

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Application of UTILITIES
INC. for authority for transfer of
majority organizational
control to HYDRO STAR, LLC

Docket No. 050499-WS

MOTION TO DISMISS OR, IN THE ALTERNATIVE, FOR SUMMARY
DISPOSITION OF OBJECTION

UTILITIES, INC. (*Applicant*), by and through its undersigned attorneys, requests that the Florida Public Service Commission (*Commission*) dismiss or, alternatively, summarily dispose of the objection of Mr. Michael Duggar filed in this docket as moot, without further necessity for hearing, and in support shows:

I. INTRODUCTION

1. On August 25, 2005, Michael J. Duggar, a customer of Wedgefield Utilities, Inc. (*Wedgefield*), filed an Objection to Docket No. 050499-WS; Application of Utilities, Inc. for Authority or Transfer of Majority Organizational Control to HydroStar, LLC and Request for Public Hearing (*Objection*).

2. On October 24, 2005, the Applicant filed a response to the Objection.

3. Mr. Duggar is not satisfied with the Applicant's response and is seeking to obstruct the process of approving the Application.

4. Although Mr. Duggar asserts a number of grounds for his Objection, the Objection centers primarily on the quality of water provided by Wedgefield. In particular, he asserts that (a) the water provided by Wedgefield fails to comply with applicable standards for Total Trihalomethanes (*TTHM*) set by the Florida Department of

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Environmental Protection (*DEP*), and (b) the Application is deficient because the Applicant failed to list the improvements and repairs needed to make the water provided by Wedgefield compliant with DEP standards and the approximate cost to make them, a list of actions taken by the utility with regard to the violation, a copy of the Notice of Violation(s), a copy of the Consent Order and a list of improvements and repairs consented to and the approximate cost to make them”, as required by Rule 25-30.037, Florida Administrative Code; therefore the Commission should not permit the transfer of all of the Applicant’s PSC-regulated utilities until Wedgefield has provided water within the standards approved by DEP for one year. (Please refer to Pages 4 and 5 of the Objection, a copy of which is attached as Exhibit “A”).

II. DISMISSAL

In order to have standing, Mr. Duggar’s Objection must meet the two-prong test established in Agrico Chemical Co., v. DER, 406 So. 2d 478 (Fla. 2d DCA 1981), that (1) Mr. Duggar will suffer injury in fact of sufficient immediacy to warrant a formal hearing, and (2) Mr. Duggar’s alleged injury is of the type or nature which this proceeding is designed to protect. Mr. Duggar’s Objections meet neither prong of this standard.

A. Mr. Duggar fails to demonstrate injury in fact.

As DEP has advised customers of Wedgefield regarding the quality of their drinking water:

THMs are low risk, suspect carcinogens with a long latency period. This means that they are believed to cause cancer if they are consumed in large quantities of high concentrations for long periods of time. Maximum Contaminant Level or MCL, whose exceedance triggered the Public Notification, assume a

consumption of 2 liters per day over a lifetime. The MCL is the level below which THMs are not believed to cause ANY adverse health effects. This means that a short-term exceedance will not result any adverse health effects.

...

I appreciate your concern but must emphasize that your water is safe to drink. If bottled water or an additional treatment system is purchased, then that is an individual decision that the consumer has made but one not mandated by either the Utility or the Department.

See, Exhibit "B" attached hereto.

Thus, the presence of TTHMs in the quantities that exist in Wedgfield's water do not result in any injury of sufficient immediacy to warrant a public hearing.

B. The alleged injury is beyond the scope of this proceeding.

The primary focus of this proceeding "is whether the stock transfer is in the public interest, and whether the buyer is willing and able to fulfill the commitments, obligations, and representations of the utility." Application for transfer of majority organizational control of Sanlando Utilities Corporation, Order No. PSC-98-1640-FOF-WS (Dec. 7, 1998).

