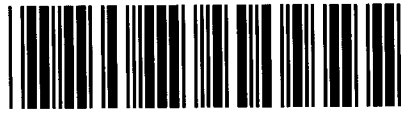




Control Number: 45283



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Addendum StartPage: 0

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PUC DOCKET NO. 45283

RATEPAYERS' APPEAL OF THE  
DECISION BY NORTH SAN SABA  
WATER SUPPLY CORPORATION TO  
CHANGE RATES

§  
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§  
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§  
§

BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY

OF

WILL BROYLES

ON BEHALF OF

NORTH SAN SABA WATER SUPPLY CORPORATION

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March 31, 2016

**INDEX TO THE DIRECT TESTIMONY OF**  
**WILL BROYLES, WITNESS FOR**  
**NORTH SAN SABA WATER SUPPLY CORPORATION**

- I. INTRODUCTION**
- II. PURPOSE AND SCOPE**
- III. OPERATIONS AND MAINTENANCE**
- IV. SERVICES AND EQUIPMENT PROVIDED FOR NSSWSC**
- V. COST OF SERVICES AND EQUIPMENT**
- VI. CONCLUSION**

**LIST OF EXHIBITS**

- EXHIBIT WB-1      Broyles-NSSWSC Contract]**
- EXHIBIT WB-2      Operator Job Description, NSSWSC 000397-000399**
- EXHIBIT WB-3      Estimate, NSSWSC 000386 to 000393**

1                                   **DIRECT TESTIMONY OF WILL BROYLES**

2                                   **I.    INTRODUCTION**

3   **Q.    PLEASE STATE YOUR FULL NAME AND BUSINESS ADDRESS.**

4   A.    My name is Will Broyles. My address is 4859 CR 435 Cherokee, TX 76832.

5   **Q.    ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

6   A.    I am testifying on behalf of the North San Saba Water Supply Corporation.

7   **Q.    WHAT IS YOUR JOB TITLE?**

8   A.    I am a Manager/Operator.

9   **Q.    ARE YOU AN EMPLOYEE OF NSSWSC?**

10  A.    No, I am contracted by North San Saba Water Supply Corporation.

11  **Q.    BY WHOM ARE YOU EMPLOYED?**

12  A.    I am self-employed.

13  **Q.    WHAT IS YOUR RELATIONSHIP TO NSSWSC?**

14  A.    My relationship with North San Saba Water Supply is a business relationship.

15        NSSWSC has contracted with me to be the manager/operator of the water system.

16        I am not a member of NSSWSC.

17  **[NSSWSC OFFERS EXHIBIT WB-1 – Broyles-NSSWSC Contract]**

18  **Q.    HOW LONG HAVE YOU BEEN WORKING UNDER CONTRACT WITH**  
19        **NSSWSC?**

20  A.    I have been under contract for NSSWSC for just over 6 years. I was awarded the  
21        contract in March 2010, and it has been renewed annually since.

22  **Q.    WHAT IS YOUR PROFESSIONAL AND EDUCATIONAL BACKGROUND**  
23        **AND EXPERIENCE?**

1     A.     I attended Tarleton State University and pursued a B.S. degree in Aviation Science,  
2             as well as a minor in Business, which I have not yet completed but am one credit  
3             shy of my degree. I am commercial pilot with an instrument rating with hundreds  
4             of hours of VMC experience and IMC experience. I have worked and flown for a  
5             skydiving company.

6             I held an OSSF Class II installers license from 1995-2009 and have the  
7             experience that goes along with the use of that license. I have worked beside water  
8             well drilling rigs and water well pump installers and am very familiar with the  
9             procedure and laws that pertain to such. I have installed five plus miles of three-  
10            inch waterline and in excess of 30 miles of smaller pipe. I am well experienced in  
11            this area and am very familiar with the rules and regulations that encompass the  
12            installation process. I am very familiar with electricity and electrical equipment,  
13            which allows me to either fix a problem within the scope of my contract or at least  
14            troubleshoot a problem to the point where little outside help or subcontracts are  
15            required. I was a home builder from 2008-2010 where I built and general  
16            contracted 5 homes.

17            I have and can operate any and all heavy equipment, I hold a class B drivers  
18            license and have driven and operated semi-trucks and trailers.

19

1                                    **II. PURPOSE AND SCOPE OF TESTIMONY**

2    **Q.    WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**  
3           **PROCEEDING?**

4    A.    My direct testimony will describe the services I provide for the NSSWSC under my  
5           contract with them, the tools and equipment that I provide on my own and that are  
6           not supplied by NSSWSC, and the cost of these services, tools, and equipment that  
7           I currently bear and that NSSWSC would be required to pay if I did not supply  
8           them.

9    **Q.    HAVE YOU PREPARED ANY EXHIBITS OR SCHEDULES IN**  
10           **CONNECTION WITH YOUR TESTIMONY?**

11   A.    Yes. I have prepared, supervised the preparation of, or co-sponsored the exhibits  
12           listed in the table of contents to my testimony.

13                                   **III. OPERATIONS AND MAINTENANCE**

14   **Q.    PLEASE DESCRIBE THE SERVICES YOU PROVIDE FOR NSSWSC.**  
15           **WHAT TYPES OF WORK OR ACTIVITIES RELATED TO NSSWSC**  
16           **MIGHT YOUR DAY INCLUDE?**

17   A.    The work and/or work-related activities that I perform for NSSWSC include the  
18           following:

19           **Daily:** I am on call for NSSWSC 24 hours a day, 7 days a week, always prepared  
20           and in close proximity to be on site in a timely manner. I check the computer  
21           operating system four times throughout the day (morning, mid-morning, mid-  
22           afternoon, and late afternoon), making changes if necessary and driving to one or  
23           more sites if necessary. I pull required chlorine samples daily. I also make

1 adjustments to chlorine injector as well as document daily chlorine gas usage. I  
2 take meter readings from four different master meters daily, and enter those  
3 readings in an excel spreadsheet. I communicate with the office, communicate with  
4 customers and spend at least 2 hours daily in the office.

