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

PUBLIC UTILITY COMMISSION
§ BEFORE THE STATE CLERK
§
§
§
§
§ OF
§ ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY

OF

ROGER WHATLEY

ON BEHALF OF

NORTH SAN SABA WATER SUPPLY CORPORATION

March 30, 2016

INDEX TO THE DIRECT TESTIMONY OF
ROGER WHATLEY, WITNESS FOR
NORTH SAN SABA WATER SUPPLY CORPORATION

- I. INTRODUCTION**
- II. PURPOSE AND SCOPE**
- III. TESTIMONY**
- IV. CONCLUSION**

LIST OF EXHIBITS

- EXHIBIT RW-1 NSSWSC Letter to Members, July 2015**
- EXHIBIT RW-2 Rate spreadsheet, Bates-labelled 000307-NSSWSC 000327**
- EXHIBIT RW-3 NSSWSC Letter to Members, Jan. 2016**
- EXHIBIT RW-4 NSSWSC Board Minutes, Dec. 2016**
- EXHIBIT RW-5 Invoices to NSSWSC for attorney's fees**

1

DIRECT TESTIMONY OF WILL BROYLES

2

I. INTRODUCTION

3 Q. PLEASE STATE YOUR FULL NAME.

4 A. My name is Roger Alan Whatley.

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 PROFESSIONAL AND EDUCATIONAL
8 BACKGROUND AND EXPERIENCE?

9 A. I am a retired Electrical Engineer. I hold a BSEE and MSEE from Auburn
10 University in Auburn, Alabama and an MBA from the University of Texas at
11 Austin. I was Chief Technical Officer at SigmaTel in Austin from 2000 till 2004
12 and before that I was with Motorola's Semiconductor Product Sector in Austin,
13 which is now known as Freescale Semiconductor. I have been an electronics
14 designer, a design manager, and a strategic marketing manager, VP of
15 Engineering and CTO, and finally an independent consultant.

16 Q. ARE YOU AN EMPLOYEE OF NSSWSC?

17 A. No, I am not.

18 Q. WHAT IS YOUR RELATIONSHIP TO NSSWSC?

19 A. I purchased property in San Saba County in 2004, moved to that property in 2013,
20 and joined the NSSWSC Board in March 2015. I recently became the President
21 of the NSSWSC Board in March 2016. I serve voluntarily and without
22 compensation, as do all the members of the NSSWSC Board of Directors.

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 be regarding the NSSWSC rate increase last year, as I
5 participated in the design and proposal of that rate increase to the board, and I
6 believe the board's decision in this matter eminently sensible, necessary, properly
7 responsive to the fiscal needs of the NSSWSC, and in the direct best interest of
8 every member/customer of the NSSWSC who wishes the water continue to be
9 available.

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

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

14 **III. TESTIMONY**

15 **Q. DID YOU PLAY ANY PART IN DETERMINING NSSWSC'S**
16 **INCREASED RATE?**

17 **A.** Yes, I did.

18 **Q. PLEASE DESCRIBE YOUR PART IN THAT PROCESS AND WHAT**
19 **YOUR GOALS WERE IN DETERMINING WHAT THE RATE SHOULD**
20 **BE.**

21 **A.** As I said, I came on the board in March 2015. After being on the board for a few
22 months, I had anecdotally noted that our monthly income tended to run around
23 \$27,000 a month, but our expenses had tended to run around \$29,000 a month.

1 Water rates which are “sufficient, equitable, and consistent in application to each
2 customer class and that are not unreasonably preferential, prejudicial, or
3 discriminatory,” as required by the Texas Water Code, would need to be some
4 increment of the EXISTING rate structure, and those increases, in the aggregate,
5 would need to be similar in magnitude to the change in CPI over the intervening
6 period since the last rate increase over 5 years ago. We also wanted to factor
7 several things into our consideration, those being the following:

8 1. In the aggregate, when the new rate structure is applied to the ongoing
9 demand for water, or usage, the income to NSSWSC must reliably exceed about
10 \$29,000 or so.

11 2. The rate change should preserve the principle of charging a base rate so
12 that the many member/customers who are absentee landowners, or very often
13 hunters who lease the land for hunting purposes, and who are only present
14 seasonally, receive a base charge which reflects the costs to other
15 member/customers of providing and maintaining infrastructure for a water service
16 that is only seasonally used.

17 3. In the upper tiers of water demand volumes, the rate change should
18 increase the progressiveness of the rates to encourage conservation and domestic-
19 household water service – which was the original charter contemplation of
20 NSSWSC, and to discourage profligate usage beyond that purpose for commercial
21 reasons, such as watering entire pecan orchards.

22 4. The rate increase should provide for enough income to cover unusual
23 infrastructure expenses with respect to TCEQ compliance and other ongoing legal

1 expenses, as well as to forestall any near-term need for another increase. We did
2 not want to have to come back and revisit the possibility of another rate increase
3 in a short span of time.

4 5. We wanted to increase the commercial fees in a consistent fashion.
5 To that end, we notified our members by letter in July 2015 of the proposed rate
6 increase, listing for them the reasons it was necessary and providing the proposed
7 rates.

8 **[NSSWSC OFFERS EXHIBIT RW-1 – NSSWSC Letter to Members, July 2015]**

9 **Q. WHAT WOULD BE AN APPROPRIATE METHODOLOGY TO**
10 **DETERMINE JUST AND REASONABLE RATES FOR NSSWSC?**

11 A. I think an appropriate methodology would start with the current demand and the
12 current rates and mathematically model the resulting current income. Then, the
13 factors or conditions I mentioned previously would be applied to the rates and,
14 through a mathematical model, yield a hypothetical new income. In an iterative
15 manner, the rates can be adjusted, consistent with the factors/conditions
16 mentioned earlier, until a sufficient expected income meets all conditions given.
17 One difficulty with this methodology is in anticipating how future demand will
18 respond to new rates. In fact, simply anticipating demand changes under the
19 existing rate has proven to be perplexing. However, a given set of demand
20 assumptions can be easily modeled.

