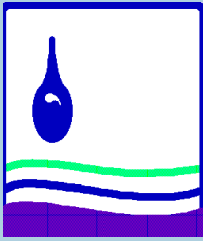


Pipeline

A Newsletter of South Walton Utility Co., Inc.

September 2011



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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."

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LETTER FROM THE PRESIDENT

Phase IV Water Supply Project is Underway

WRP, composed of South Walton Utility and Destin Water Users, was established in 1996 to bring potable water to the coastal utilities. Because both utilities saw the need for a future water supply they joined together to ensure the residents of South Walton and South Okaloosa counties would have this vital necessity.

When planning the Phase IV Water Supply Project WRP considered several alternatives for obtaining water, then considered several different pipeline routes and several different combinations of pipe sizes prior to finalizing plans. In August of this

year the project began. This project consists of a thirty (30) inch water transmission line from the General Bill Brown Wellfield, north of Freeport, south along Highway 331 to Choctawhatchee Bay. From there a thirty-six (36) inch subaqueous pipeline will run across the bottom of the bay followed by a

thirty (30) inch pipeline that will connect with the existing twenty-four (24) inch in the Gulf Power Right-of Way.

Upon completion we will have the capability of transmitting 8.6 million gallons of water daily from the wellfield. This pipeline has the capacity to take us to build out. The Northwest Florida Water Management District makes the determination regarding the amount of water we can pump from our wells.

This \$22M project is being financed by a Florida Department of Environmental Protection State Revolving Loan. South Walton Utility and Destin Water Users will each be responsible for \$11M.

"WRP is two utilities working together for a common goal. What might be prohibitive for one, two can accomplish."

Pete DeBogory, General Manager

Founder's Day Celebration

*Open House
October 20, 2011*

It's our 43rd birthday! Join us for a Founder's Day celebration at 71 Miramar Beach Drive from 11:00 a.m. to 1:00 p.m. Members will enjoy hamburgers and hot dogs while chatting with the staff and learning about all that goes on in their utility company.



Make Your Voice Heard

South Walton Utility Company, Inc. (SWUCI) is a member-owned and operated utility that relies on a key group of volunteers to keep the company headed on the right track. As a member of SWUCI, you have the opportunity to help to decide who sits on the Board of Directors.

“Each of our members has a voice in the operation of SWUCI through the Board of Directors,” said Pete DeBogory, SWUCI General Manager. “Make your voice heard in the upcoming election.”

Members of the Board of Directors are elected to three-year terms. The current Board appoints a nominating committee to recommend candidates for upcoming vacancies. Individual members can also make Board nominations.

Directors and officers receive no compensation for their services.

Current Board Members are:
 Jack J. McGill – President,
 Mike Flynt – Vice-President
 Mike Richardson – Secretary
 Bill Berberich – Treasurer
 David Brown
 Mike Abt
 Bill McQuillan

Water Conservation

You can help your utility by practicing water conservation. The simple repair of a drippy faucet or replacing your commode flappers helps you and helps conserve our precious resource.

Proposed Rate Increase

A preliminary report from a firm hired to examine our rates recommends a 4.5% rate increase for water and a 3% increase for wastewater. This means a family that uses an average of 4,000 gallons a month will see an increase of \$1.53 per month in their bill beginning in October.

Rules for Nominations from the Membership

HOW TO NOMINATE A DIRECTOR

Any member of SWUCI can nominate a candidate for election to the Board of Directors by following these guidelines:

The individual(s) being nominated must be an eligible member of SWUCI.

- To be an eligible member of SWUCI, the individual must have an active account as of the nomination record date of September 16, 2011.
- Once elected to the Board of Directors, an individual can serve on the Board only so long as that individual remains an eligible member of the company.

You must prepare a petition nominating the individual of your choice on which you have presented sufficient information to validate that individual's status as an eligible member of SWUCI. A separate petition is required for each individual being nominated.

- The petition must include the signatures, addresses and account numbers of fifteen (15) eligible members of SWUCI **in addition to the individual being nominated** who are eligible as of the nomination record date of September 16, 2011.

You must provide a short (one page) biography of the individual being nominated which specifically sets forth the qualifications you feel this individual possesses which will make him/her an asset to SWUCI and its members by serving on the Board of Directors. Please keep in mind that this individual, if elected, will be expected to attend the monthly Board meetings, the Annual Member meeting and any special meetings as properly called.

All of this information must be delivered to SWUCI by mail or delivery to the Administrative Offices of SWUCI, 369 Miramar Beach Drive, Miramar Beach, FL 32550-4938.

- This information must be received **no later than 4:30 p.m., on September 30, 2011**.
- This time frame is required to permit the individual's name and biography to be included on the printed ballot that will be mailed to all members.
- Petitions received after that date cannot be accepted and will not be considered.

Nominations for Directors will not be accepted from the floor at the Annual Meeting.

Letter from the President



Gosh, it's been a hot summer, with lots of tourists and certainly a better one than last year with its oil spill problems.

At South Walton Utility Company, we are undertaking a new project which, when completed, will provide a long term supply of potable (drinking) water in quantities large enough to meet future needs on a reliable and low cost basis. The project involves the construction of a pipeline system which will connect our wells located approximately 20 miles north of Choctawhatchee Bay, in the Bill Brown Well field, with our storage facilities on Goldsby Road. The line will be able to supply 8.6 million gallons per day through a 30" diameter line, on a gravity feed basis. That's a sufficient quantity of water to meet our forecasted needs and those of our partner DWU, 20 years from now.

This project will permit us to replace the current leased pipeline access arrangement which has been in use for many years and whose capacity to meet future water needs will become limiting within the foreseeable future.

The pipeline will be owned by Water Resource Partnership (WRP), which is jointly owned by South Walton Utility Company, Inc. (SWUCI) and Destin Water Users (DWU) and is expected to cost \$22 million.

To this end, we have retained the services of a professional utility rate analyst to evaluate and to recommend a new rate structure which will be fair to our customers and generate sufficient additional revenue to permit us to remain financially healthy and to meet our new debt obligations. The report indicates that an immediate increase of 4.5% in our water and 3.0% in our sewer rates is required or \$1.53 for those that use 4,000 gallons per month. Further increases in the future may be necessary if revenue growth is not forthcoming. SWUCI new rates will still be lower than most other utilities in the area.

For more information on this project, check our website www.swuci.org.

Jack McGill



Meet Miss Grimaldi

Beginning in 1966, Col. Michael Grimaldi spearheaded the organization of prospective customers in Miramar Beach for the purpose of obtaining a community water and wastewater system.

A Certificate of Incorporation was filed on August 9, 1968, under Charter No. 715080 for South Walton Development Company, Inc. as a corporation not-for-profit under chapter 617, Florida Statutes. The name was later changed to South Walton Utility Co., Inc.

The purpose of the corporation was to "own, construct, maintain and operate a water and wastewater system for the use and benefit of its members."

Pictured are former President Barbara Grimaldi and current President Jack McGill. Miss Grimaldi was President from 1968-1969.

Mark Your Calendar

SWUCI Annual Members' Meeting
November 15, 2011
5:00 p.m.
 at
 369 Miramar Beach Drive
 Miramar Beach
 In the Grimaldi Room

All members are encouraged to attend. Elections for SWUCI Board of Directors will be held and our annual audit report will be presented by O'Sullivan Creel. As a member owned company it is important to be involved with your utility.



