

SWUCI Urges Customers to be Prepared this Hurricane Season

Water is one of the most vital resources individuals, families and businesses need to begin reclaiming their lives in the aftermath of a major storm. With back-up generators and GIS equipment on hand, SWUCI is fully prepared to help restore water quickly. Additionally, we are a partner in FlaWARN, a disaster relief partnership among utilities to provide manpower and equipment to communities hardest hit by a storm.

So what can you do to get ready?

- First and foremost, ensure that your family and business are prepared by visiting www.floridadisaster.org to create customized plans. Additionally, to limit the amount of water lost due to storm-damaged lines, turn off water at the valve supplying your home or business. This will minimize water loss should lines become damaged. During mandatory evacuations, water valves will be turned off to entire subdivisions.
- Have a printed copy of SWUCI's instructions for boiling water on hand, so you'll know how to sanitize water if pollutants are present after water service is restored. Our boil water notice is available online at: www.swuci.org/pdf_docs/Precautionary-Boil-Water-Notice.pdf.
- Be sure to pay close attention to weather advisories as the storm approaches. You can monitor our Web site at www.swuci.org as well as listen to local radio stations for emergency information and advisories.

Make Your Vote Count



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 a chance to decide who sits on the Board of Directors.

"Because our customers are also our owners, we are able to keep a strong focus on what matters most; service and value. Through the Board of Directors, each of our members has a voice in the operation of SWUCI," said Pete DeBogory, SWUCI General Manager. "Be sure to exercise that voice 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, board member since 1997

Mike Flynt – Vice-President, board member since 2000

Bill Berberich – Treasurer, board member since 2001

Mike Richardson – Secretary, board member since 1997

Dave Brown – board member since 2004

Ray Kinard – board member since 2005

Bill McQuillan – board member since 2006

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 21, 2007**. 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 (a separate petition for each individual being nominated) on which you have presented sufficient information to validate that individual's status as an eligible member of SWUCI.

This 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 21, 2007**.

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 the Company 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 Members meetings and any special meetings as properly called.

All of this information must be delivered to the Company by mailing or delivery to the Administrative Offices of SWUCI, 79 Scenic Gulf Drive, Miramar Beach, FL 32550-4938.

This information must be received no later than 4:30 p.m. on **October 5, 2007**.

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 Members Meeting on Tuesday, November 27, 2007.

A Letter From the President



First, I would like to share some great news with you regarding the Walton/Okaloosa/Santa Rosa Regional Utility Authority (RUA) and the South Walton Utility Company, Inc. (SWUCI). On August 29, 2007, we reached an agreement with the RUA on the terms of a working relationship aimed at qualifying our Wastewater Treatment Plant expansion project for funding in the amount of \$13.4 million from the Florida Department of Environmental Protection State Revolving Fund (SRF) Program. The program offers low interest rate loans which, as compared to a loan from a commercial lender, will ultimately result in a savings to SWUCI of interest expense approaching \$10

million over the 20 year life of the loan.

SWUCI was successful in establishing a relationship with the RUA due to our dedicated team of technical, project, legal and operations personnel who worked to solicit their support over a four month period. I congratulate the team, including project manager Baskerville-Donovan Inc., on the success of their efforts.

Next, I am pleased to report that the financial condition of your utility is healthy and that we will meet the objectives of our operating budget in the current fiscal year which ends on September 30, 2007.

When analyzing our financial performance, we look first at our Operating Statement which records the revenues we generate and the expenses we incur in providing the products and services we offer. With

the rate increase scheduled to take effect on October 1, 2007, for monthly water and wastewater service, we forecast cash flow adequate to fund our operating expenses and cover our debt service.

Secondly, we review the Balance Sheet which lists our assets, liabilities and reserves, which are the source of funding for much of our Capital Investment Program. Because we operate in a growth community, there is a continuing need for expansion of our facilities to supply potable water and wastewater treatment. The financial needs of the Capital Program have grown beyond our ability to internally generate the resources necessary to provide those facilities. Therefore, we are currently using SRF funding to support recent additions to our potable water supply capability. In addition, we recently instituted a tap fee increase for both water and sewer services in July 2007 to support the Capital Program, which is currently estimated at \$19 million for fiscal year 2008.

