



South Walton
Utility Company, Inc.

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June 2010, Vol.36

A Newsletter of South Walton Utility Company, Inc.

Proposed EPA Rules Update

With a new rule regarding Numeric Nutrient Criteria (NNC) for surface waters, the Environmental Protection Agency (EPA) has decided that discharges into streams and water bodies must contain reduced concentrations of Nitrogen and Phosphorus. A laudable goal, but no wastewater treatment plant in Florida can presently meet the new discharge criteria.

Since our inception in 1968, members of South Walton Utility Company (SWU) have demanded that we pay attention to our environment in our daily operations. We were one of the first wastewater treatment plants to provide reclaimed water for irrigation in Northwest Florida. As we have grown over the years, we have completed numerous sewer extension projects to extend sewer lines in areas that were served by septic tanks, thereby helping to keep our surface waters free from contamination. We now have community sewer service to 100% of our service area that once had septic tanks.

We are nearing completion of a major waste water treatment plant (WWTP) construction project that will expand our treatment plant capacity and increase the quality of our reclaimed water to Advanced Wastewater Treatment (AWT) standards. AWT standards require a reclaimed water maximum TN concentration of 3.0 mg/l and a maximum TP concentration of 1.0 mg/l.

The total cost of this project is approximately \$174 million. When this construction project comes online later this year, it will not meet the proposed EPA Panhandle nutrient limits.

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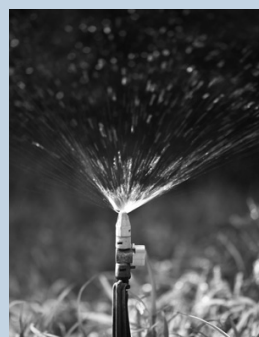
"From water to wastewater, our mission is to provide our members quality and reliable service in a responsive and equitable manner."



Local Golf Courses Benefit from Reclaimed Water

Have you noticed the beautiful lawns at the local golf courses? South Walton Utility supplies the courses with reclaimed water that has been treated by our wastewater plant and is used for irrigation of the courses.

Be advised, this water is non-potable and should not be used for human consumption or recreational activities.



AUTHORIZATION FOR ELECTRONIC TRANSFER OF FUNDS

SOUTH WALTON UTILITY COMPANY, INC.

369 MIRAMAR BEACH DRIVE • MIRAMAR, FL 32550-4938
Phone: (850) 837-2988 • Fax: (850) 837-7648

CUSTOMER NAME(S) _____

SWUCI _____

ACCOUNT _____

NUMBER(S) _____

Please deduct payments from my: **Direct debits will occur on the 1st of the month. If the 1st falls on a weekend or holiday, direct-debit entries will be deducted on the next working day after the 1st. Please allow two (2) weeks processing time before your direct-debit order is operational.**

Checking Account
 Savings Account

SOUTH WALTON UTILITY COMPANY, INC., IS HEREBY AUTHORIZED TO PROCESS AN ELECTRONIC DEBIT — FROM THE ACCOUNT DESCRIBED ABOVE — ONCE A MONTH IN THE AMOUNT OF MY MONTHLY WATER/SEWER BILL.

SIGNATURE _____ DATE _____

Please be sure to include a voided check for bank account verification, and mail together with this completed form to:
South Walton Utility Company, Inc.
369 Miramar Beach Drive, Miramar Beach, FL 32550-4938

According to the proposed rule, the Panhandle of Florida will have the lowest numeric nutrient limits in the entire state of Florida. The proposed rule shows limits of 0.82 mg/l Total Nitrogen (TN) and 0.043 mg/l Total Phosphorus (TP) for streams in the Panhandle. That is a 73% reduction in TN concentration and a 96% reduction in TP concentration below current AWT criteria.

A preliminary cost estimate prepared by our consulting engineers indicates a capital cost of \$16.5M to meet the nutrient limits of the proposed rule. This cost estimate of \$16.5M assumes our WWTP has already spent \$17.4M to achieve AWT standards.

