corrosion inhibitor to the water to reduce the leaching effect. As a secondary precaution, you may want to run the water 30 to 60 seconds before using for drinking or cooking purposes. This will significantly reduce any potential exposure to lead.

Water Hardness: The water supplied by Davidson Water, Inc. in 1998 averaged 20 parts per million or 1.2 grains per gallon of calcium carbonate. Water hardness is a measure of its mineral content, specifically, calcium and magnesium. When water contains more than 125 ppm or 7.5 gpg it is considered hard. Our water is definitely not hard.

Sometimes we see black or pink residue where water stands for long periods of time such as a water bowl for pets. This is caused by spores in the air landing in the water causing mold to grow. Cleaning these areas regularly and applying a bleach solution should help prevent the mold from reappearing for an extended period of time. Rinse your pet bowls thoroughly with fresh water if cleansed with a bleach solution.

Some people may be more vulnerable to contaminants in drinking water than the general population. Immunocompromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lessen the risk of infection by cryptosporidium and other microbiological contaminants are available from the Safe Drinking Water Hotline (800-426-4791).

We have finished our audit for Y2K. We feel confident that your water service will not be interrupted. We have upgraded our generators and have bulk storage for chemicals to treat the water. Hope you have a great new year.

RATE INCREASE

Effective January 1, 2000

| GALLONS USED PER MONTH | CURRENT RATES | NEW RATES |
|------------------------|---------------|-----------|
| 0-2000 | 8.00 | 8.25 |
| 2,001-5,000 | 2.95 | 3.00 |
| 5,001-10,000 | 2.80 | 3.00 |
| 10,001-20,000 | 2.35 | 2.50 |
| 20,001-50,000 | 2.00 | 2.50 |
| 50,001-100,000 | 1.90 | 2.00 |
| OVER 100,000 | 1.80 | 2.00 |

adequate safe water supply. Inflation and new regulations also create added expenses. As you can see we have consolidated several of the rate brackets, making it easier for you to figure your water bill. and to also more equally distribute the cost of providing water. Please call our offices if you have any questions concerning the water rate increase.

We at Davidson Water, Inc. work around the clock to provide top quality water to every tap. We ask that all our customers help us protect our water sources, which are the heart of our community, our way of life and our children's future.

Thank you for allowing us to continue providing your family with clean, quality water this year. In order to maintain a safe and dependable water supply we sometimes need to make improvements that will benefit all of our customers. These improvements are sometimes reflected in rate structure adjustments.

Effective with the water bills that you receive as of January 1, 2000, Davidson Water, Inc.'s rates will increase as outlined below. Our last rate increase was January 1, 1998. The overall increase will be approximately 4.08%

We are continually upgrading the system to insure that you have an

MINIMUM BILL FOR SIZE OF METER

| | | | |
|--------|-------|-------------------|----------|
| 3/4" | Meter | 0-2,000 Gallons | \$8.25 |
| 1" | Meter | 0-5,000 Gallons | \$17.25 |
| 1 1/2" | Meter | 0-10,000 Gallons | \$32.25 |
| 2" | Meter | 0-20,000 Gallons | \$57.25 |
| 3" | Meter | 0-50,000 Gallons | \$132.25 |
| 4" | Meter | 0-75,000 Gallons | \$182.25 |
| 6" | Meter | 0-150,000 Gallons | \$332.25 |
| 8" | Meter | 0-250,000 Gallons | \$532.25 |