21 **Q. WHAT REVENUE REQUIREMENT WOULD GIVE NSSWSC**
22 **SUFFICIENT FUNDS TO PROVIDE ADEQUATE RETAIL WATER**
23 **SERVICE?**

1 A. A sufficient income would need to meet the five factors I mentioned earlier. As I
2 said, early last year I observed an anecdotal average of about \$29,000 a month in
3 expenses for the NSSWSC. In addition to that number, we would need to include
4 an amount sufficient to pay attorney's fees incurred in representing NSSWSC in
5 litigation. We were already party to an unrelated suit, but since then we have
6 become involved in two additional legal disputes, namely this PUC Hearing and a
7 civil suit brought by NSSWSC against an engineer to recover damages from poor
8 engineering of the water system overhaul which has resulted in two non-
9 compliance issues with TCEQ. While that suit is ongoing, we are simultaneously
10 and proactively trying to mitigate and fix the issues of non-compliance. All of
11 these things have contributed to significant extra expense to NSSWSC.

12 Our previous rate structure, when applied to a hypothetical average month
13 of demand in 2014, yielded an income of \$27,146 – a deficit of about \$1,854.
14 The new rate structure applied to the same hypothetical average month in 2014,
15 but with some assumptions of demand drop in the higher volume tiers, yielded a
16 monthly income of \$34,032. This is a 25.4% increase. The CPI (less energy)
17 increased approximately 19% over the 5-plus year period since the last rate
18 increase.

19 This past month of February, our income was approximately \$32,000 and
20 our expenses were \$50 higher than our income. That this income is less than the
21 2014 calculated hypothetical average value of \$34,032 given above is attributable
22 to a) seasonal variation, or lower demand in winter months, and b) misjudgment

1 in anticipating demand drop at higher rates in the higher tiers, or, in other words,
2 water conservation by our heavier users.

3 All that being considered, I believe a monthly revenue requirement of
4 \$34,000 would give NSSWSC the funds sufficient to continue to provide
5 adequate retail service.

6 **Q. WHAT IS THE APPROPRIATE RATE DESIGN FOR EACH CLASS TO**
7 **RECOVER NSSWSC'S REVENUE REQUIREMENT?**

8 A. I will explain my thought process and actions taken by myself and the board to
9 determine the answer to that question and to design the rate increase.

10 In preparation for a meeting agenda last year which included action on a rate
11 increase, I constructed an Excel Spreadsheet that modeled our monthly income
12 based on a hypothetical average month in 2014.

13 **[NSSWSC OFFERS NSSWSC EXH. RW-2, NSSWSC 000307-NSSWSC 000327]**

14 I derived this hypothetical average month by separately averaging and then
15 summing each member's water bill for a 2014 average. In this spreadsheet, I
16 could then interactively change various parts of our water rate – the base or
17 various tiered rates – and thus estimate the resulting change in monthly revenue. I
18 also built-in assumptions about changes in demand in response to higher rates.

19 The \$355,347 number is about \$29,612 a month. My starting point was my
20 anecdotal observation that our income was running about \$27,000 a month and
21 our expenses somewhat over about \$29,000 a month. I knew that we needed an
22 increase that reliably exceeded the \$29,612 figure. I also knew that there was no

1 way to be sure what would happen to demand in response to increases, but I did
2 include some guesstimated demand drops in the higher tiers.

3 I also knew that it had been 5 years since the previous increase, and it had
4 been a traumatic experience for the board and for some members, not unlike the
5 present situation. I also had board-member input that any proposed increase
6 needed to eliminate any need for another increase for a few years in order to avoid
7 that drama or trauma for a while.

8 So, my proposal to the NSSWSC Board was for a small increase in the
9 base, none in the first tier, and large increases in the higher tiers for a total
10 aggregate increase estimate of 19.4% to \$32,400 a month. This approximately
11 matched the CPI price-inflation rate since the last increase.

12 The board accepted my proposal, but with a larger increase in the base, for
13 a total aggregate increase estimate of 25.4% to \$34,032 a month. This
14 accomplished a sense of “no need for another increase any time soon.”

15 Keep in mind that these numbers are estimates at best. We had no way of
16 accurately ascertaining how demand would react.

17 The 25.4% increase predicted a monthly income of \$34,032, or \$408,384
18 annually. In the most recent board meeting, as I said, we observed our income
19 was a little over \$32,000 a month and our expenses exceeded that by about \$50.

20 Our Previous Rate Structure is as follows:

21 Base Rate: \$70 a month or \$200 a month commercial
22 1000 to 4000 gallons - \$2.70 per gallon
23 4000 to 8000 gallons - \$3.38 per gallon

1 8000 to 20,000 gallons - \$4.05 per gallon

2 Over 20,000 gallons - \$4.73 per gallon

3 Our new rate structure is as follows:

4 Base Rate: \$82 a month (17% increase) or \$400 a month commercial

5 1000 to 4000 gallons - \$2.70 per gallon (no change)

6 4000 to 8000 gallons - \$5.07 per gallon (50% increase)

7 8000 to 20,000 gallons - \$7.09 per gallon (75% increase)

8 Over 20,000 gallons - \$9.46 per gallon (100% increase)

9 Our largest class, or tier, of member/customers uses less than 4000 gallons

10 a month. With this new rate increase, their water bill went up \$12 a month for a

11 17% increase since the last increase five years ago. That is less than the CPI (less

12 energy) of approximately 19% over that same period. I believe that the new rate

13 design is an appropriate one for each class.

14 The income for NSSWSC must be sufficient to cover its monthly

15 expenses, which are currently running at about \$33,000 per month, give or take,

16 including various loan payments, salary for a part-time administrator, and

17 compensation for a contracted operator.

18 **[NSSWSC OFFERS EXH. RW-3 – NSSWSC Letter to Members, Jan. 2016]**

19 The NSSWSC believes the current rates to be both sufficient, as well as just and

20 reasonable as required by law. Any alternative rate structure proposal must meet

21 the previously mentioned factors, or conditions, as well as comfortably provide

22 for the current expense structure.

1 In setting the new rate design, the Board took action that it felt was
2 necessary to take in order to continue to keep the Corporation operational. In our
3 December meeting, however, I proposed that the Board revisit the rate increase
4 issue in six months to determine the effect of the increase and to review and
5 evaluate if any further action is necessary or if our rate increase was too severe.

6 **[NSSWSC OFFERS EXH. RW-4 – NSSWSC Board Minutes]**

7 Prior to the rate increase, we had no way of knowing how the increase would
8 affect demand. I thought that revisiting this issue six months down the road
9 would give us an opportunity to make sure that we had acted in the best manner
10 possible to ensure that NSSWSC is able to afford to continue providing water
11 services to its customers while at the same time ensuring that we are not charging
12 our member/customers more than is necessary. It is important to understand that
13 while the target of our decision is an adequate income, our only degree of
14 freedom for an actual decision is to fix rates, not income. Thus, we decided we
15 could revisit the matter six months into it to see how demand might have affected
16 the outcome. That six month mark has not yet arrived.