Whether this transfer is approved or not does not affect the actions taken by Wedgfield in compliance with DEP regulations. The current transfer is truly one that will not be observable by the customers of Wedgfield. The operating and management personnel through the top of the parent company remains unchanged. Wedgfield is fulfilling obligations with regard to the issues raised by Mr. Duggar's objections to the satisfaction of DEP, which is the agency with primary jurisdiction of the TTHM issue. Thus, Mr. Duggar's concerns about TTHMs is not the type of injury that this proceeding is

designed to protect.

Merely because Mr. Duggar's concerns are not cognizable in this proceeding, does not leave him without a remedy to express his concerns. In recognizing in Sanlando Utilities Corporation, *supra*, that the objection was not within the scope of a transfer proceeding, the Commission pointed out that a separate docket could be opened to address such an issue if the affected person desired to initiate such proceeding.

III. SUMMARY DISPOSITION

5. In August, 2003, DEP reduced the Maximum Contaminant Level of TTHM from 100 parts per billion to 80 parts per billion (*ppb*), as described in Chapter 62.550, Florida Administrative Code.

6. Beginning in the Summer of 2004, DEP required that all utilities serving more than 350 people but less than 3,300 people measure the level of TTHM occurring at the point in the distribution system with the longest detention time, instead of sampling at the point of entry of water into the distribution system. Those water systems having a TTHM value in excess of 80 ppb were then required to begin sampling on a quarterly basis instead of annually, to report the results to DEP and to generate a rolling annual average TTHM value based on the average quarterly sample value for the most recent four quarters. It is important to note that it would have been of no benefit to initiate the TTHM sampling regimen prior to the summer of 2004, because the Disinfection Byproducts Rule specifically requires that the initial TTHM sampling event occur in the hottest months of the year, June, July, August and September.

7. Wedgefield was in full compliance with DEP regulations until May 2005, when

sufficient quarterly sample data had been gathered that identified that the rolling annual average was greater than 80 ppb. At that time, and in conformance with DEP regulatory procedures, all of Wedgefield's customers were given notice of the non-compliance. A copy of the Notice is attached hereto as Exhibit "C".

8. Wedgefield representatives met with DEP to identify the best course of action, discussed the time within which Wedgefield must comply, and then agreed to implement a series of steps to address the non-compliance within a defined time frame. At this time, Wedgefield had already taken steps to remedy the non-compliance, including the following:

- a. analyze the water system to determine the source of the TTHMs and its characteristics;
- b. provide a list of possible remedies including operational changes and changes to the treatment process;
- c. generate a design reflecting necessary treatment modifications; and
- d. prepare an application for submittal to DEP.

9. In June, 2005, Wedgefield and DEP agreed on a series of remedial measures designed to reduce the level of TTHM to acceptable limits and to inform DEP of the effectiveness of these measures.

10. In July and August, 2005, representatives from Wedgefield and DEP met with Wedgefield customers to address the non-compliance and to provide an opportunity to discuss their questions regarding the non-compliance, the remedial measures taken so far, and the time needed to accomplish any additional steps. At the meetings, DEP informed Wedgefield customers that TTHM are low-risk, suspect carcinogens that are believed to

cause cancer only if consumed in large quantities in high concentrations over a long period of time. DEP stated in a letter dated August 5, 2005, that short term exceedances "will not result in any adverse health effects." A copy of this letter is attached hereto as Exhibit "B".

11. Mr. Duggar states that he attended the meeting held at the Wedgefield Clubhouse for the benefit of Wedgefield's customers. Therefore, he is aware that DEP representatives at the meeting made it clear that Wedgefield had been in compliance with the Disinfective Byproducts Rule until May 2005, and that Wedgefield had followed proper procedures in notifying customers and DEP thereafter. In addition, DEP and the Orange County Health Department clearly stated that customers were not at risk by ingesting water containing this level of TTHM.

12. In October, Wedgefield submitted an application to DEP to modify the disinfection system at the Wedgefield water treatment plant from using chlorine only to using chlorine plus ammonia. This chloramination system will significantly reduce the formation of TTHM in the distribution system.

13. DEP requested additional information from Wedgefield regarding the submitted application, which was submitted on November 1, 2005. Assuming that all of DEP's issues are adequately addressed, DEP will then issue a construction permit. Installation of the necessary equipment and materials to remedy the non-compliance will take approximately 30 days. Once the equipment and materials are in place, and after they are certified as being completed by the design engineer, DEP will issue a clearance to place the equipment in service.

