

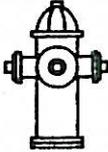
DAVIDSON WATER, INC.

WELCOME, N. C.



NOVEMBER, 1997

The Nation's Largest Rural Water System



SINCE 1969



Effective with the water bills that you receive as of January 1, 1998, Davidson Water, Inc.'s rates will increase as outlined. Our last rate increase was January 1, 1996. Each year with the increased water usage of our customers, it is necessary to continually expand and upgrade our facilities in order to properly continue to serve our existing customers. In addition to facility upgrades; this increase is necessary due to inflation, increases in chemical costs, and new testing regulations from the EPA. We have also changed our minimum billing effective January 1, 1998. If your meter is larger than the standard 3/4" meter, your minimum bill is based on the size as indicated.

RATE INCREASE

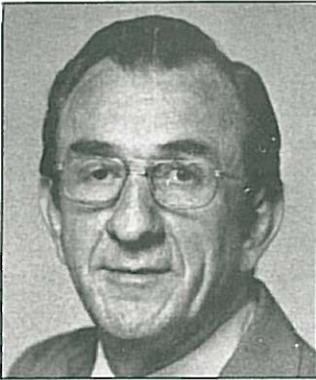
Effective January 1, 1998

| GALLONS USED | OLD RATE | NEW RATE |
|------------------|----------|----------|
| 0 - 2,000 | 7.75 | 8.00 |
| 2,001 - 5,000 | 2.80 | 2.95 |
| 5,001 - 10,000 | 2.65 | 2.80 |
| 10,001 - 20,000 | 2.15 | 2.35 |
| 20,001 - 50,000 | 1.75 | 2.00 |
| 50,001 - 100,000 | 1.65 | 1.90 |
| OVER - 100,000 | 1.55 | 1.80 |

*Rate schedule for standard 3/4" meter

| METER SIZE | MINIMUM GALS. | MINIMUM AMOUNT |
|------------|---------------|----------------|
| 1" | 0 - 5,000 | \$16.85 |
| 1 1/2" | 0 - 10,000 | \$30.85 |
| 2" | 0 - 20,000 | \$54.34 |
| 3" | 0 - 50,000 | \$114.34 |
| 4" | 0 - 75,000 | \$161.84 |
| 6" | 0 - 150,000 | \$304.34 |
| 8" | 0 - 250,000 | \$494.34 |

* Any usage over minimum gallons on larger than 3/4" meter will be billed according to chart above. If your meter is larger than standard 3/4" you should have already received a letter concerning this change.



After 18 years of service as a director with Davidson Water, Inc., Numa Everhart has retired from our Board of Directors. Mr. Everhart was first elected to our board in 1979. The Board and Davidson Water, Inc. would like to express our sincere thanks for his many years of dedicated service and wish him well in the years to come.

Make Every Drop Count
The typical family of four uses
243 gallons of water per day

Toilet flushing 100 gallons
Showering 80 gallons
Laundry 35 gallons
Dishwashing 15 gallons
Bathroom Sink 8 gallons
Utility 5 gallons

*Source: US Environmental
Protection Agency*

NEW DIRECTORS

At our annual meeting in March of this year the following directors were re-elected for three year terms: J. F. Hanes, John Sharpe, John Greer, and Danny Fitzgerald. We would also like to welcome Richard Motsinger of the Wallburg Community to Davidson Water, Inc.'s Board of Directors. Mr. Motsinger was elected to fill the vacancy left by Numa Everhart's retirement.

AFTER HOURS CALLS

Our phone system transfers all calls after business hours to our water plant. There is someone on duty at the plant 24 hours. Because we have seven phone lines in the office and only one phone line to the plant, during busy times you may experience problems getting through. If your call is answered by the voice mail and is not an emergency you can leave a message. Someone will return your call the following business day. Please leave a phone number where you can be reached during business hours. If your call is an emergency, please continue to call. You can also call the plant direct at 787-5800.

NEW OFFICE BUILDING

Last year Davidson Water, Inc. purchased the Evergood Fabrication property located across from our existing office and we are now in the process of remodeling the building to accommodate our needs. We have operated out of our existing building since 1971 and were in need of additional office and maintenance space. We hope to be moved into our new location later this year. We will also be adding a drive thru window for our customers paying their bills at the office.

DON'T LET YOUR WATER FREEZE

With the winter season approaching it's time to make sure your water lines are protected from the cold weather. Heat tape and insulated wrap can be used to help prevent the pipes under the home from freezing. Make sure the meter lid is properly in place at all times. If you see that the service line from the main line to the meter box is exposed contact Davidson Water, Inc. so that the line can be lowered and properly covered to prevent freezing.

WATER'S FREE

Wherever you find it, water is free,
Deep in a well or out of the sea.
Get all you want wherever you go, --
Read the simple directions below.

Put a barrel under the spout,
Collect the rain the clouds give out;
But watch for the wiggler and bacillus, --
Some bugs are almost sure to kill us.

*Melt yourself a pan of snow!
(It's a crystal form of H₂O)
Or just apply a little heat
To frost or ice or hail or sleet!*

Dig a hole both deep and round,
That's where lot's of water's found.
Pumps are needed, so are tanks, --
You pay for them with more than thanks!

*Put muddy water in a kettle,
Leave it for the mud to settle.
Even the water in the sewer
Is ninety-nine one hundredths pure!*

Build a dam across a creek
And do it so it won't leak.
Then lay a pipe. (The cost ain't hay;
Be sure to get a right of way.)

*Wring the water from a blanket of fog!
Strain the tadpoles out of a bog!
Get up early and gather dew!
Sprinkle a cloud with CO₂!*

With a bucket you can bring
All you want from pond or spring.
Two hundred trips or so a day
Are really fun when you don't pay!

*Your water works adds this last line:
Delivery is where we shine!
We can't sell water because it's free,--
We sell only Pressure and Purity!*