17 **Q. DO YOU BELIEVE THE COMMISSION SHOULD ESTABLISH OR**
18 **APPROVE INTERIM RATES TO BE IN EFFECT UNTIL A FINAL**
19 **DECISION IS MADE?**

20 A. No. I believe that, considering all the facts that I have testified to so far, the
21 current rates are just and reasonable.

22 **Q. WHAT ARE THE REASONABLE EXPENSES THAT NSSWSC HAS**
23 **INCURRED IN THIS PROCEEDING?**

1 A. The most significant area of expense that NSSWSC has incurred during this
2 proceeding is its attorney's fees. As of the end of March, we have incurred over
3 \$3,000 in attorney's fees in defense of this rate increase, as evidenced by invoices
4 we have received.

5 [NSSWSC OFFERS EXH. RW-5, Invoices to NSSWSC for attorney's fees]

6 Q. **SHOULD THE COMMISSION ALLOW RECOVERY OF THESE
7 REASONABLE EXPENSES?**

8 A. I believe it should, yes.

9 Q. **WHAT WOULD BE THE APPROPRIATE RECOVERY MECHANISM?**

10 A. I believe these expenses should be recovered by distributing the amounts between
11 the members/customers of NSSWSC.

12 **IV. CONCLUSION**

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

14 A. Yes.

EXH. RW-1

NORTH SAN SABA WATER SUPPLY CORPORATION

P.O. Box 598
San Saba, Texas 76877
325-372-5348

Date: July 17, 2015

Subject: Proposed Rate Increase

Dear Member,

In the time frame since our last water rates increase, over 5 years ago (December 2009), your North San Saba Water Supply Corporation (NSSWSC) Board has pursued a program of capital improvements for our water system in an effort to improve your water service reliability and quality, compliance with relevant State of Texas regulations, and overall value to our members. Approximately 35 miles of new 3 inch pipe has been laid to distribute water to members, replacing old, deteriorating and very often leaking pipes. In addition, about 8 miles of new 10 inch pipe has been laid along FM500. There has also been important facility improvements at both the Stingy Lane and FM500 stations with new pumps and automated control equipment installed, along with new water storage at both stations. Our Operator, who is normally repairing pipe leaks as soon as possible, has also replaced many older, worn, and leaky valves in the system. He has also moved meters to the nearest appropriate County Road and replaced worn out meters. Hopefully many of you as members have experienced a noticeable improvement in reliability and service as a result of these efforts and improvements.

These system improvements were financed thru a combination of loans and grants totaling about \$3million. The NSSWSC now services 3 loans totaling approximately \$6900 per month in loan payments. In addition, inflationary price increases on supplies and repairs, etc, to upkeep and maintain the water system are exacting a toll on our finances. In a recent accounting of our financial outlook, expenses are currently exceeding revenues by a significant margin and we have no choice but to consider a rate increase.

One additional side-note: the State of Texas is still experiencing effects of the recent drought and consequently there are very good general reasons to conserve water everywhere. A feature of the proposed new rate plan is to encourage voluntary water conservation by members.

Proposed Rate Increases:

Increase residential base rate by \$12.00 to \$82/mo. (\$0.40 per day increase).
0 to 4,000 gallons - No Change, \$2.70 per thousand gallons
4,001 to 8,000 gallons – increase from \$3.38 to \$5.07 per thousand gallons
8,001 to 20,000 gallons – increase from \$4.05 to \$7.09 per thousand gallons
20,001 plus gallons – increase from \$4.73 to \$9.46 per thousand gallons

EXH. RW-1

The commercial base rate will increase from \$200 to \$400.

Here are some example water bills calculated under the new rates for various monthly metered residential water consumptions:

Metered Water	Base Rate	0-4000 gal	4001-8000gal	8001-20,000gal	20,000 plus gal	State Tax	Monthly Bill
2,000gal	\$82	\$5.40				\$.44	\$87.84
6,000gal	\$82	\$10.80	\$10.14			\$.51	\$103.46
10,000gal	\$82	\$10.80	\$20.28	\$14.18		\$.64	\$127.90
22,000gal	\$82	\$10.80	\$20.28	\$85.08	\$18.92	\$.85	\$218.17
40,000gal	\$82	\$10.80	\$20.28	\$85.08	\$189.20	\$1.94	\$389.30

The Board plans to approve a new rate plan at the next regular public meeting, August 11, 2015, Tuesday, beginning at 5:30pm in the Arrowhead Bank Conference Room. In the meantime we solicit comment and feedback from members regarding the above proposed new rates and, as always, members are welcome to attend the meeting and to speak to the Board.

Sincerely,
The Board of Directors,

Kathy Gage, President

Kim Sprouse, Vice President

Brad Everett, Secretary-Treasurer

Jim Brozo

Diane Wood

Mike Moorehead

Roger Whatley

EXH. RW-2

EXH. RW-2

NSSWSC 000309

EXH. RW-2

1330		300	50	240	170	90	400	110	-	1,040	260	110	300	270	300	3,640	423
1290		-	-	-	-	-	-	-	-	110	410	110	210	110	210	300	369
1342		480	10	10	100	250	260	200	210	330	90	70	110	110	110	313	101
1393 CR140	1,170	200	10	10	10	10	10	30	10	400	380	530	910	297	-	-	297
CR111		-	-	-	-	-	-	350	610	740	120	290	200	160	530	292	-
1254		40	70	-	-	-	-	-	110	-	100	100	2,480	260	250	-	250
1295		1,170	170	30	820	180	-	-	40	-	-	-	-	-	-	-	101
1806		130	380	70	80	2,220	-	-	-	-	-	-	-	-	-	228	-
1296		310	500	80	150	180	210	150	140	400	480	-	-	-	-	211	-
1329		350	60	250	70	160	250	150	140	370	170	130	180	-	-	184	-
1891 CR202		-	-	-	-	150	150	150	150	150	150	150	150	150	150	153	-
1318		-	-	-	-	110	80	70	140	-	-	-	-	1,172	-	121	-
																140,001	177
																0.02%	99.94%
																0.07%	99.93%
																0.07%	99.93%
																0.01%	99.93%
																0.01%	99.93%
																0.01%	99.94%
																0.01%	99.95%
																0.01%	99.95%
																0.01%	99.95%
																0.01%	99.95%

sum = 2,282.132 gallons

Average 8.427

S - 1.14	\$	5	\$	3	\$338	1874
S - 1.07	\$	5	\$	3	\$342	70/82
S - 1.04	\$	5	\$	3	\$347	21/84
S - 0.90	\$	5	\$	3	\$372	78/105
S - 0.70	\$	5	\$	3	\$372	26/33
S - 0.70	\$	5	\$	3	\$372	32/76
S - 0.64	\$	5	\$	3	\$377	34/85
S - 0.57	\$	5	\$	3	\$380	34/85
S - 0.50	\$	5	\$	3	\$387	54/109
S - 0.41	\$	5	\$	3	\$382	54/111
S - 0.25	\$	5	\$	3	\$277	82/79

