



MILFORD WATER COMPANY

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August 25, 2011

Re: Total Trihalomethanes (“TTHM”) Water Quality – Update on Milford Water Company Actions.

Our valued customers,

Many of our customers are aware that Milford Water Company (“MWC”) has been working with the Massachusetts Department of Environmental Protection (“MassDEP”) to address the presence of TTHMs in its water supply. Long term, the new water treatment facility which will be constructed by MWC and placed into operation in the spring of 2013 will provide an overall solution to the presence of TTHMs. In addition, the Company continues to move forward aggressively with the implementation of interim solutions which will bridge the intervening period and address the current situation. This letter will update you concerning MWC’s ongoing efforts. In addition, MWC will forward periodic updates in order to keep our customers fully informed.

Since December 2010 when this situation initially arose, MWC has been working with AECOM, our consulting engineers, to identify options to minimize TTHM levels in the company’s water system. In February 2011, AECOM recommended a corrective action plan to MWC which outlined several strategies to reduce TTHM levels. Despite the implementation of these strategies, MWC was still not able to achieve the levels required by MassDEP. As a result, MWC tasked AECOM to develop an interim solution to the TTHM issue until the new water treatment facility comes on-line in 2013.

Working with AECOM and after consultation with MassDEP, MWC is pleased to report that it is pursuing the option of installing Activated Carbon in its sand filters at the existing facility on Dilla Street. That measure will help reduce the formation of TTHMs and is expected to bring the Company’s

system into compliance with MassDEP's regulations. Our engineers presently estimate that the Activated Carbon can be installed and providing the intended result during the last quarter of the year. We would also note that this process has been used with success in Winthrop, Maine which was experiencing a similar level of TTHMs as MWC.

The installation of the Activated Carbon will not be completed until the end of October and our recent round of tests taken on August 4, 2011 indicates that TTHM levels remain above regulatory requirements. Based on this information, at this time MWC does **NOT** expect to be in compliance with MassDEP's TTHM standard during the current reporting period of July through September. An additional sample round will also be taken at the regular sample locations by September 30, 2011 and will be used to determine the final system-wide quarterly average for the third quarter of our current reporting period. As a result, a formal notice of that exceedance as required under MassDEP's regulations will be sent to you in October. Nevertheless, we fully expect that the steps which we are implementing will produce measurable results this fall and should resolve the problem moving forward.

MWC would like to assure all of its customers that we understand how sensitive this issue is and we are committed to delivering safe, quality drinking water. I am also including with this letter a copy of the Question and Answer Guide concerning TTHMs which was prepared by MassDEP in order to provide additional information. MassDEP drafted this Guide based on the testing results through the second quarter of this year including the special round taken August 4, 2011. The Guide will be updated when the testing results from the third quarter become available. The Guide is also available on MWC's website at - www.milfordwater.com.

In closing, I apologize to all of our customers for any inconvenience or concerns that may have arisen during this period. MWC is working with the various agencies to bring closure to this issue and is committed to achieving success. Should you have any questions or concerns, please do not hesitate to contact me.

Respectfully yours,

David L. Condrey

Manager, Milford Water Company