14. Concurrent with the clearance process, Wedgefield will notify all customers

of the change in disinfecting agents and the date when the change will take place. The preliminary schedule is to complete the switchover to the new system by mid-December. This process will include a complete flush of the water system to effectuate a complete turnover of the water in the mains within a two-day period. Thereafter, Wedgefield will sample the system and determine the effectiveness of the modifications.

15. As long as the rolling annual average value of TTHMs is greater than 80 ppb, Wedgefield will continue to provide an updated notice and status report to the customers. Once the average drops below 80 ppb, the notices will stop, but sampling will continue on a quarterly basis until the TTHM value is less than 40 ppb for a period of two years.

16. The total capital project cost is undetermined at this point. The cost of engineering support is estimated at about \$15,000. The chloramination equipment and its installation will cost about \$5,000. In general terms, the total cost of the change to the disinfection system will be less than \$20,000 based on current estimates.

17. In Docket No. 991437-WU, Wedgefield's last rate proceeding, the Commission observed that:

"Wedgefield has extremely corrosive water. Along with direction and permission of DEP, the utility is attempting to solve this problem. They are not in violation of DEP standards in this respect. While the utility has exceeded levels set by EPA concerning lead and copper, these excesses are at the homes and interior faucets and not in the finished water provided at the point of delivery to the customers. ... Wedgefield is working closely with DEP in an attempt to lower the corrosivity of its finished product. Other than the copper testing, *Wedgefield is not in violation of any DEP/EPA standard* and is making every effort to improve the quality of its finished product by adding Zinc Orthophosphate to its water. (Emphasis added).

In its Order, the Commission determined that Wedgefield's quality of service was satisfactory. Please refer to Order No. PSC-00-1528-PAA-WU, dated August 23, 2000.

18. It takes time for any utility to take the steps necessary to bring its system into full compliance. Wedgefield is working with DEP to implement measures that will bring the water system into compliance, and anticipates that it will do so within the time allotted by DEP.

19. Wedgefield is not aware of any issues or complaints regarding the service it provides, other than the issue raised by Mr. Duggar. Wedgefield has provided consistent and uninterrupted water service to its customers.

20. Wedgefield's recent non-compliance with the amended DEP standard for TTHMs is not due to a lack of ability or mismanagement, but the direct results of the DEP changing the standards by which water quality is measured.

21. Mr. Duggar asserts that "the Application does not meet minimum Rule requirements under 25-30.037". His assertion is incorrect. The Application does contain the statement set out in sub-section (p) of that Rule. The Commission, whose job it is to interpret and implement such Rule, accepted the Application in the form submitted to the Commission. If the Commission requires further detail, it may request information regarding the exceptions noted. To date, it has elected not to do so.

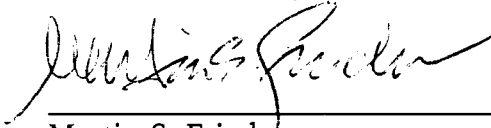
22. DEP has timely exercised its jurisdiction in this matter and has required acceptable remedial action in accordance with its statutory authority. Wedgefield has timely complied in all respects with DEP's requirements and will continue to work with DEP to ensure that the water it produces will meet applicable standards.

23. Because there are no outstanding issues with respect to either water quality or compliance with this Commission's rules, there is no legitimate basis for delaying or hindering the approval of the Application.

WHEREFORE, UTILITIES, INC. respectfully requests that this Commission dismiss or issue an order summarily disposing of Mr. Duggar's Objection.

Respectfully submitted on this 8 day
of November, 2005.