834701-83

NSSWSC 000310

EXH. RW-2

NSSWSC 000311

EXH. RW-2

NSSWSC 000312

EXH. RW-2

NSSWSC 000313

EXH. RW-2

NSSWSC 000314

EXH. RW-2

NSSWSC 000315

EXH. RW-2

NSSWSC 000316

EXH. RW-2

NSSWSC 000317

EXH. RW-2

[REDACTED]

NSSWSC 000318

EXH. RW-2

NSSWSC 000319

EXH. RW-2

Custo	Location Note												Average
12/15/13	01/14/14	02/20/14	03/11/14	04/14/14	05/14/14	06/16/13	7/22/14	8/14/14	9/22/14	10/20/14	11/17/14	12/21/14	
1032	S. End CR 117	1											
1219	6:56	2											5,076
1307		3											3,373
1118		4											7,779
1114		5											20,322
1191		6											
1082		7											
1261		8											
1053		9											
1071													8,271
1133													2,348
													2,358
1235													116
1280													658
1070													6,244
###													8,186
1284	CR 121												2,610
1048													13,773
1176	CR 117												3,537
1308													1,996
1170													1,905
1054													8,273
1250													7,424
1042													258
1246													8,046
1183													7,216
1260													1
1162	FM 500												4,632
1207													6,630
1097													4,128
1221													3,912
1259													6,955
1049													244
1024													-
1352	CR 209												7,258
1179													(528,909)
1185													850
1220													1,542
1206													(12,120)
1005	End of CR 209												20,699
1357	FM 500												8,042
1091	CR 203												#VALUE!
1145													153
1021													5,855
1031													2,326
1147													4,136
1093													(81,228)
1180													(6,396)
1014	FM 500												6,073
1159													6,770
1163													19,272
1316													4,406
1195													7,086
1037	PVT RD												1,583
1022													5,983
1230	West												3,724
1231	East												(18,343)
1193	FM 500												(26,442)
1089													31,641
1204													12,013
1012	CR 205												397
1112													6,349
1084													2,447
1036													11,286
1265	FM 500												(13,494)
1124													(102,541)
1348													937
1110													9,839
1107	CR 107												12,832
1096	CR 201												(16,475)
1092	CR 200												(63,703)
1006													9,532
1218													14,192
1286	FM 500												6,003
1330													(33,417)
1079													6,434
1355													4,533
1226													(8)
1187	CR 113 North												4,503
1113													(49,144)
1296	CR 115												#VALUE!
1095													(898)
1271													(67,698)
1276													(44,044)
1013	CR 113 South												(45,581)
1347													(25,023)
1210													1,885