5 **Monthly:** I must collect and deliver a bacteriological sample and required  
6 paperwork. I also fix and repair several water main leaks throughout the month.  
7 The amount of leaks on the system can be between 5 and 25 per month, taking me  
8 between 3-10 hours to complete each one, from port to port. I maintain 4 pump  
9 station sites twice a month that require landscaping, mowing, herbicide and dirt  
10 work on occasion. I maintain two well pumps and six booster pumps ranging from  
11 10hp to 25hp. These pumps require maintenance that include lubrication, pressure  
12 and gpm parameters.

13 In response to discovery in this matter, I helped compile a list of my job  
14 duties and provided that in discovery at NSSWSC 000397 to 000399.

15 **[NSSWSC OFFERS EXHIBIT WB-2 – Operator job description, NSSWSC 000397-**  
16 **000399]**

17 **Q. DO YOU HAVE SET HOURS THAT YOU WORK FOR NSSWSC OR ARE**  
18 **YOU ON CALL AT ANY TIME?**

19 A. I do not have regular 9 to 5 hours. My contract states that I personally am on-call  
20 24 hours a day, 7 days a week, and 365 days a year.

21 **IV. SERVICES AND EQUIPMENT PROVIDED FOR NSSWSC**

22 **Q. DO YOU USE ANY TOOLS AND EQUIPMENT IN YOUR WORK?**

23 A. Yes, I use both.

1    **Q.     WHAT TOOLS DO YOU USE?**

2    A.     The tools I use include the following: A complete set of all wrenches, ratchets,  
3           sockets, screwdrivers, hammers, pipe wrenches, several power tools and battery  
4           operated tool that include, 4 assorted drills, Pneumatic grinders, impact wrenches,  
5           saws all, hand grinder, table saw, skil saw, jig saw, miter saw. I also use grease  
6           guns for machinery, pressure washer, two lawn mowers, weed eater, 12 volt 60  
7           gallon sprayer for weed control, air compressor, air hoses, 100 gallon fuel tank with  
8           electric pump, welder, cutting torches, shovels, rock bars, picks, hand pumps,  
9           sledge hammers, pliers, all tools required for electrical work and testing, pipe  
10          cutters, pipe saws, pipe bevelers, pressure testing equipment,

11   **Q.     WHO OWNS THE TOOLS? OR, WHO BOUGHT THEM FOR YOU TO**  
12       **USE?**

13   A.     I own all these tools, and they were all purchased by me.

14   **Q.     DO YOU HAVE ANYONE WHO HELPS YOU IN YOUR WORK FOR**  
15       **NSSWSC?**

16   A.     Yes, I do.

17   **Q.     WHO IS THAT?**

18   A.     Due to the cost, I cannot afford to hire anyone full time, so I have a list of people  
19           that I have contracted with for specific duties over the years. When necessary, I  
20           call one of them and pay them myself to assist me on any jobs requiring assistance.

21   **Q.     WHO PAYS YOUR HELPER'S PAYCHECK?**

22   A.     I do.



1       **V.       COST OF SERVICES AND EQUIPMENT PROVIDED FOR NSSWSC**

2       **Q.       DO YOU HAVE ANY CERTIFICATIONS THAT ARE REQUISITE FOR**  
3       **YOU TO WORK AS AN OPERATOR OR CLASSES YOU TAKE? (OR**  
4       **ALTERNATIVELY, THAT YOU GET/TAKE TO STAY EDUCATED ON**  
5       **YOUR OWN)**

6       A.       Yes, I do. I must hold and maintain a Class C Ground Water Operators License. I  
7       choose to not take continuing education clinics but take full course instead, as I  
8       learn much more and that allows me to work toward a Class B Operators License.  
9       These courses cost more and take more time, but allow me to pick areas of the field  
10      that increase my understanding of particular problems that relate to NSSWSC.

11      **Q.       WHAT CERTIFICATIONS OR CLASSES ARE THOSE?**

12      A.       Those classes offered by TCEQ and/or the like.

13      **Q.       DOES IT COST ANYTHING TO MAINTAIN THE CERTIFICATIONS?**

14      A.       Yes, it does.

15      **Q.       WHO PAYS FOR YOU TO MAINTAIN THEM?**

16      A.       I do.

17      **Q.       HOW MUCH DO THE CERTIFICATIONS COST?**

18      A.       They cost approximately \$350 a year, plus travel and stay.

19      **Q.       YOU SAID EARLIER THAT YOU PAID YOUR HELPER'S PAYCHECK.**  
20      **HOW MUCH DO YOU PAY HIM?**

21      A.       I pay between \$1500 and \$3000 a month for help, depending on what is required.  
22      This changes a little month to month due the seasonal attributes of the system.

1 Ground temperature and moisture plays a large role in the amount of time I spend  
2 repairing water leaks, so that also affects how much help I need.