ROSE, SUNDSTROM & BENTLEY, LLP
Sanlando Center
2180 W. State Road 434
Suite 2118
Longwood, Florida 32779
Telephone: (407) 830-6331
Facsimile: (407) 830-8522
mfriedman@rsbattorneys.com
vlord@rsbattorneys.com



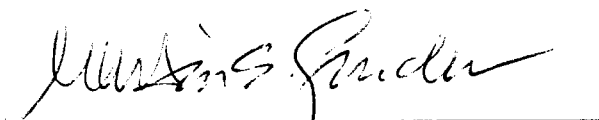
Martin S. Friedman
Valerie L. Lord
For the Firm

CERTIFICATE OF SERVICE
DOCKET NO. 050499-WS

I HEREBY CERTIFY that a true and correct copy of the foregoing Motion for Summary Disposition of Objections has been furnished by U.S. Mail to the following parties on this 6 day of November, 2005:

Michael J. Duggar, Esquire
Post Office Box 192
Christmas, FL 32709-0192

Martha Brown, Esquire
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850



MARTIN S. FRIEDMAN
VALERIE L. LORD

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Application of UTILITIES INC. for authority for transfer of majority organizational control to HYDRO STAR, LLC

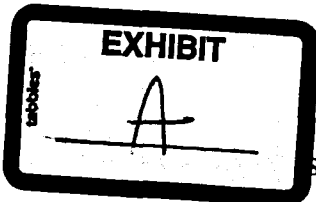
COMMISSION DOCKET No. 050499-WS CLERK

OBJECTION TO (DOCKET #050499-WS) APPLICATION OF UTILITIES, INC. FOR AUTHORITY FOR TRANSFER OF MAJORITY ORGANIZATIONAL CONTROL TO HYDRO STAR, LLC AND REQUEST FOR PUBLIC HEARING

COMES NOW, Michael J. Duggar, a customer of Wedgefield Utilities, Inc., a wholly owned subsidiary of Utilities, Inc., and residing at 20305 Majestic Street, Orlando, Florida 32833, and files this objection to the Application of Utilities, Inc., (Docket #050499-WS) for Authority for Transfer of Majority Organizational Control to Hydro Star, LLC and Request for a Public Hearing pursuant to F.S.A. §120.569 and F.S.A. §120.57, with grounds as follows:

1. Petitioner, Michael J. Duggar, who lives at 20305 Majestic Street, Orlando, Florida 32833 is a customer of Wedgefield Utilities, Inc., a wholly owned subsidiary of Utilities, Inc., as indicated by the Notice of Application for a Transfer of Majority Organizational Control, given on July 26, 2005, pursuant to Section 367.071 Florida Statutes.
2. As indicated in paragraph (1), the Petitioner received notice of this proposed action via mailing by presorted First-Class Mail. There is no postmark but the notice is dated July 26, 2005.
3. The transfer is important for this homeowner and residents of the Wedgefield community for the following reasons:
 - a. Wedgefield residents have recently learned via the Florida Department of Environmental Protection that the water quality of Wedgefield Utilities exceeds the acceptable level of the carcinogen trihalomethanes.
 - b. Whereas the maximum contaminant level is 80 parts per billion, in four quarterly tests of Wedgefield Utilities, the results were 113 parts per billion (July 2004), 189 parts per billion (November 2004), 129 parts per billion (February 2005) and 136 parts per billion (June 2005). All tests considerably exceeded the maximum allowable standard.

CMP³⁷ _____
 COM³⁹ 5 _____
 CTR⁴⁰ _____
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- c. The aforementioned results were such an extreme failure that Wedgefield Utilities was found non-compliant after the compilation of but three of the tests. Please note that the November findings were over twice the legal limits set by the E.P.A. as approved for utilities this size by the Florida Legislature.
- d. After the first failure in July 2004, Wedgefield Utilities and its parent company, Utilities, Inc. did nothing to remedy the problem.
- e. After its second failure in November 2004, where its results were double the legal limit, the Utilities did nothing.
- f. After its third finding exceeding the legal limit, and only after it was REQUIRED to by statute did the Utilities BEGIN to deal with the problem. Patrick Flynn, regional director for the Utilities referred at a community meeting August 17th as taking an "aggressive attack" on the problem. Although Mr. Flynn may not have been legally obligated to attack this problem sooner, should not the well-being of the residents prompted action prior?
- g. Mr. Flynn referred on more than one occasion to treatment solutions based on "cost-effectiveness" and stated the ozone treatment which Orlando Utilities Commission uses to achieve compliance is much more costly... a/k/a not cost effective, and not worth spending on you folks.
- h. The Orlando Sentinel recently published an article which listed Wedgefield as the 9th fastest growing community in Orange County. As a result of the water problems featured on all three local television stations, properties are now becoming more difficult to sell and property values may plummet.