EXH. RW-2

EXH. RW-2

1343		300	0	0	0	0	3040	260	170	390	270	360	399
1029		600	2330	0	290	300	1670	1040	0	440	720	1160	2140
1134 CR 124		200	420	2000	280	400	980	520	600	9780	400	50	1,340
1084 Hwy 16		11050	23240	91010	52070	25050	73070	43620	37400	58860	46980	75610	28320
1211		14400	8620	9040	9560	24620	7590	17700	12780	12860	12100	10630	14430
1062 Combo 9324		930	94360	320	310	510	10	520	250	1050	720	1420	4110
1173		118450	312110	3510	3030	94100	252660	92260	105020	523750	317440	103640	2000
1164		3070	5610	3540	4140	10270	11400	24450	40940	9960	29490	3130	1230
1044		20680	21600	11720	24170	35910	26480	42520	31560	62050	36460	38140	20690
1289		4860	7330	5380	8890	15820	11540	18200	22200	55080	16860	10520	5890
1038		910	1010	970	1840	1110	1870	1950	30	2080	910	620	1010
1020		760	1280	850	940	1080	11490	1530	1060	4000	2350	6250	13650
1058		1470	4310	9530	13560	14010	13180	32770	17560	22810	10780	7510	3080
1227		0	0	34880	18630	34470	41280	46160	37820	40350	37080	28470	1910
1085		800	300	700	1200	700	200	900	-3902100	770	2120	61420	5450
1273 CR 144		2800	2350	980	1540	1280	3150	4300	4280	4990	1830	2630	23230
1252		0	90	0	0	0	0	140	0	0	150	110	0
1327 PVT RD		0	1270	12000	6240	1000	1020	3550	1220	990	2120	4890	810
1326 PVT RD		0	0	0	0	0	0	0	0	0	0	0	-
1329 PVT RD		0	0	0	0	0	0	0	0	0	0	0	-
1328		200	0	0	0	0	0	0	0	0	30	12910	250
####		0	50	240	170	90	490	110	0	0	0	0	3930
####		0	0	0	0	0	0	0	0	0	0	0	-
1302 CR 144		3190	5460	3110	2620	2850	3100	12100	2210	2810	4960	1940	5190
1019		11280	6100	4430	-1009510	5900	9140	26450	8700	7950	4740	8400	34600
1102		0	0	0	0	0	0	0	0	0	0	0	-
1006		130	360	70	80	2220	0	0	0	0	0	0	238
1217		200	2270	150	0	410	15100	540	7550	13390	270	3490	3190
1017		0	0	-80	0	0	0	0	0	0	0	0	(7)
1139 PVT RD		230	76570	0	0	0	0	0	0	0	0	0	6,400
1283		1510	2120	1760	1660	1780	2070	2440	1490	2620	1610	1780	2320
1344		#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
1106		1460	1700	2620	1370	2790	1850	860	1320	14390	2640	1100	1510
1105		2540	25780	1190	880	1010	0	0	320	0	0	10	0
1129		34470	30140	0	1530	170	770	13440	10770	1220	4380	10350	9350
1128 Hwy 16		0	0	8160	5780	4060	15290	6540	2890	4290	0	0	0
1245	198	500	360	400	0	0	250	590	290	500	900	2290	2230
1356 CR 127	199	6540	2780	6120	7120	9770	6780	9220	0	0	-16150	3790	2850
1229	200	4830	6040	6630	14860	27790	15910	29330	0	0	-954010	12650	6990
1130	197	2310	3810	1760	1340	1520	750	3670	9060	6530	4620	6110	10500
1055 CR 140		1170	10	10	10	0	30	30	10	490	380	530	910
1336		110	680	420	1030	0	600	1550	1340	850	160	760	670
1056 CR 124		5090	6030	4180	4220	9010	7830	22270	13220	18730	5610	4840	6910
1213		4000	900	8280	8540	43450	23750	16640	10770	2940	13460	5340	6410
1194		0	0	0	0	30	0	34780	64260	47100	44840	61850	129560
1294		440	90	100	320	0	0	11780	0	0	370	470	470
1369		3010	1680	1570	1750	2420	1430	11400	1700	2160	1200	980	820
1288		3880	4930	4830	6220	6370	5940	5550	4090	4640	820	2310	6450
1364		2640	4280	1640	1290	1910	1680	3800	3160	10010	12050	19650	219340
1272		690	2140	910	4560	2660	1820	1160	1310	2240	1890	3080	3740
1103		110	0	0	0	0	190	4130	1910	800	0	0	595
1334		0	0	0	0	0	0	0	0	849100	260	390	2550
1181		0	0	1220	-46510	60	1860	0	3170	0	0	0	0
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1043		0	0	0	0	0	0	0	0	0	0	0	57
1269		-435770	185150	4120	6530	9610	33230	23880	32530	19100	23280	27510	1480
1314		0	-101210	0	1320	350	13640	36960	0	0	0	100	0
1047		2550	3370	2530	2930	4980	9230	7140	11770	6580	6150	7640	5380
1240		2890	3800	4040	-574510	750	5050	4530	2220	3560	3120	3770	5150
1222		2130	6330	2880	2350	2020	2280	510	880	340	10	1770	5290
1045 Ranch RD		19650	20290	21260	18690	36360	19140	29050	29710	41820	16830	10810	20100
1212 CR 122		20340	7250	16260	-1016320	6000	6750	16880	540	7870	7070	7660	2730
1169		1100	200	0	0	0	830	3130	1510	840	4260	3180	2990
1312		360	910	9890	500	450	65210	44890	11450	3450	260	6560	300
1197		31060	6810	8790	-963200	64800	23560	44770	42520	73070	54540	60090	81490
1318		0	0	0	0	0	0	0	0	0	0	0	-
1292 CR 114		0	0	680	0	220	750	780	410	1490	600	290	0
1156		940	1170	9840	6430	3140	24710	22780	19260	33740	6100	10070	4050
1083		4640	6820	4370	5850	6840	4900	4560	2350	3470	2520	3320	3930
1196		950	970	420	480	1090	4280	1120	590	1240	750	880	1030
1275		1740	300	6800	1190	880	1710	1290	0	6280	390	2570	-67560
1215		0	0	0	0	240	2540	3060	980	230	720	0	648
1144		1170	880	370	580	1100	270	300	3340	8650	250	3250	-287390
1323		0	0	0	0	0	0	0	0	0	12330	0	0
1322		4430	5070	3600	2850	4070	3620	7380	5540	13430	5270	3860	4480
1321		1960	2630	2150	1760	2150	2440	2910	1590	2530	1510	1690	2150
1320		1850	2390	1770	1680	2810	2160	2430	1560	2990	1080	2730	2590
1324		390	360	390	830	620	910	1160	280	450	300	340	530
1306 FM 1480		2570	5180	6040	2280	5480	4410	8450	5750	6470	3800	13050	-393590
1339		0	0	0	0	0	0	0	70	0	0	0	0
1251		5540	5240	3460	4080	5200	7210	14740	11400	16830	8660	4460	5310
1100		2390	2930	2710	2740	9370	5970	10990	10210	28230	7150	3100	3500
1174		830	1450	880	830	1070	1520	2340	3550	43230	19530	1160	1870
###		1760	2150	1350	1060	1750	480	850	920	1920	10	2910	2110
1341		480	0	200	470	1090	600	1170	670	720	460	340	130
1028		2440	5740	5240	2420	3640	2290	5300	4890	4180	720	0	0
1027		13680	61490	0	-985010	0	0	0	50	7010	1490	1780	1870
1010		4620	6340	5060	5430	11840	7580	12860	9230	8740	5380	5500	6550

EXH. RW-2

1313		
1018		
1274		
1177		
1115		
1125		
1247 CR 118		
1116		
1142 FM 1480		
1346 CR 114		
1223		
1208		
1151		
1135		
1184		
1291		
1232		
1155		
###		
1255		
1202		
1192		
1268		
1033		
1035		
1293		
1225 CR 116		
1278		

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	4580	3700	17710	8660	27730	2770	31070	27570	43690	23590	7060	3400
	7830	4230	5620	4170	18070	7350	25040	19970	15490	16500	14490	4110
	2240	2790	1960	-161100	8470	2890	5460	4600	3850	2220	2590	3620
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	5370	7470	6530	5280	13490	10830	11060	5350	18270	5580	6190	7360
	7910	8970	20350	13190	34100	26830	43060	29700	45310	23050	16630	7500
	4280	6130	3120	10	0	0	0	0	0	160	70	400
	10020	9420	6780	6610	14570	9690	17960	15310	22760	8040	9940	22870
	3820	6540	7310	-1018080	31480	27500	48530	24920	38840	29600	12700	4160
48490	58620	18190	1580	8680	9560	12110	7230	41190	4920	21380	2900	
	130	6170	6060	8730	22550	7880	14230	9550	0	32520	6080	12220
	3270	13420	4260	20750	21310	4420	16760	14930	15740	4110	23610	2550
	0	0	1300	1870	4600	5460	7100	3260	5810	3590	4410	5220
	5490	6060	4560	4550	6640	6460	7310	4390	9910	5930	5990	5460
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	1150	1830	1000	2300	2800	6440	2750	1490	3810	2550	5760	2220
	2530	2200	1850	1600	3730	5780	4870	3010	4210	2750	4400	7240
	6820	15480	13960	9150	13510	11540	13070	8360	16300	11220	11750	13450
	820	1510	3220	600	10840	2450	3120	2030	5640	2000	2520	2120
	3220	7260	7460	1720	23100	0	0	-10280	6720	4010	3320	3630
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NSSWSC 000323

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 (544)
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 4,180
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EXH. RW-2