3 **Q. ABOUT HOW MUCH WOULD IT COST NSSWSC TO PURCHASE**  
4 **TOOLS LIKE YOU USE AND PROVIDE ON YOUR OWN?**

5 A. In order to replace the tools and equipment I provide on my own, NSSWSC would  
6 have to purchase the following things: a Heavy Duty truck, backhoe, trailer, air  
7 compressor, fuel tank. Pneumatic tools, hand tools, power tools, complete ratchet  
8 set, tool boxes, welder, cutting torch, grinders, multiple woodworking tools, hoe  
9 ram rock breaker, to name a few. Some tools are not used on a regular basis, but  
10 without such a broad array, many small jobs would then have to be contracted out  
11 by NSSWSC or sub-contracted by me. In turn, having every tool needed at my  
12 disposal and my experience and the know-how to handle it allows me to save  
13 NSSWSC money as well as the individual customer.

14 In response to a discovery request, I worked with Kathy Gage to put a value  
15 on what it would cost NSSWSC to replace all the tools, equipment, and services I  
16 provided. We estimated that cost to be about \$130,000 plus maintenance,  
17 insurance, fuel, tires, tooling up and replacement. I repeat that figure here as part  
18 of my testimony and attach here our estimates as an exhibit.

19 **[NSSWSC OFFERS EXH. WB-3 – Estimate, NSSWSC 000386 to 000393]**

20 **VI. CONCLUSION**

21 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

22 A. Yes.

## Exhibit WB-1

### INDEPENDENT CONTRACTOR AGREEMENT

This Agreement is entered into as of the 1<sup>st</sup> day of April, 20 10, between North San Saba Water Supply Corporation ("the Company") and W.N. Royles ("the Contractor"). The Company and Contractor shall be collectively referred to as the "Parties".

**1. Independent Contractor.** Subject to the terms and conditions of this Agreement, the Company hereby engages the Contractor as an independent contractor to perform the services set forth herein, and the Contractor hereby accepts such engagement. The Parties are of the mutual understanding that Contractor is engaged in the business of providing services of the type described hereinbelow and holds itself, himself, or herself out as being fully capable of completing the following duties in a good and workmanlike manner. The Parties intend that the relationship between them created by this Agreement is that of a service recipient and an independent contractor, not that of an employer and employee. Contractor is not, and is not expected to become, economically dependent upon Company through this contractual relationship. The Parties fully intend and anticipate that Contractor shall be free to pursue additional and alternative business activities.

**2. Equipment, Tools, and Labor.** Although Company will provide supplies (i.e. repair parts, pipe, valves, meters, fittings, etc...), the Parties expressly agree and acknowledge that Company will not provide any tools, equipment, or fuel to be utilized by Contractor in the performance of his duties under this Agreement. Contractor affirmatively represents that he has, or will obtain at his sole cost and expense, all the tools, equipment, and fuel necessary to perform his duties as set forth herein, including the installation or repair of PVC water lines ranging from 2 inches to 8 inches in diameter and buried to a depth of 5 feet, and the maintenance of Company's towers and well sites. Contractor shall have the right to engage such individuals (hereafter "Contractor's Assistants") as Contractor deems appropriate to assist Contractor in performing the services called for under this Agreement and shall bear all legal responsibilities related to same. Contractor shall bear sole responsibility for compensation, taxes, and insurance related to any of Contractor's Assistants. Contractor will not condition payment of compensation to Contractor's Assistants on receipt of the payments from Company provided for in this Agreement. Contractor shall indemnify, hold harmless, and defend Company, its officers, directors, employees, and agents against all liability, costs and expenses arising from a claim by or against one of Contractor's Assistants.

**3. Licensure and Qualifications.** Contractor represents that he has a valid Texas Class D (or above) water operator's license, and that he will begin, or has already begun the process of upgrading that license to a Texas Class C water operator's license. In the event Contractor's license is not upgraded to a Texas Class C water operator's license on or before Sept 30 / 2011, then this Agreement or any subsequent extension hereof, shall be rendered null and void, and the Parties' shall be released from their obligations under this Agreement.

**4. Duties.** The Contractor's duties shall include, but are not limited to the following:

- 1) Manage Company's water system operations and maintenance, including, but not limited to: well operations, water treatment plant operations, and the distribution system;

## Exhibit WB-1

- 2) Monitor system performance to ensure that Company is in compliance with all state and federal regulations;
- 3) Work with engineers, CPAs, attorneys, and governmental agencies to ensure that Company is in compliance with all applicable laws and regulations;
- 4) Oversee record keeping for Company to ensure compliance with all applicable laws and regulations;
- 5) Read main meters and check reservoir levels on a daily (Monday thru Friday) or as needed basis;
- 6) Read flow meters on a daily (Monday thru Friday) or as needed basis;
- 7) Monitor SCADA equipment at least 4 times daily;
- 8) Use Company's laptop computer and waterCAD software to depict system including new lines, meters, etc.;
- 9) When in the field, check for leaks at all times, especially when the amount of water pumped and/or bought is high;
- 10) Monitor chlorine residual at well on a daily basis (Monday thru Friday) or as needed basis;
- 11) Take water samples or assist TCEQ in taking water samples at designated sights as required by TCEQ;
- 12) Learn all Company meter routes and accurately read members meters on a scheduled monthly/as needed basis, reconcile member meters to appropriate flow meter, and forward all readings to the Company's office;
- 13) Repair/replace meters and repair system line leaks, and perform or supervise any repairs or modifications needed on Company's wells, pump stations, or distribution system;
- 14) Flush dead end lines as needed;
- 15) Turn off and lock meters for non-payment or other reasons as instructed by the Board of Directors;
- 16) Keep records and report, on a monthly basis, amounts of water pumped, bought, sold, and lost;
- 17) Use work orders to respond to and track maintenance and repair requests;
- 18) Keep daily activity log;
- 19) Keep and maintain an inventory of meters, valves, pipe, and other repair parts;
- 20) Order good quality parts and supplies at the lowest possible price;
- 21) Assist other Company personnel as needed in the day-to-day operation of Company business;
- 22) Spot and locate water lines for persons needing to dig;
- 23) Perform other general maintenance work throughout the Company's service area, such as spraying grass and weeds at storage sites;
- 24) Work with members to resolve complaints;
- 25) Identify and report potential problems/solutions to the Board of Directors;
- 26) Respond to Open Records requests;
- 27) Be on-call 24 hours per day, 7 days per week;
- 28) Secure an equally qualified operator, at Contractor's sole expense, to attend to Contractor's duties and obligations under this agreement during any period of unavailability(i.e. vacation, sickness, etc...) during the term of this agreement.