We have two other comments on the proposed rule. First, we believe that the rule is arbitrary because it only applies to the State of Florida. If one state had to be selected to implement NNC before all of the others, you would assume that the state with the most nutrient impaired water bodies would be first on the list. Pennsylvania has that distinction by the way...not Florida.

Second, EPA's proposed rule treats all surface waters in the Panhandle the same, ignoring that fact that every water body is unique. Developing regional standards fails to account for the individual characteristics of Florida's important surface waters.

In conclusion, SWU is not against rules that protect the environment. Rather, SWU has shown by our actions that protecting the environment is our most important job and we take it seriously. What we are against is a rule that is arbitrary, a rule that is not based upon good science, and a rule that will drive up costs substantially without any demonstrable benefit to the environment or our members.

Get Ready for Hurricane Season

SWU wants our community to be prepared for the 2010 hurricane season which starts June 1st. To make sure your family and household are ready:

- ◆ Develop a family plan - This plan should include locating the safest areas of your home and discussing escape routes with each member of your family.
- ◆ Create a disaster supply kit - Your supply kit should include ample amounts of food and water for yourself and family as well as any medications and first aid supplies.
- ◆ Protect important documents - It is a good idea to gather important documents in a waterproof container.
- ◆ Secure your home - Be sure that windows, doors and the roof are all secure and clear of debris.

As always, safety is the primary concern during and following a major disaster. To avoid danger, remain inside your home and wait for utilities and roads to be repaired. For updates, visit our website at www.swuci.org. SWU promises to quickly evaluate water quality and restore damages following the storm.

Visit www.FloridaDisaster.org to create a personalized plan that can be printed and saved for future emergencies. Remember, the best way to make your family and home safe is to be prepared before a disaster happens. Fifteen minutes of planning now can save precious time when a hurricane is coming.



A Letter From the President



Greetings,

It looks like we are going to have another exciting summer...

First of all, our wastewater treatment plant expansion and our wetland distribution system projects should both be complete by the end of September, 2010. We are looking forward to that. We are spending almost \$21 million on the two projects, which will expand our capacity and increase the quality of our reclaimed water. The quality of the water that leaves our wastewater treatment plant is very good, but it is going to get even better by the end of the summer. When complete, our treatment plant will be one of the few Advanced Wastewater Treatment plants in the Panhandle of Florida. It will also be classified "Class I Reliable" according to Environmental

Protection Agency (EPA) standards, meaning that the failure of any single piece of equipment will not affect the operation of the plant nor the quality of the reclaimed water produced by the plant.

Secondly, we are watching the EPA as it prepares to establish new nutrient limits for all surface water discharges. Our brand new \$17 million wastewater treatment plant, built to the best available technology, will not be adequate to meet the proposed EPA rule. We estimate an additional \$16 million will be required to further upgrade our plant to meet the new nutrient rules. We expect that we will be required to comply with these new rules within five years of its adoption.

Lastly, we are closely watching the oil spill and its possible effect on our beaches and our revenues from our busy summer season. There have been no effects on our beaches yet...they are still beautiful...and we have noticed no adverse business effects. The board of directors takes their fiduciary responsibility seriously, and will do everything within our means to ensure a financially stable company at the minimum cost to our members.

Our water quality continues to be excellent as our annual report inside this issue indicates.

One last thing...thanks to all of you for giving me, and my fellow Directors, the opportunity to serve our community in this manner. We are honored by your trust.

Jack McGill, President

Call Before You Dig



It's the perfect time of year for home improvement projects, planting trees and installing fences and pools. This summer, before breaking ground on any projects contact Sunshine State One by dialing 811 to find out where your underground utility lines are located.

Homeowners often wrongly assume that underground lines won't interfere with family projects or are too deep in the soil to be harmed. Don't take any chances.

Damage to utility lines can harm yourself or those around you, disrupt service to an entire neighborhood and result in fines and repair costs. These hassles can easily be avoided by having lines marked before beginning any outdoor projects.

Contact 811 a few days before you dig and inform them of your plan. They will send a locator to mark the approximate location of underground lines, pipes and cables so you'll be able to dig safely

Remember, the best way to make sure your family and home are safe is to call before you dig.