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June 5, 2008

Ms. Ann Cole
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: 2007 Consumer Confidence Report

05046

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Dear Ms. Cole:

Pursuant to Rule 62-550.824, Florida Administrative Code, all utility companies regulated by the Florida Public Service Commission shall file the report with FPSC. In accordance, Southlake Utilities, Inc. hereby submits its 2007 CCR.

If you are not the correct party to receive this report, please let me know and I will forward the CCR to them. My e-mail address is kkitchen@cagan.com or the office phone number of 352.394.8898

Sincerely,

Kim Kitchen
Office Manager

Copy: File

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Southlake Utilities Inc.

2007 Annual Drinking Water Quality Report

We're very pleased to provide you with this year's Annual Water Quality Report. We want to keep you informed about the excellent water and services we have delivered to you over the past year. Our goal is and always has been, to provide to you a safe and dependable supply of drinking water. Our water is obtained from groundwater pulled from the Floridan Aquifer and is chlorinated for disinfection purposes.

A source water assessment was performed by the state in 2007 a search of the data indicated 6 potential sources of contamination with a susceptibility rating of high and 2 of low. This information is available for your review at this website <http://www.dep.state.fl.us/swapp/> Use the search by county link on left-hand side to review.

This report shows our water quality results and what they mean. If you have any questions about this report or concerning your water utility, please contact our office at (352) 394-8898. We encourage our valued customers to be informed about their water utility. Southlake Utilities Inc. routinely monitors for contaminants in your drinking water according to Federal and State laws, rules, and regulations. Except where indicated otherwise, this report is based on the results of our monitoring for the period of January 1 to December 31, 2007. As authorized and approved by EPA, the State has reduced monitoring requirements for certain contaminants to less often than once per year because the concentrations of these contaminants are not expected to vary significantly from year to year. Some of our data [e.g., for organic contaminants], though representative, is more than one year old.

In the table below, you may find unfamiliar terms and abbreviations. To help you better understand these terms we've provided the following definitions:

- **Maximum Contaminant Level (MCL):** 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 (MCLG):** The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.
- **Action Level (AL):** The concentration of a contaminant that, if exceeded, triggers treatment or other requirements that a water system must follow.
- **Initial Distribution System Evaluation (IDSE):** An important part of the Stage 2 Disinfection Byproducts Rule (DBPR). The IDSE is a one-time study conducted by water systems to identify distribution system locations with high concentrations of trihalomethanes (THMs) and haloacetic acids (HAAs). Water systems will use results from the IDSE, in conjunction with their Stage 1 DBPR compliance monitoring data, to select compliance monitoring locations for the Stage 2 DBPR.
- **Picocurie per liter (pCi/L):** Measure of the radioactivity in water.
- **Parts per million (ppm) or Milligrams per liter (mg/l):** One part by weight of analyte to 1 million parts by weight of the water sample.
- **Parts per billion (ppb) or Micrograms per liter (µg/l):** One part by weight of analyte to 1 billion parts by weight of the water sample.
- **"ND" means not detected and indicates that the substance was not found by laboratory analysis.**

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity. Contaminants that may be present in source water include:

- (A) **Microbial contaminants, such as viruses and bacteria, which may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.**
- (B) **Inorganic contaminants, such as salts and metals, which can be naturally-occurring or result from urban storm water runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.**
- (C) **Pesticides and herbicides, which may come from a variety of sources such as agriculture, urban storm water runoff, and residential uses.**
- (D) **Organic chemical contaminants, including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and can also, come from gas stations, urban storm water runoff, and septic systems.**
- (E) **Radioactive contaminants, which can be naturally occurring or be the result of oil and gas production and mining activities.**

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).

In order to ensure that tap water is safe to drink, the EPA prescribes regulations, which limit the amount of certain contaminants in water provided by public water systems. The Food and Drug Administration (FDA) regulations establish limits for contaminants in bottled water, which must provide the same protection for public health. Drinking water, including bottled water, may reasonably be expected to contain at least small 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.

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Contaminant and Unit of Measurement	Dates of sampling (mo./yr.)	MCL Violation Y/N	Level Detected	Range of Results	MCLG	MCL	Likely Source of Contamination
Inorganic Contaminants							
Barium (ppm)	6/2006	N	0.023	N/A	2	2	Discharge of drilling wastes; discharge from metal refineries; erosion of natural deposits
Cadmium (ppb)	6/2006	N	0.2	N/A	5	5	Corrosion of galvanized pipes; erosion of natural deposits; discharge from metal refineries; runoff from waste batteries and paints
Fluoride (ppm)	6/2006	N	0.056	N/A	4	4.0	Erosion of natural deposits; discharge from fertilizer and aluminum factories. Water additive which promotes strong teeth when at optimum levels between 0.7 and 1.3ppm
Mercury (inorganic) (ppb)	6/2006	N	0.2	N/A	2	2	Erosion of natural deposits; discharge from refineries and factories; runoff from landfills; runoff from cropland
Sodium (ppm)	6/2006	N	7.31	N/A	N/A	160	Salt water intrusion, leaching from soil

Contaminant and Unit of Measurement	Dates of sampling	AL Violation Y/N	90th Percentile Result	No. of sampling sites exceeding the AL	MCLG	AL (Action Level)	Likely Source of Contamination
Lead and Copper (Tap Water)							
Lead (tap water) (ppb)	1/2007	No	3	0	0	15	Corrosion of household plumbing systems, erosion of natural deposits
Copper (tap water) (ppm)	1/2007	No	.1	0	1.3	1.3	Corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives

TTHMs and Stage 1 Disinfectant/Disinfection By-Product (D/DBP) Parameters

For bromate, chloramines, or chlorine, the level detected is the the highest running annual average (RAA), computed quarterly, of monthly averages of all samples collected. For haloacetic acids or TTHM, the level detected is the highest RAA, computed quarterly, of quarterly averages of all samples collected if the system is monitoring quarterly or is the average of all samples taken during the year if the system monitors less frequently than quarterly. Range of Results is the range of individual sample results (lowest to highest) for all monitoring locations, including Initial Distribution System Evaluation (IDSE) results as well as Stage 1 compliance results.

Contaminant and Unit of Measurement	Dates of sampling (mo./yr.)	MCL Violation Y/N	Level Detected	Range of Results	MCLG or MRDLG	MCL or MRDL	Likely Source of Contamination
Chlorine (ppm)	1/2007-12/2007	N	0.816		MRDLG = 4	MRDL = 4.0	Water additive used to control microbes
Haloacetic Acids (five) HAA5) (ppb)	9/2005	N	12.17	N/A	NA	MCL = 60	By-product of drinking water disinfection
TTHM [Total trihalomethanes] (ppb)	9/2005	N	32.5	N/A	NA	MCL = 80	By-product of drinking water disinfection

Thank you for allowing us to continue providing your family with clean, quality water this year. We at Southlake Utilities, Inc. would like you to understand the efforts we make to continually improve the water treatment process and protect our water resources. We are committed to insuring the quality of your water. If you have any questions or concerns about the information provided, please feel free to call any of the numbers listed.