## Exhibit WB-1

**5. Term of Agreement.** The term of this Agreement shall be for one (1) year from the effective date of this agreement, unless terminated earlier for one or more of the following reasons:

- 1) Company is unable to pay the monthly compensation set forth herein;
- 2) Contractor fails to perform his duties in a timely or good and workmanlike manner;
- 3) Contractor fails to acquire a Texas Class C water operator's license within the time required under this Agreement;
- 4) Either party gives notice that it intends to terminate this agreement, with or without cause, within 60 days;
- 5) Either party files for or is forced into bankruptcy, insolvency, or receivership;
- 6) Contractor sells his or her business; or
- 7) A material breach of this Agreement by either party.

**6. Compensation.** Company shall pay Contractor \$ 4125<sup>00</sup> per month. However, in the event Company terminates this Agreement prior to the full one year term, for a reason set forth hereinabove, the Parties expressly agree and acknowledge that Company shall not be liable or obligated to pay Contractor for any months remaining in the term of this agreement. For all purposes, including but not limited to the Federal Insurance Contributions Act ("FICA"), the Social Security Act, the Federal Unemployment Tax Act ("FUTA"), income tax withholding requirements, Texas Unemployment taxes ("UI"), and all other federal, state and local laws, rules and regulations, Contractor (and its/his/her respective employees, if any) shall be treated as an independent contractor and not as a Company employee. Contractor acknowledges and agrees that Contractor shall be responsible for filing all tax returns, tax declarations, and tax schedules, and for the payment of all taxes required, when due, with respect to any and all payments made to Contractor under this Agreement. The Company will not withhold any employment taxes from payments it makes to Contractor. Rather, the Company will report the amount it pays Contractor on IRS Form 1099, to the extent required to do so under applicable Internal Revenue Code provisions and state or local law.

**7. Benefits.** None of the benefits, if any, that are provided by the Company to its employees shall be available to Contractor (or Contractor's employees, if any, which for purposes of this paragraph shall be included in the term "Contractor"). Contractor's exclusion from benefit plans and programs maintained by the Company for its employees is a material term of the Company's agreement to engage the Contractor and it is a term of the parties' agreement that was intentionally negotiated and agreed to by the Parties without regard to whether or not Contractor would qualify as an employee or not under any applicable law. Contractor hereby waives Contractor's right to participate in any benefit programs, including worker's compensation, available to the Company's employees. Contractor agrees that, consistent with Contractor's independent contractor status, Contractor will not apply for any government-sponsored benefits that are intended to apply to employees, including, but not limited to, unemployment benefits.

**8. Written Reports.** The Company may request monthly written reports from Contractor concerning any matter entrusted to Contractor under this Agreement. The reports shall be in such form and setting forth such information and data as is reasonably requested by the Company.

## Exhibit WB-1

**9. Confidentiality.** The Contractor acknowledges that during the engagement he or she will have access to and become acquainted with various processes, information, and records owned or licensed by the Company and/or used by the Company in connection with the operation of its business including, without limitation, the Company's business and product processes, methods, customer lists, accounts and procedures. The Contractor agrees that he or she will not disclose any of the aforesaid, directly or indirectly, or use any of them in any manner, either during the term of this Agreement or at any time thereafter, except as required in the course of this engagement with the Company. All files, records, documents, blueprints, specifications, information, letters, notes, media lists, notebooks, and similar items relating to the business of the Company, whether prepared by the Contractor or otherwise coming into his or her possession, shall remain the exclusive property of the Company. The Contractor shall not retain any copies of the foregoing without the Company's prior written permission. Upon the expiration or earlier termination of this Agreement, or whenever requested by the Company, the Contractor shall immediately deliver to the Company all such files, records, documents, specifications, information, and other items in his or her possession or under his or her control.

**10. Conflicts of Interest; Non-hire Provision.** The Contractor represents that he or she is free to enter into this Agreement, and that this engagement does not violate the terms of any agreement between the Contractor and any third party. Further, the Contractor, in rendering his or her duties shall not utilize any invention, discovery, development, improvement, innovation, or trade secret in which he or she does not have a proprietary interest. During the term of this agreement, the Contractor shall devote as much of his or her productive time, energy and abilities to the performance of his or her duties hereunder as is necessary to perform the required duties in a timely and productive manner. The Contractor is expressly free to perform services for other parties while performing services for the Company.

**11. Right to Injunction.** The parties hereto acknowledge that the services to be rendered by the Contractor under this Agreement and the rights and privileges granted to the Company under the Agreement are of a special, unique, unusual, and extraordinary character which gives them a peculiar value, the loss of which cannot be reasonably or adequately compensated by damages in any action at law, and the breach by the Contractor of any of the provisions of this Agreement will cause the Company irreparable injury and damage. The Contractor expressly agrees that the Company shall be entitled to injunctive and other equitable relief in the event of, or to prevent, a breach of any provision of this Agreement by the Contractor. Resort to such equitable relief, however, shall not be construed to be a waiver of any other rights or remedies that the Company may have for damages or otherwise. The various rights and remedies of the Company under this Agreement or otherwise shall be construed to be cumulative, and no one of them shall be exclusive of any other or of any right or remedy allowed by law.