<u>Customer #</u>	<u>Location Note</u>	
1032	S. End CR 11	1
1219	6:56	2
1307		3
1118		4
1114		5
1191		6
1082		7
1261		8
1053		9
1071		
1133		

EXH. RW-2

1355	
1226	
1187	CR 113 North
1113	
1296	CR 115
1095	
1271	
1276	
1013	CR 113 South
1347	
1210	
1086	CR 111
1319	
1015	
1350	
1287	
1359	
1109	CR 111&HWY 16
1121	Hwy 16
1182	
1267	
1239	
1122	
1298	
1214	
1030	
1127	
1034	
1165	
996	
1003	
1063	
1111	
1178	
1043	
1149	
1158	
1090	
1068	
1067	
1078	FM 1480
1080	
1166	
1016	CR 112
1349	
1039	
1303	
1236	
1148	
1253	FM 1480
1025	Gary Harley
1051	
1099	
1065	
1175	
1248	
1340	
1050	
1007	
1073	
1066	
1064	
1266	
1140	
1075	
1098	
1205	
1137	CR 110
1074	
1138	
1242	
1277	
1216	
1233	
1168	
1332	
1167	
1172	
1351	
1040	

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607160	610830	615750	618910	622640	628020		640120	640580	646680	4820	11690	17430
237640	240000	245190	248960	251990	254560		254560	254560	Locked	0	90	8440
13920	14120	14120	14120	170	500		1850	1970	2260	2460	2610	3140
812670	812980	813530	813610	813760	813950		814260	814400	814800	290	290	290
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9590	9820	10130	10410	10860	12140		15600	16640	18070	18580	18940	19300
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24570	25460	26360	33300	33880	34750		37140	39140	39900	40450	41000	41310
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	350	670	950	1020	1120		1470	1630	1800	1920	2050	2210
117150	118630	121170	122560	123940	126020			144210			154280	157980
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140640	140640	140640	140640	140640	140640		140640	140640	140640	140640	140640	140640
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449340	453240	458610	462340	465650	469120		477240	478470	481030	483480	486230	488360
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107040	112230	126430	129810	132220	139600		164820	177270	189620	192120	195130	198660
353510	359800	367730	373620	378910	389300		416800	424710	435890	444900	452790	462430
187830	194480	202890	212760	227650	242030		296850	328910	368180	395150	415290	423440
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114050	119130	124630	130650	134450	139500		163850	174930	189950	196090	200980	206870
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248350	254350	260590	262770	265020	269900		285940	293490	301520	306780	313200	323720
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809720	812450	816260	819270	821930	825700		10850	15200	20750	24900	31310	396

EXH. RW-2

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1281			536020	545800	552160	559390	563880	1800	13280	16050	18950	Locked	Locked	Locked
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1186			938230	953410	953890	963570	972620	976000	984860	987900	992030	994780	997870	1001900
1143			187110	193380	201800	205580	211060	216640	229520	232540	238260	240880	243460	247440
1117	Weigman RD		442630	450530	463470	468810	476530	499600	535100	544970	559980	567290	580040	587700
1188			556130	559540	561670	568400	571240	576270	584600	588180	594770	598590	601290	603210
1131			12490	14070	15900	16940	17140	17800	18850	19250	22000	23110	32130	32130
1279			292080	292650	294900	295670	300740	305400	323830	334550	347210	351740	353620	355200
1304			24790	25640	27400	28430	28450	28700	34630	37730	350	6980	10750	14570
1141			17650	25000	31790	35320	39000	43800	62110	65400	72710	77200	82190	85430
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1001			187240	189650	194750	198560	202330	207000	216340	220450	226910	232470	237700	243290
1157			677190	678010	678790	679560	680700	683010	68550	686680	960	2190	2990	3490
1108			994600	100040	100810	101410	102190	103400	106190	106990	108230	109060	109750	110320
1238			141820	145110	149510	153690	157630	162000	171820	178540	184070	187110	188610	192490
1299			126510	126510	126510	130910	136880	145400	161760	168620	177060	182340	187340	193890
1209			137000	138980	143010	145250	147580	150300	155310	157590	165370	171700	174230	177510
1224			508420	509490	510990	511000	1210	2110	5820	7870	10430	11460	12030	14970
1002			309100	311690	314750	316390	317750	320300	328280	329610	333200	337300	338590	341840
1309			203190	207670	213270	217830	221760	228450	239840	242900	249230	253720	257420	262370
1057	Hwy 16		435090	439070	443210	449790	454160	464600	481640	487610	504510	513300	519550	521330
1343			24130	24430	24430	24430	24430	24430	27470	27730	27900	28290	28560	28920
1029			30780	31380	33710	33710	34000	34300	37010	37010	37450	38170	39330	41470
1134	CR 124		7690	7890	8310	10310	10590	10990	12490	13090	22870	23270	23320	23770