4. The Petitioner objects to the application for the following reasons:

- a. On Page 3 under paragraph 5 (d) of the Application, the Buyer states they do not own ANY water or wastewater utilities. Wedgefield does not need new owners with NO EXPERIENCE. On the contrary, this community needs owners who possess the ability to protect the health, safety, and well-being of the citizens it serves.
- b. Under paragraph 5 (f), the Application states, "AIG Highstar Capital II, LLP (Highstar II), which comprises the owner of the Buyer, and certain of its affiliates, are seeking to make

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- SUBSTANTIAL INVESTMENTS (emphasis added) in water and wastewater assets as a complement to their existing U.S. energy asset portfolio.” The Petitioner is concerned that consistent with previous management, bottom line will dominate over the best interests of the health, safety and well-being of the citizens served. The mantra will remain “cost-effective.”
- c. Moving further down paragraph 5 (f) on Page 3, “The acquisition by the Buyer of the shares of stock in Nuon Global Solutions USA, Inc., will NOT (emphasis added) result in any change in management of the Applicant or any of the Regulated Entities, and the EXPERTISE of EXISTING MANAGEMENT will REMAIN IN PLACE (emphasis added).” If research serves me correctly, Utilities, Inc., promised in 1996 when it purchased Wedgefield Utilities that it would bring it up to high standards consistent with its other utilities. Nine years later and it is failing MISERABLY. The Petitioner is concerned that continuing the MISERABLE FAILURE in meeting state environmental standards will further endanger the health, safety and well-being of the community’s citizens, both young and old.
- d. Lastly on Page 3 in paragraph 5 (f), “By combining the APPLICANT’S MANAGEMENT APPROACH and REGULATORY and OPERATIONAL EXPERTISE (emphasis added) with the financial resources and support of the Buyer, the Applicant will continue to have the ability to provide consistent and uninterrupted service to its customers. The Petitioner wonders how failing to meet state environmental standards for safe drinking water constitutes regulatory and operational expertise. The Petitioner believes the “cost-effective” “for-profit” management approach is not in the best interest of the health, safety, and well-being of the community.
- e. Moving to Page 4 of the application, “There are no plans to change either the management team or the customer services or local area staffs as a result of the proposed transaction.” Ditto the Petitioner’s earlier remarks.
- f. “The Regulated Entities..., which has a long history of PROVIDING QUALITY WATER AND WASTEWATER SERVICES AT JUST AND REASONABLE RATES (emphasis added).” Petitioner at present has no current data, but Wedgefield Utilities has for years had the highest rates in the Central Florida area, and some residents here believe the State as a

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whole. Contaminated water at the highest of prices...with no plans to change the management team...the applicant does not wish to disrupt the yearlong achievement of non-compliance with State standards for safe drinking water.

g. Environmental standards are not changed overnight. The Petitioner has not heard what preemptive measures were taken in preparation for the new lower standards. It is believed that Utilities, Inc. had three (3) years to prepare for the implementation of the law on a utility its size. Rather than take remedial measures to safeguard the health and well-being of its customers, Utilities, Inc. chose to sit on its hands until it was cited with a Notice of Violation. It is this same management team the proposed new owners wish to keep which raises strong concerns and for which the Petitioner objects.