**12. Merger.** This Agreement shall not be terminated by the merger or consolidation of the Company into or with any other entity.

**13. Insurance and Indemnification.** The Contractor will carry liability insurance (including malpractice insurance, if warranted) relative to any service that he or she performs for the Company. Furthermore, Contractor indemnifies and holds harmless Company, its officers, directors, employees, and agents, from and against any and all liabilities, losses, damages, claims

## Exhibit WB-1

or causes of action, and any connected expenses (including reasonable attorneys' fees) that are caused, directly or indirectly, by or as a result of the performance by Contractor or its employees or agents of the services pursuant to this Agreement, provided that nothing herein shall be construed to require Contractor to indemnify the Company from or against the negligent acts of the Company or its employees.

**14. Successors and Assigns.** All of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, if any, successors, and assigns.

**15. Choice of Law.** The Parties agree that this Agreement and performance under it, and all legal proceedings that may ensue from its breach, shall be construed in accordance with and under the laws of the State of Texas. This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any Party. By way of example and not in limitation, this Agreement shall not be construed in favor of the Party receiving a benefit nor against the Party responsible for any particular language in this Agreement. Captions are used for reference purposes only and should be ignored in the interpretation of the Agreement.

**16. Entire Agreement.** This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations and understandings, whether oral or written, of the Parties and none shall be available to interpret or construe this Agreement. No supplement, modification or amendment of this Agreement shall be binding unless contained in a writing specifically referring to this Agreement and executed by duly authorized officer of the Company.

**17. Venue and Attorney's fees.** Venue for any suit or litigation arising out of the terms of this Agreement or its interpretation shall be in San Saba County, Texas. The prevailing party in a suit to enforce or interpret this agreement shall be entitled to recover its attorney's fees and costs of litigation.

**18. Waiver.** Waiver by one party hereto of breach of any provision of this Agreement by the other shall not operate or be construed as a continuing waiver.

**19. Assignment.** The Contractor shall not assign any of his or her rights under this Agreement, without the prior written consent of the Company.

**20. Notices.** Any and all notices, demands, or other communications required or desired to be given hereunder by any party shall be in writing and shall be validly given or made to another party if personally served, or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested. If such notice or demand is served personally, notice shall be deemed constructively made at the time of such personal service. If such notice, demand or other communication is given by mail, such notice shall be conclusively deemed given five days after deposit thereof in the United States mail addressed to the party to whom such notice, demand or other communication is to be given as follows:

*If to the Contractor:*

---

## Exhibit WB-1

*If to the Company:*

North San Saba Water Supply Corporation  
P.O. Box 598  
San Saba, Texas 76877

Any party hereto may change its address for purposes of this paragraph by written notice given in the manner provided above.

**21. Modification or Amendment.** No amendment, change or modification of this Agreement shall be valid unless in writing signed by the parties hereto.

**22. Unenforceability of Provisions.** If any provision of this Agreement, or any portion thereof, is held to be invalid and unenforceable, then the remainder of this Agreement shall nevertheless remain in full force and effect.

**23. Contractor Acknowledgment.** Contractor acknowledges that Contractor has had the opportunity to consult legal counsel in regard to this Agreement, that Contractor has read and understands this Agreement, that Contractor is fully aware of its legal effect, and that Contractor has entered into it freely and voluntarily and based on Contractor's own judgment and not on any representations or promises other than those contained in this Agreement.

IN WITNESS WHEREOF the undersigned have executed this Agreement as of the day and year first written above. The parties hereto agree that facsimile signatures shall be as effective as if originals.

Effective this 1<sup>st</sup> day of April, 2010.

North San Saba Water Supply Corporation

By:

Wayne Blaylock, President

(Printed Name)



## Exhibit WB-1

### Addendum to Independent Contractor Agreement

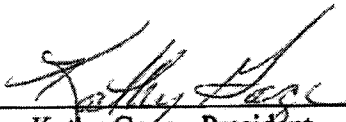
This Agreement does amend the Independent Contractor Agreement ("the Agreement") between North San Saba Water Supply Corporation ("the Company") and Will Broyles ("the Contractor") dated April 1<sup>st</sup>, 2010.

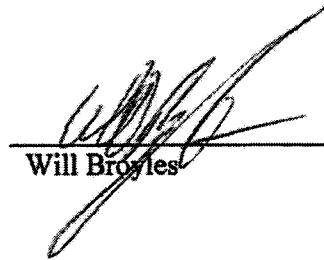
All terms and conditions shall remain the same as the Agreement, with the exception of the compensation. The Company shall pay the Contractor \$5500.00 per month.

A truck/equipment allowance was added in the amount of \$2000.00 per month.  
The effective date of this Agreement is May 26, 2015.

IN WITNESS WHEREOF the undersigned have executed this Agreement as of the 26 day of May, 2015.