1084	Hwy 16		864500	875550	898790	969800	1041870	1066920	1183610	1221010	1279870	1326850	1E+06	1430780
1211			894060	908460	917080	926120	935680	960300	985590	998370	1011230	1023330	1E+06	1048390
1062	Combo 9324		565050	565980	660340	660660	660970	661480	662010	662260	663310	664030	665450	669560
1173			701800	820250	1132360	1135870	1138900	1233000	1577940	1682960	2026710	2524150	3E+06	2629790
1164			605670	608740	614350	617890	622030	632300	668150	709090	719050	748540	751670	752900
1044			114270	134950	156550	168270	192440	228350	297350	328910	390960	427420	465560	468250
1289			309520	314380	321710	327090	335980	351800	381540	403740	458820	475680	486200	492090
1038			131460	132370	133380	134350	136190	137300	141120	141150	143230	144140	144760	145770
1020			66200	66960	68240	69090	70030	71110	84130	85190	89190	91540	97790	111440
1058			705860	707330	711640	721170	734730	748740	794670	812230	835040	845820	853330	856410
1227			932220	932220	932220	967100	985730	1020200	1107640	1145460	1185810	122890	1E+06	1253270
1085			3897300	3898100	3898400	3899100	3900300	3901000	3902100	0	770	2890	4310	4770
1273	CR 144		36250	39050	41400	42380	43920	45200	52650	56930	61920	63750	66380	69610
1252			23790	23790	23880	23880	23880	23880	24020	24020	24020	24170	24280	24280
1327	PVT RD		201870	201870	203140	215140	221380	222380	226950	228170	229160	231280	236170	236980
1326	PVT RD		7060	7060	7060	7060	7060	7060	7060	7060	7060	7060	7060	7060
1329	PVT RD		1370	1370	1370	1370	1370	1370	1370	1370	1370	1370	1370	1370
1328			160520	160720	160720	160720	160720	160720	160720	160720	160720	160750	173660	173910
1338			3570	3570	3620	3860	4030	4120	4720	4720	4720	4720	4720	48650
1358			0	0	0	0	0	0	0	0	0	0	0	0
1302	CR 144		776970	780160	785620	788730	791350	794200	809400	811610	814420	819380	821320	826510
1019			991700	1002980	1009080	1013510	4000	9900	45490	54190	62140	66880	75280	109880
1102			15160	15160	15160	15160	15160	15160	15160	15160	15160	15160	15160	15160
1008			252130	252260	252620	252690	252770	254990	254990	254990	254990	254990	254990	254990
1217			162220	162420	164690	164840	164840	165250	180890	188440	201830	202100	205590	207870
1017			80	80	80	0	0	0	0	0	0	0	0	0
1139	PVT RD		29660	29890	106460	106460	106460	106460	106460	106460	106460	106460	106460	106460
1283			440380	441890	444010	447700	447430	449210	453720	455210	457830	459440	461220	463540
1344			Dogs	Dogs	Dogs									
1106			183690	185150	186850	189670	191040	193830	196540	197860	212250	214890	215990	217500
1105			211690	214230	240010	241200	242080	243090	243090	243410	243410	243410	243420	243420
1129			35990	70460	100600	102130	102300	116510	127280	128500	132880	143230	152580	152580
1128	Hwy 16		283420	283420	291580	297360	301420	323250	326140	330430	330430	330430	330430	330430
1245		198	154020	154520	154880	155280	155280	155280	156120	156410	156910	157810	160100	162330
1356	CR 127	199	118870	125410	128190	134310	141430	151200	167200	167200	167200	167200	167200	167200
1229		200	860150	864980	871020	877650	882510	920300	965540	965540	965540	965540	965540	965540
1130		197	90920	93230	97040	98800	100140	101660	106080	115140	121670	126290	132400	142900
1055	CR 140		98210	99380	99390	99400	99410	99410	99450	99460	99460	99460	100860	101770
1336			130580	136090	131370	131790	132820	132820	134970	136310	137160	137320	138080	138750
1056	CR 124		19150	24240	30270	34450	38670	47680	77780	91000	109730	115340	120180	127090
1213			616270	620270	621170	629450	637990	681440	721830	732800	735540	749000	754340	760750
1194			0	30	30	34810	99070	146170	191010	252860	382420	382420	382420	382420
1294			286610	286610	286700	286800	287120	287120	298900	298900	298900	299800	299800	300210
1369			608640	611650	613330	614900	616680	619070	631900	633600	635760	636960	637940	638760
1288			24340	24340	24340	25120	25120	25120	25240	25240	25240	25240	25240	25240
1364			655670	659550	664480	669310	675530	681900	693390	697480	702120	702940	705250	711700
1272			607280	609920	614200	615840	617130	619040	624520	627680	637690	649740	669390	688730
1103			603150	603840	605980	606890	611450	614110	617090	618400	620640	622530	625610	629350
1334			66820	66930	66930	66930	66930	66930	71250	73160	73960	73960	73960	73960
1181			45540	45540	45540	46760	250	310	2170	5340	5340	5340	5340	5340
1023			249980	253390	257670	264010	269570	271890	310530	318510	340590	346750	359810	362310
1026			975610	975610	975610	975610	975610	978050	990210	997200	1005410	1008780	10E+06	1025740
1043			74620	74620	74620	74620	74620	74620	74620	74620	74620	74620	74620	75300
1335			43570	0	185150	189270	195800	205410	262520	295050	314150	337430	349750	352300