Finally, as our employees are our most valuable asset, the retention of their services and loyalty is a primary objective. To that end, our Employee Committee has made recommendations for improvements to both compensation levels and benefits for fiscal year 2008. The recommendations, which the board has adopted, are designed make SWUCI fully competitive with other similar businesses in our community.

I appreciate the opportunity to serve you and welcome any feedback or comments you may have.

Jack McGill, President

AUTHORIZATION FOR ELECTRONIC TRANSFER OF FUNDS

SOUTH WALTON UTILITY COMPANY, INC.

79 SCENIC GULF DRIVE • MIRAMAR, FL 32550-4938 • (850) 837-2988

CUSTOMER NAME(S)

SWUCI

ACCOUNT

NUMBER(S)

Please deduct payments from my:

☐ Checking Account

☐ Savings Account

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.

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.
79 Scenic Gulf Drive, Miramar Beach, FL 32550-4938**



South Walton
Utility Company, Inc.

79 SCENIC GULF DRIVE ■ MIRAMAR BEACH, FLORIDA 32550-4938
PHONE: (850) 837-2988 ■ FAX: (850) 837-7648
www.swuci.org

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Pipeline

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A Newsletter of South Walton Utility Company, Inc.

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South Walton Utility Company Mission Statement

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



Upgrade in the Works

SWUCI Continues to Expand with Additional Wells and Storage Capabilities

Last year, SWUCI signed an agreement with the Northwest Florida Water Management District which provided a \$1.6 million grant to increase our capacity to store water. The grant, which has been matched by SWUCI and Destin Water Users, allows for the creation of two additional water wells and a ground storage tank at the General Bill V. Brown Wellfield north of Freeport and an additional storage tank at Goldsby Road.

Work for the expansion of the General Bill V. Brown Wellfield began in August including:

- ♦ J & P Construction is laying approximately two miles of 12" ductile iron pipe, which will connect to our existing system.
- ♦ Layne Central is drilling two water wells that will produce 1,000 gallons per minute of water.
- ♦ CROM Corporation is building two concrete water storage tanks that will be placed at the wellfield site



A member of J & P Construction prepares the way for the new waterline.

and at our Goldsby site. Each hold approximately 2.5 million gallons of water.

It will take approximately six to eight months for all of the work to be completed.

"Enhancements such as these increase our ability to provide the best service possible to both current and future customers," said Pete DeBogory, SWUCI General Manager. "Our goal is always to serve our customers with ease and efficiency."

Mark Your Calendar!



SWUCI Annual Meeting
November, 27, 2007, 5 p.m.
South Walton Utility Company, Inc. – Main Office
79 Scenic Gulf Drive, Miramar Beach

All members are encouraged to attend. Elections for the SWUCI Board of Directors will be held. For nomination instructions, see page 2.

Meet Bruce Morrison, Operations Manager



Bruce Morrison began working for SWUCI in June of 1989 as a Field Manager. In 1996, he was promoted to Operations Manager. In this position, Bruce is responsible for the wastewater treatment plant and for field operations which include setting new meters, repairing broken lines and running new water lines. He also oversees the water operations of our 10 wells and four water tanks. Additionally, as new developments go into our area, Bruce coordinates the installation of water lines and verifies they are in accordance with our utility specifications. Bruce also serves as president of the Florida Rural Water Association.

"For over eighteen years, Bruce Morrison has been a leader and a role model for our operations staff," said General Manager Pete DeBogory. "We are fortunate in our community to have a man like Bruce who shows the 'can do' spirit in everything he does."

In the Pipeline

Base Rate Increase Effective October 2007

During the SWUCI Board Meeting on March 20, 2007, rate study results showing a need for a base rate increase were approved. As a result, the base rate for water and wastewater will increase slightly in October 2007. For example, the average water and wastewater bill for 5,000 gallons per month will be approximately \$42.37 versus the current rate of \$39.67. The increase only affects the base rate and does not affect water usage rates.

Please contact our office at (850) 837-2988 with any questions regarding the new rates.