North San Saba Water Supply Corporation

By:   
Kathy Gage - President

  
Will Broyles

## **Exhibit WB-2**

### **NORTH SAN SABA WATER SUPPLY CORPORATION**

P.O. BOX 598  
SAN SABA, TEXAS 76877  
325-372-5348

#### **Operator/Manager Duties**

##### **Staff RFI**

##### **No. 2-13**

1. Be responsible for day-to-day operation and management of the system.
2. Ensure the delivery of safe drinking water at all times by complying with TCEQ Regulations.
3. Inspect the source, storage facilities, and distribution system daily.
4. Inspect the system daily during the period that the system is operating.
5. Measure and record the chlorine dosage daily making dosage adjustments as necessary.
6. Add chemicals when necessary and rotate stand-by pumps monthly.
7. Test, flush, clean and disinfect the water distribution system and storage tanks when necessary.
8. Develop, and maintain for accuracy, a site plan showing the water source, a map of the water distribution system and sample location, disinfection process, and all other appropriate appurtenances.
9. Collect /oversee collection of water samples as specified by TCEQ.
10. Ensure that all samples are delivered to and analyzed by a TCEQ certified laboratory.
11. Report all results to TCEQ within the time frames specified.
12. Conduct a sanitary survey of the system as specified by TCEQ.
13. Complete and submit all required Records (290) and Reports and all other required forms in a timely manner to TCEQ.
14. Notify the PWS of violations and issue public notices as necessary.
15. Review the sample monitoring schedule and locations annually.
16. Protect the water distribution system and storage facilities from corrosion effects.
17. Observe pump motors routinely to detect unusual noises, vibrations, or excessive heat, grease/lubricate monthly or more as needed.
18. Inspect, adjust, and clean pump seals, packing glands, and any mechanical seals when necessary.
19. Be present during water system repairs and maintenance and/or oversee the maintenance of the public water system conducted by other individuals such as staff or contractors.
20. Be present within 24 hours of fecal or second Total Coliform positive or other water system failures.
21. Record quantity of water pumped from source daily.
22. Develop, implement, and keep up to date a cross connection control program, a preventive maintenance schedule, an operation and maintenance budget plan, an emergency response plan, a safety program plan, and a wellhead protection program plan.
23. Ensure the accuracy of water meters and other flow measuring devices annually or as necessary.
24. Delineate the wellhead protection zone.
25. Identify all potential sources of contamination within the wellhead protection zone.
26. Troubleshoot mechanical equipment, water quality/quantity problems, and take corrective actions as necessary.
27. Keep abreast of changes in the drinking water regulations.

## **Exhibit WB-2**

28. Attend training programs and workshops for certification renewal when appropriate.
29. Accompany regulatory agencies during on-site inspections
30. Troubleshoot to locate the causes of water quality complaints and respond to consumer complaints in a timely fashion.
31. Discuss with consumers their concerns of water quality and quantity.
32. Keep accurate records and maintain a filing system for correspondence.
33. Develop, maintain, and keep up to date a public water system standard operational and maintenance manual which contains at a minimum: a) the 290 Rules, Drinking Water Regulations; b) the Department's Guidelines and Policies for Public Water Systems; c) the Standard Monitoring Framework; and d) other pertinent correspondence or documents.
34. Report emergencies to ED of TCEQ and Board of Health (BOH) within specified time frames.
35. Conduct or ensure the annual Emergency Response Program (ERP) training is completed.
36. Post and mail annual Consumer Confidence Report.
37. Test operations of standby, generators, verify grid to back up transfer, oil and fuel level on a monthly basis.

Contractor has or will obtain at his sole cost and expense, all the tools, equipment and fuel necessary to perform his duties forth herein, including the installation or repair of PVC water lines ranging from 2 inches to 10 inches in diameter and buried to a depth of up to 5 feet, and the maintenance of Company's towers and well sites.

Contractor shall bear sole responsibility for compensation, taxes and insurance related to any of the Contractor's Assistants.

### **DUTIES:**

1. Work with Engineers, CPA's, attorney and governmental agencies to ensure that the Company is in compliance with all applicable laws and regulations.
2. Oversee record keeping for the Company to ensure compliance with all applicable laws and regulations.
3. Monitor SCADA equipment at least 4 times daily.
4. Use Company's laptop computer and water CAD software to depict system including new lines, meters, etc.
5. When in the field, check for leaks at all times, especially when the amount of water pumped and /or bought is high.
6. Learn all Company meter routes and accurately read members meters on a scheduled monthly/as needed basis, reconcile member meters to appropriate flow meter, and forward all readings to the Company office.
7. Repair/replace meters and repair system line leaks, and perform or supervise any repairs or modifications needed on Company's wells, pump stations or distribution system.
8. Turn off or lock meters for non-payment or other reasons as instructed by the Board of Directors.
9. Keep records and report, on a monthly basis, amounts of water pumped, bought, sold and lost.
10. Use work orders to respond to and track maintenance and repair requests.
11. Keep daily activity log.
12. Keep and maintain an inventory of meters, valves, pipes and other repair parts.
13. Order good quality parts and supplies at the lowest possible price
14. Assist other Company personnel as needed in the day-to-day operation of the Company business.
15. Spot and locate water lines for persons needing to dig

## **Exhibit WB-2**

16. Perform other general maintenance work throughout the Company's service area, such as spraying grass and weeds at storage sites, and keeping grass mowed outside and around well sites and pump stations.
17. Work with members to resolve complaints
18. Identify and report potential problems/solutions to the Board of Directors.
19. Respond to the Open Records requests.
20. Be on call 24 hours per day, 7 days a week.
21. Secure an equally qualified operator, at Contractor's sole expense, to attend to Contractor's duties and obligations under this agreement during any period of unavailability (i.e. vacation, sickness, etc...) during the term of this agreement.