5. The Petitioner believes the most pointed reason for rejecting the application is that the Application does not meet minimum Rule requirements under 25-30.037 *Application for Authority to Transfer*. Each application for transfer of certificate of authorization, facilities, or any portion thereof, to a non-governmental entity shall include the following information:

(p) A statement from the buyer that after reasonable investigation, the system being acquired appears to be in satisfactory condition and in compliance with ALL applicable standards set by the Department of Environmental Protection (DEP) or, if the system is in need of repair or improvement, has any outstanding Notice of Violation of ANY standard set by the DEP or any outstanding consent orders with the DEP, the buyer shall provide a list of the improvements and repairs needed and the approximate cost to make them, a list of the action taken by the utility with regard to the violation, a copy of the Notice of Violation(s), a copy of the consent order and a list of the improvements and repairs consented to and the approximate cost to make them;

The Applicant refers to this section on Page 5 in paragraph (h) and alleges to meet this requirement by stating, "the relevant Regulated Entities are working with the DEP to formulate compliance plans." This response is in specific reference to the Notice of Deficiency related to the Wedgefield system. The Petitioner believes this portion of the application is woefully inadequate and fails to meet the minimum standard required in an Application for Authority to Transfer.

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The Petitioner requests that the Application for Transfer be rejected due to the lack of experience of the buyer and its failure to provide concrete safeguards to protect the health, safety, and well-being of the citizens it proposes to serve.

The Petitioner would consider acceptance of the Application subject to:

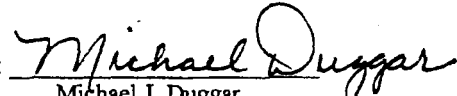
- a. The Applicant amending its application and fully providing the information requested relating to non-conforming utilities and bringing them into compliance.
- b. The Applicant being in full compliance with ALL standards for one full year prior to the transfer.

For purposes of the Wedgefield Utility, the Applicant has failed to meet minimum standards for a full year and a promise to commit to compliance should not suffice.

Respectfully submitted on this
24th day of August, 2005, by:

Michael J. Duggar
20305 Majestic Street
Orlando, Florida 32833

Michael J. Duggar, Esquire
Michael J. Duggar, P.A.
Post Office Box 192
Christmas, FL 32709-0192
Telephone: 321 251 7766
Facsimile: 321 206 5090
E-mail: mduggar@cfl.rr.com
Florida Bar 0080306

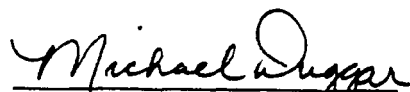
By: 
Michael J. Duggar

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the *Objection* has been

furnished by Next-Day U.S. Mail and 1st Class United States mail this 24th day of August, 2005
to :

Director, Division of Commission Clerk and Administrative Services, Florida Public Service
Commission, 2540 Shumard Oaks Boulevard, Tallahassee, FL 32399-0850;
Martin S. Friedman, Esquire, *Rose, Sundstrom & Bentley, LLP*, 600 S. North Lake Blvd., Ste.
160, Altamonte Springs, FL 32701;
UTILITIES, INC., c/o Officer, General or Managing Agent, 2335 Sanders Road, Northbrook, IL
60062-6196.



MICHAEL J. DUGGAR, ESQ.

MICHAEL J. DUGGAR, P.A.

Post Office Box 192

Christmas, FL 32709-0192

Telephone: (321)251-7766

Facsimile: (321) 206-5090

E-mail: mduggar@cfl.rr.com

Florida Bar Number: 0080306



Jeb Bush
Governor

Department of Environmental Protection

Central District
3319 Maguire Boulevard, Suite 232
Orlando, Florida 32803-3767

Colleen Castille
Secretary

August 5, 2005

Ms. Wanda J. Harding
23030 Ardon Avenue
Orlando, FL 32833

OCD-PW-05-0662

Re: Wedgfield Utilities, Inc.

Dear Mr. Harding:

We received your letter on August 1 (dated July 29, 2005) and I am responding to it. Despite the statements you made in your letter regarding the quality of drinking water at Wedgfield Utilities, the water is adequate and safe to drink. If it were not, the Department would have directed the utility to discontinue providing the water when the analyses of Trihalomethanes (THMs) became known.

THMs are low risk, suspect carcinogens with a long latency period. This means that they are believed to cause cancer if they are consumed in large quantities of high concentrations for long periods of time. Maximum Contaminant Level or MCL, whose exceedance triggered the Public Notification, assume a consumption of 2 liters per day over a lifetime. The MCL is the level below which THMs are not believed to cause ANY adverse health effects. This means that a short-term exceedance will not result any adverse health effects.

