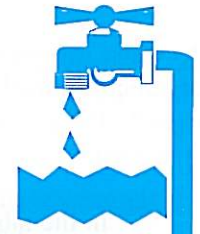


**Annual Drinking Water
Quality Report
DAVIDSON WATER INC.
PWSID #02-29-025
June, 2000**



DAVIDSON WATER INC.



1969-2000

WELCOME, NC

31st YEAR

We're pleased to present to you this year's Annual Water Quality 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 dependable 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 fourth Monday of each month at 7:30 pm 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, 1999 and the most recent test results of contaminants that were not due to be tested in 1999.

TEST RESULTS						
Contaminant	Violation Y/N	Level Detected	Unit Measurement	MCLG	MCL	Likely Source of Contamination
Microbiological Contaminants 1999						
1. Total Coliform Bacteria	N	ND	Absence or Presence	0	<5% of samples	Naturally present in the environment
2. Fecal coliform and <i>E. coli</i>	N	ND	Absence or Presence	0	None	Naturally present in the environment
3. Turbidity	N	*.01-.09 #.045	NTU	N/a	TT	Soil runoff
Radioactive Contaminants May 1999						
4. Beta emitters	N	2.9	mrem/yr	0	4	Decay of natural and man-made deposits
5. Alpha emitters	N	<1.0	pCi/l	0	15	Erosion of natural deposits
Inorganic Contaminants December 1999						
10. Barium	N	.013	ppm	2	2	Discharge of drilling wastes; discharge from metal refineries; erosion of natural deposits
14. Copper	N	.266 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	1.01	ppm	4	4	Erosion of natural deposits; water additive which promotes strong teeth; discharge from fertilizer and aluminum factories
17. Lead	N	ND-<3	ppb	0	AL=15	Corrosion of household plumbing systems; erosion of natural deposits
19. Nitrate (as Nitrogen)	N	.97	ppm	10	10	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits
Organic Contaminants 1999						
73. TTHM [Total trihalomethanes]	N	*27.1-94.2 57.58	ppb	0	80	By-product of drinking water chlorination
74. Haloacetic Acid	N	*39.2-65.1 #51.30	ppb	0	60	By-product of drinking water chlorination

Notes: (* range from low to high # average of test results)
** Less than 10% of samples exceed AL, this defines compliance.

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) – (mandatory language) A treatment technique is a required process intended to reduce the level of a contaminant in drinking water.

Maximum Contaminant Level – (mandatory language) 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 – (mandatory language) 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 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 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 for 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 1999 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 pets bowls thoroughly with fresh water if cleansed with bleach solution.

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised 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).

ANNUAL MEETING

The annual meeting of Davidson Water, Inc. was held on March 13, 2000 at the Lexington Courthouse, Courtroom B. We had 19 members attending and 2,076 represented by proxy. President, Therrell Grimes, presided. Thad Hartley read the minutes from last year, Ira Bethel from Turlington and Company went over the financial statement and our Manager, Gregg Stabler, gave a report on the growth of the water system, improvements made this past year and upcoming projects. 1,500 new members were added to the system and new generators were installed at the plant and at our main booster pump station in the system. Over 2,000 defective service lines were replaced with copper. This year we hope to complete our 6" transmission line along with a new pump station on Ridge Road that will provide for additional water needs in the Gumtree, Wallburg, and Hasty zones. We hope to have a new elevated water tank installed in the Southmont area by next summer, along with additional transmission lines throughout our system. The water plant was named the C.O. Pickle Water Plant in memory of the longtime FHA representative who helped us organize the system and find financing. The new Operations Center was named in honor of our current President, Therrell Grimes and our new board room was appropriately named in memory of C. Boyce Sink, our longtime President, board member, visionary and founder 1967-1991.

DAVIDSON WATER, INC. SCHOLARSHIP PROGRAM

Davidson Water, Inc. had established a scholarship program in memory of all past board members who volunteered their time, knowledge and expertise to form and administer a water system in order to provide safe water of high quality for present and future generations. Each year four scholarships of \$500.00 each will be awarded to deserving high school seniors who plan to enter a four-year degree program. Applications are available at your high school guidance office.

ANNUAL WASTEWATER REPORT FOR DAVIDSON WATER, INC.

At our water treatment facility we cycle our filter wash water and our settling basin sediment to our two wash water ponds where the sediment is removed and the decant water is returned to the river. During the calendar year of January 1, 1999 through December 31, 1999, there were no violations of any permit conditions, environmental regulations or environmental laws.

If you have any questions regarding this report, please feel free to contact Ronald Farmsworth or Tim Gwaltney at 336-787-5800.