## Exhibit WB-3

NORTH SAN SABA WATER SUPPLY CORPORATION  
P.O. BOX 598  
SAN SABA, TEXAS 76877  
325-372-5348

Staff RFI      Reasonableness of salaries and contract labor.  
No. 2-12

This letter is the only documentation NSSWSC has on salaries and contract labor. San Saba is a very small town with a small labor pool. I called the Hill Country Community Action Association to find out what they pay for an office manager. I was told the starting salary for an entry office manager with no Quick Book skills is between \$11.21 and \$14.16 per hour.

**Office Manager:** Average work week 30 hours; 1560 hours annually. Salary of \$1200.00/month; \$14,400.00 annually or \$9.23 per hour.

This salary is based on a part time position with no benefits.

NSSWSC posted a notice for an Operator/Manager in 2010. To my knowledge and I have been on the Board of Directors since 2010; no one has ever inquired about or applied for the Operator/Manager position.

**Contractor:** North San Saba Water Supply Corporation uses a contractor for the operation and maintenance of its system. The contractor holds a Class C Ground Water Operator's license. To achieve his duties he must have small tools, including but not limited to shovels, valve keys, pipe probe, wrenches, pipe saw, pipe beveling equipment, hammers, drill, service tapping equipment, air compressor, water pump, cut off saw and grinder.

The contractor also provides the following equipment along with operating (fuel/oil/etc.) and maintenance on such equipment:

- Pickup
- 24' trailer
- Trencher
- Excavator
- Welder
- Computer/Laptop

In addition to the equipment the Contractor has a helper that works with him in maintaining & repairing the system.

North San Saba Water Supply Corporation is an old, neglected water system which has had and continues to have many leaks. It takes both the Contractor & his helper to repair such leaks. NSSWSC averages fifteen (15) leaks per month; with an average of 5 to 7 hours to repair, depending on the size of the pipe. These leaks contribute to added expense for the system in material to repair the pipe plus the cost of water either produced or purchased.

## Exhibit WB-3

Page 2  
STAFF RFI:  
No. 2-12

The Contractor also provided his own cell phone, Internet service (for monitoring the SCADA system) and his own insurance; liability and auto.

NSSWSC has the benefit of a full time Operator/Manager, a helper and all equipment needed to operate & maintain the system for a flat rate of \$90,000.00 annually.

NSSWSC has looked into hiring an Operator/Manager and a help as employees; and buy the equipment needed to operate and maintain the system. The following is a breakdown of those costs:

Initial cash outlay:		
Small tools	\$ 5,000.00	approximately
Pickup down payment*	\$ 2,250.00	5% of \$55,000
24' PJ goose neck trailer	\$ 317.50	5% of \$ 6,350
5110 Ditch Witch trencher	\$ 425.00	5% of \$ 8,500
335 Bobcat excavator	<u>\$ 1,550.00</u>	5% of \$31,000
Total Cash Outlay	\$ 9,542.50	

\* Average life of a pickup is 3 to 4 years due to high mileage, wear & tear from poor county roads.

### Annual Cost for Operator/Manager and Equipment

Operator/Manager Salary (annual)	\$50,000.00
Payroll taxes	<u>3,825.00</u>
	\$53,825.00

Helper Salary (annual)	29,120.00
Payroll taxes	<u>2,228.00</u>
	\$31,348.00

Pickup – (12 payments @ \$739.89)**	\$ 8,878.68
Trailer – (12 payments @ \$112.56)**	\$ 1,350.72
Trencher (12 payments @ 150.67)**	\$ 1,808.04
Excavator – (12 payments @ 549.50)**	\$ 6,594.00
Cell phone and Internet service	\$ 2,100.00
Fuel for pickup/equipment	\$ 10,000.00
Maintenance pickup/equipment	\$ 9,000.00
Insurance	<u>\$ 2,907.00</u>
	\$ 42,638.44

Total Annual Cost for Operator/ Manager & Equipment	<u>\$127,811.44</u>
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\*\* Payments are based on 4% interest for 60 months (used [onlineloancalculator.org](http://onlineloancalculator.org))

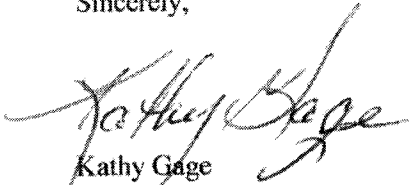
There maybe more expenses that are not recognized at this time, such as health insurance, vacation pay, and other associated employment costs.

## Exhibit WB-3

Page 3  
STAFF RFI:  
No. 2-12

The difference in what NSSWSC is currently paying (\$90,000) for the operation and maintenance of the system and the annual cost of employing an Operator/Manager, a helper and owning (financing) equipment (\$127,811.44) is \$37,811.44. When you add in the initial cash outlay of \$9,542.50 the first year of transition from contract labor to employee the cost to the water system (members) would be \$47,353.39. To the Board of Director's way of thinking this is not a financially sound decision.

Sincerely,



Kathy Gage  
President

NSSWSC 000388

### Exhibit WB-3

Subject: Requested Info

From: Will Broyles <[REDACTED]>

To: Travis & Katherine Gage <[REDACTED]>

Date: Friday, 06/11/2015 8:25 AM

Cost of equipment:

1) 335 bobcat excavator (minimum size machine required)

Cost (used): \$31,000

Reference:

<http://m.machinerytrader.com/ListingDetail/Index?>

[industryName=construction&listingId=11322397&categoryId=1033](http://m.machinerytrader.com/ListingDetail/Index?industryName=construction&listingId=11322397&categoryId=1033)

2) 5110 Ditch Witch Trencher (size required to trench San Saba soil type and depth.