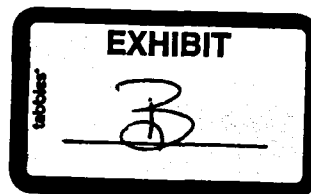
Pursuant to Chapters 62-555 and 62-550, *Florida Administrative Code*, the utility will make the proper adjustments to the drinking water processes at the plant to ensure that the level of the THMs do not exceed the 80 mg/l MCL. We expect a study identifying these changes to be forthcoming followed by their implementation. Be assured, the Department will monitor these changes to make sure that they are done in a timely fashion. A meeting has been scheduled for August 17 to discuss health concerns about the THMs.

I appreciate your concern but must emphasize that your water is safe to drink. If bottled water or an additional treatment system is purchased, then that is an individual decision that the consumer has made but one not mandated by either the Utility or the Department.

Sincerely,

Richard S. Lott, P.G., P.E.
Program Manager - Drinking Water

Cc: Paul Morrison, FDEP
Patrick Flynn, Utilities Inc. [p.c.flynn@utilitiesinc-usa.com]



CUSTOMERS OF WEDGEFIELD UTILITIES, INC.

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

Test Results Show Total Trihalomethanes Levels Above Drinking Water Standards

The purpose of this notice is to inform you that the water system serving your community recently exceeded a drinking water standard resulting in a violation. Although this incident was not an emergency, as our customers you have a right to know what happened and what we are doing to correct this situation.

Wedgefield Utilities, Inc. routinely monitors for the presence of drinking water contaminants. Where disinfection is used in the treatment of drinking water, disinfectants combine with organic and inorganic matter naturally present in our aquifer to form chemicals called disinfection byproducts (DBP). The U.S. Environmental Protection Agency (USEPA) and the Florida Dept. of Environmental Protection (FDEP) set standards for controlling the levels of disinfectants and DBPs in drinking water, including total trihalomethanes (TTHM) and haloacetic acids (HAA). The standard, or maximum contaminant level (MCL), for TTHMs is 80 parts per billion (ppb) and for the sum of five haloacetic acids (HAA5) is 60 parts per billion (ppb), expressed as a rolling annual average. For the nine-month period ending in March 2005, the rolling average for TTHMs was 106 ppb and for HAA5 was 36 ppb. The rolling average for HAA5 did not exceed the MCL.

What should I do?

You do not need to use an alternative water supply (e.g., bottled water). However, if you have specific health concerns, please consult your doctor.

What does this mean?

This is not an immediate risk. If it had been, you would have been notified immediately. However, some people who drink water containing TTHMs in excess of the MCL over many years may experience problems with their liver, kidneys, or central nervous system and may have an increased risk of getting cancer.

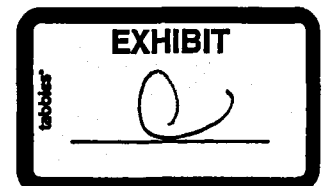
What happened? What is being done?

A Professional Engineer has been retained by Wedgefield Utilities and is working with the utility and FDEP in identifying our options to correct this problem. These options will consider alternate treatment methods and operational strategies to remove or reduce TTHM levels. Wedgefield Utilities, Inc. anticipates resolving the issue by implementing suggested treatment plant modifications and in consultation with FDEP. In the meantime, Wedgefield Utilities will continue to monitor and report the TTHM rolling annual average to you on a quarterly basis as long as the averages exceed the MCL and as we are required by FDEP.

For additional information regarding this matter, please contact Scotty Haws, Assistant Operations Manager, at (407) 869-1919, 200 Weathersfield Avenue, Altamonte Springs, FL 32714.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is published by Wedgefield Utilities, Inc. State Water System ID#3480149. Date distributed June 1, 2005.



CUSTOMERS OF WEDGEFIELD UTILITIES, INC.