Cost (used) \$8500

Reference:

<http://m.machinerytrader.com/ListingDetail/Index?>

[industryName=construction&listingId=10169023&categoryId=1058](http://m.machinerytrader.com/ListingDetail/Index?industryName=construction&listingId=10169023&categoryId=1058)

3) 24' PJ Goose Neck Trailer

Cost (new) \$6350 needs DOT# and possibly CDL Class A Drivers License

Reference:

<http://m.commercialtrucktrader.com/listing/2016-PJ-Trailers-Gooseneck--113689853>

4) Air Compressor \$1200

5) Diesel Tank \$500

6) Misc tools required for position +/- \$5000

7) Class C Ground Water Operators License

Continuing Education (min) \$300 a year

(I take full courses to learn more \$500 a year)

8) Cell Phone/Internet service \$2100 year

9) Fuel Cost: Truck/Machines \$10,000 a year (this is just a guess...)

10) Maintenance Cost: Truck/Machines. +/- \$9000 a year

11) 4X4 Diesel Work Truck (new) \$55,000

This is more than required, plain Jane model new may be \$45K and then if used down to \$30K. A reliable truck is everything to me. And will need to be replaced at 3-4 year intervals in my opinion, due to mileage, wear, and reliability issues that will arise.

Reference:

[http://www.lhautos.com/VehicleDetails/new-2016-Chevrolet-Silverado\\_2500HD-Crew\\_Cab\\_Standard\\_Box\\_4\\_Wheel\\_Drive\\_LTZ-Goldthwaite-TX/2634478173](http://www.lhautos.com/VehicleDetails/new-2016-Chevrolet-Silverado_2500HD-Crew_Cab_Standard_Box_4_Wheel_Drive_LTZ-Goldthwaite-TX/2634478173)

I'm sure there is more things the coop would need that I have in my "tool belt", that the coop would need to buy, but I can't think of it right now. The quote I have for Misc tools is



### **Exhibit WB-3**

probably way too low. I can't imagine what it would cost to replace every tool, power tools, screw drivers, sockets, screw drivers, pipe wrenches, etc... I have at my disposal. If I missed something let me know and I'll get it to you asap.

Will Broyles

## Exhibit WB-3

**Subject:** Fw: Requested Info

**From:** Cindy Hibler <[REDACTED]>

**To:** Katherine Gage <[REDACTED]>

**Date:** Friday, 06/11/2015 10:18 AM

**1 attachment:** [image001.gif](#) 31 KB

**From:** [Cindy Norsworthy](#)

**Sent:** Friday, November 06, 2015 10:12 AM

**To:** [Cindy Hibler](#)

**Subject:** RE: Fwd: Requested Info

Hi Cindy,

Annual premium to cover the equipment shown below (Items 1, 2, 4, 5 & 6) would be \$407. A very rough estimate (probably high) on the trailer and truck (items 3 & 11) is \$2,500 with deductibles of \$500 on comprehensive and collision. *\$407*

The other items are out of the insurance realm and not able to assist you on those.

If you need anything further, let me know.

Have a Wonderful Weekend!



Cindy Norsworthy, ACSR, CAM &

Account Manager

**CAPPS**  
NORTH TEXAS AGENCY

Direct: 903-434-4700 | Toll Free: 800-256-1905 | Fax: 903-577-1467

1610 Shadywood Lane, Mount Pleasant, TX 75455

[www.capsinsurance.com](#) | [www.capsworking.com](#) | [facebook](#)

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**NSSWSC 000391**

## Exhibit WB-3

**From:** Cindy Hibler [REDACTED]  
**Sent:** Friday, November 06, 2015 9:56 AM  
**To:** Cindy Norsworthy <[REDACTED]>  
**Subject:** Fw: Fwd: Requested Info

**From:** WillBroyles  
**Sent:** Friday, November 06, 2015 9:48 AM  
**To:** NSSWSC  
**Subject:** Fwd: Requested Info

Begin forwarded message:

**From:** Will Broyles <[REDACTED]>  
**Date:** November 6, 2015 at 8:25:23 AM CST  
**To:** Travis & Katherine Gage <[REDACTED]>  
**Subject:** Requested Info

Cost of equipment:

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Cost (used): \$31,000

Reference:

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**NSSWSC 000392**

## Exhibit WB-3

Reference:

<http://m.commercialtrucktrader.com/listing/2016-PJ Trailers Gooseneck -113689853>

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If I missed something let me know and I'll get it to you asap.

Will Broyles

STATE OF TEXAS

COUNTY OF SAN SABA

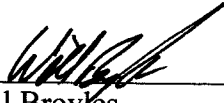
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**AFFIDAVIT OF WILL BROYLES**

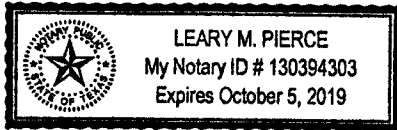
BEFORE ME, the undersigned authority, on this day personally appeared Will Broyles, who, having been placed under oath by me, did depose as follows:

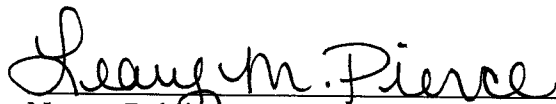
1. "My name is Will Broyles. I am of sound mind and capable of making this affidavit. The facts stated herein are true and correct based upon my personal knowledge.
2. The foregoing direct testimony and the attached exhibits have been prepared by me, under my direct supervision, or are co-sponsored by me and are true and correct to the best of my knowledge."

Further affiant sayeth not.

  
\_\_\_\_\_  
Will Broyles

SUBSCRIBED AND SWORN TO BEFORE ME by the said Will Broyles this 31<sup>st</sup> day of March 2016.



  
\_\_\_\_\_  
Notary Public, State of Texas