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

Test Results Show Total Trihalomethane Levels Above Drinking Water Standards

The purpose of this notice is to inform you that the water system serving the Wedgefield community continues to exceed a drinking water standard resulting in a violation. Although this condition is not an emergency, as our customer you have a right to know what has occurred and what we are doing to correct this situation. This notice is an update of the previous notice provided to all Wedgefield Utilities customers in June 2005.

Wedgefield Utilities, Inc. routinely monitors for the presence of drinking water contaminants. Where chlorine disinfection is used in the treatment of drinking water, chlorine may combine with organic matter naturally present in our aquifer to form chemicals called disinfection byproducts (DBP). The U.S. Environmental Protection Agency (USEPA) and the Florida Department of Environmental Protection (FDEP) set standards for controlling the levels of disinfectants and DBPs in drinking water, including total trihalomethanes (TTHM) and haloacetic acids (HAA). The standard, or maximum contaminant level (MCL), for TTHMs is 80 parts per billion (ppb) and for the sum of five haloacetic acids (HAA5) is 60 parts per billion (ppb), both expressed as a rolling annual average. For the twelve-month period ending in June 2005, the rolling average for TTHMs was 140 ppb and for HAA5 it was 56 ppb. In addition, the most recent sample taken in August contained 111 ppb. This recent reduction in the TTHM level reflects the benefit of our recent flushing effort as well as the effect of changes in operational procedures at the water plant.

What should I do?

You do not need to use an alternative water supply (e.g., bottled water). However, if you have specific health concerns, please consult your doctor.

What does this mean?

This is not an immediate or acute risk. A short-term exposure to TTHMs will not result in any adverse health effects according to EPA-funded research studies completed to date. If it could, you would have been notified immediately. However, some people who drink water containing TTHMs in excess of the MCL over many years may experience problems with their liver, kidneys, or central nervous system and may have an increased risk of getting cancer. However, according to a recently completed study by the UNC School of Public Health and jointly funded by USEPA and the AWWA Research Foundation, drinking water containing elevated TTHMs generally was found **not** to be associated with increased risk of pregnancy loss, reduced fetal growth, or pre-term births. This study can be found on the AWWA website at <http://www.awwarf.org/research/TopicsAndProjects/execSum/2579.aspx>.

What is being done?

A Professional Engineer retained by Wedgefield Utilities to analyze the specific issues causing elevated TTHM levels has completed that effort. Wedgefield Utilities will submit an application to FDEP by September 15, 2005 that proposes a change in the disinfection process from free chlorine to chloramination. This change in the disinfection process is designed to prevent the formation of TTHMs from occurring in the water distribution system. After FDEP reviews and approves this proposal, Wedgefield Utilities will implement the conversion to chloramination within 30 days, then sample and analyze the water system again to measure its effectiveness. Wedgefield Utilities will continue to monitor and report

the TTHM rolling annual average to you on a quarterly basis as long as the average exceeds the MCL of 80 ppb and as required by FDEP.

Over the last three months you may have observed Wedgefield Utilities staff implementing an aggressive water main flushing program throughout the community. The goal of this effort is to remove a buildup of sediment from the water mains that has accumulated over time and which may contain organic matter. By removing this buildup of sediment, the Utility can more effectively maintain a protective barrier against bacterial contamination as required by USEPA and FDEP while at the same time reducing the amount of chlorine used to establish and maintain this protective barrier. At the direction of the engineering consultant, additional water samples were taken at the water plant and throughout the distribution system so as to provide a complete understanding of the specific chemical processes occurring. The resulting analysis indicates that the change to the chloramination method will be effective and timely in reducing the production of disinfection by-products such as TTHMs.

For additional information regarding this matter, please contact Scotty Haws, Assistant Operations Manager, at (407) 869-1919, 200 Weathersfield Avenue, Altamonte Springs, FL 32714.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in schools and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is published on September 6, 2005 by Wedgefield Utilities, Inc., State Public Water System ID#3480149, for distribution to all customers of record. As long as the rolling annual average value of TTHMs exceeds 80 ppb, Wedgefield Utilities will continue to provide an updated customer notice on a quarterly basis.