EXH. RW-2

1269	
1314	
1047	
1240	
1222	
1045	Ranch RD
1212	CR 122
1169	
1312	
1197	
1318	
1292	CR 114
1156	
1083	
1196	
1275	
1215	
1144	
1323	
1322	
1321	
1320	
1324	
1306	FM 1480
1339	
1251	
1100	
1174	
1342	
1341	
1028	
1027	
1010	
1313	
1018	
1274	
1177	
1115	
1125	
1247	CR 118
1116	
1142	FM 1480
1346	CR 114
1223	
1208	
1151	
1135	
1184	
1291	
1232	
1155	
1360	
1255	
1202	
1192	
1268	
1033	
1035	
1293	
1225	CR 116
1278	

97200	99570	102520	104600	107200	111010		117850	121210	124560	129260	133030	137080
101220	101220	10	10	1330	1680		52280	52280	52280	52280	52380	52380
383010	385560	388930	391460	394390	399370						447880	453260
565930	568820	572620	576660	2150	2900		12480	14700	18260	21380	25150	30300
145970	148100	154430	157310	159660	161680		164470	165350	165690	165700	167470	172760
370600	390250	410540	431800	450490	486850		535040	564750	606570	623400	634210	654310
994600	1014940	1022190	1034810	18490	24490		48120	48660	56530	63600	71260	73990
233710	234810	235010	235010	235010	235010		238970	240480	241320	245580	248760	251750
224870	225230	226140	235830	236330	236780		346880	358330	361780	362040	368600	368900
941360	972420	979230	988020	24820	89620		157950	200470	273540	328080	388170	469660
293420	293420	293420	293420	293420	293420		293420	293420	293420	293420	293420	293420
203150	203150	203830	203830	204050			205580	205990	207480	208080	208370	208370
419820	420760	421930	431770	438200	441340		488830	508090	541830	547930	558000	562050
289380	294020	300840	305210	311060	317900		327360	329710	333180	335700	339020	342950
35110	36060	37030	37450	37930	39020		44420	45010	46250	47000	47880	48910
46390	48130	48430	55230	56420	57300		60300	60300	66580	66970	69540	1980
21140	21140	21140	21140	21140	21140		23920	26980	27960	28190	28910	28910
274500	275670	276550	276920	277500	278600		279710	282510	291160	291410	294660	7270
74880	74880	74880	74880	74880	74880		74880	74880	74880	87210	87210	87210
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176810	178770	181400	183550	185310	187460		192810	194400	196930	198440	200130	202280
132280	134130	136520	138290	139970	142780		147370	148930	151920	153000	155730	158320
75970	76360	76720	77110	77940	78560		80630	80910	81360	81660	82000	82530
331730	334300	339480	345520	347800	353280		366140	371890	378360	382160	395210	1620
218450	218450	218450	218450	218450	218450		218520	218520	218520	218520	218520	218520
383180	386720	393960	397420	401500	406700						470000	475310
15260	17650	20580	23290	26030	35400		52260	62570	90800	97950	101050	104550
271440	272270	273720	274600	275430	276500						347830	349700
28730	30490	32640	33990	35050	36800		38130	39050	40970	40980	43890	46000
78340	78820	78820	79020	79490	80580		82350	83020	83740	84200	84540	84670
241620	244060	249800	255040	257460	261100		268690	273580	277760	278480	278480	278480
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391210	395830	402170	407230	412660	424500		444940	454170	462910	468290	473790	480340
3570	3610	3660	3680	3720	3780		3950	3950	3950	3950	3950	3950
33070	33330	33930	34550	35450	35700		36400	36570	38830	39540	39540	40350
999100	9500	14750	19040	32800	50700		76980	85820	106480	117040	124560	131640
854120	860620	864910	869670	873740	884100		898910	923940	933710	941510	946570	953470
76400	76400	76400	2160	7430	13460		69700	70820	71860	71860	71860	71860
568170	0	290	1940	2830	4390		10310	12390	19320	19820	22390	23820
190670	195250	198950	216660	225320	253050		286890	314460	358150	381740	388800	392200
273900	281730	285960	291580	295750	313820		346210	366180	381670	398170	412660	416770
156170	158410	161200	163160	2060	10530		18880	23480	27330	29550	32140	35760
135570	154520	19320	251790	279750	373980		521670	593900	705580	766810	802640	837110
416250	421620	429090	435620	440900	454390		476280	481630	499900	505480	511670	519030
73750	81660	90630	110980	124170	158270		228160	257860	303170	326220	342850	350350
471620	476100	482230	485350	485360	485360		485360	485360	485360	485520	485590	485990
720820	730640	740260	747040	753650	768220		795870	811180	833940	841980	851920	874790
1012500	1016320	1022860	1030170	12090	43570		119600	144520	183360	212960	225660	229820
763040	811530	870150	888340	889920	898600		920270	927500	968690	973610	994990	997890
526880	527010	533180	539240	547970	570520		592630	602180	602180	634700	640780	653000
281190	284460	297880	302140	322890	344200		365380	380310	396050	400160	423770	426320
		0	1300	3170	7770		20330	23590	29400	32990	37400	42620
279230	284720	290780	295340	299890	306530		320300	324690	334600	340530	346520	351980
186660	189630	192200	194940	197950	200640		213020	215160	218620	220490	222250	223410
501860	504490	507840	513480	519520	536250		552510	580890	575710	583290	590210	592820
419840	420990	422820	423820	426120	428920		438110	439600	443410	445980	451720	453940
125410	127940	130140	131990	133590	137320						162340	169580
772610	779430	794910	808870	818020	831530		856140	864500	880800	892020	903770	917220
117670	118490	120000	123220	123820	134660		140230	142260	147900	149900	152420	154540
196410	199630	206890	214350	216070	239170		239170	228890	235610	239620	242940	246570
9560	381260	382800	386820	390310	393510		401340	419120	443300	448080	451440	454400

NSSWSC 000327

EXH. RW-3

**North San Saba Water Supply Corporation
P. O. Box 598
San Saba, Texas 76877
325-372-5348**

January 10, 2016

Dear Members,

Looking back on 2015; we find a mixed bag of successes and challenges.

Our successes include reduction in our water loss caused by leaks. We paid off the \$29,000 fine assessed by TCEQ for non-compliance. We welcomed two new Board Members, Roger Whatley and Diane Wood.

Our challenges include issues with some of the work/equipment that was installed during the construction project, continued work on the infrastructure of the water system, and increased expenses; due to loans totaling \$645,000 for the construction project.

A letter was sent out by your Board at that time explaining that the reason for an increase in rates was essentially that we were not taking in enough monthly revenue to pay our bills.

Amongst our expenses are loan payments in the vicinity of \$6,000/month, \$1,200/month salary for part-time office administrator (which is available full-time to take your calls), and \$7,500/month for our contracted operator. Some Members have attended Board meetings since the rate increase and complained (as is their right to do) that, in essence:

- 1) the increase is too large, and,
- 2) our expenses are not under good management.

These loans are the result of financial decisions made by a previous Board for maintaining and expanding our ability to deliver water within TCEQ regulations (construction project). Repayment of our loans is not an option, we must pay our loans. These loans have a term of thirty (30) years.

Our Licensed Class C Groundwater Operator's contract was recently renewed at \$90,000/yr. Our operator's annual expenses are about \$45,000/yr (capital equipment, hired helper, fuel and supplies), leaving a take-home of about \$45,000 before taxes. The Board has inquired locally and found this to be a very good deal for NSSWSC as compared to alternatives we have investigated.

For purpose of comparison, in 2010 the *then-operator* was contracted at \$92,000/year. The Consumer Price Index (less food and energy) between 2010 and the present changed by 18.75%, making \$92,000 in 2010 equivalent to \$109,250 currently.

(http://data.bls.gov/timeseries/CUURO000SA0L1E?output_view=pct_12mths.)

Thus, the current administrative salary plus contracted operator total \$104,400 year and compares favorably with the 2010 inflation-corrected expense of \$109,250 expressed in 2015 dollars.

EXH. RW-3

Page 2
January 10, 2016

Your Board is in the midst of proactively working to resolve several residual technical issues and potential TCEQ violations that are leftover issues from the recent major capital upgrade project. We are also pursuing legal action to reclaim costs from the project engineer for these oversights.

There are also two (2) other legal actions facing the Corporation which are causing added expense for the Members of NSSWSC:

- 1) Jana Childers, et al v. San Saba County, Allen Brown, Byron Theodosis, and NSSWSC;
- 2) Ratepayers' Appeal before the Public Utility Commission of Texas of the Decision by NSSWSC to Change Rates

We Members are all in this together; we need to work together to ensure we have water in the future. Many of you have invaluable experience that could enrich and inform the Board's decisions. The Board encourages Members to attend the monthly Board Meetings and to learn the full context of the issues as discussed by the Board and to comment before action is taken.

We need three (3) new Board Members. If you are interested; please contact Kim Sprouse at 623-5421 or any Board Member. Many of you have served in the past; however we only have about 290 Members on the system. It may be time for you to think about serving again.

The Annual Meeting will be Tuesday, March 22, 2016. Please mark your calendar to attend.

Finally, I would like to thank the Board of Directors, Cindy Hibler and Will Broyles for the great job they have done in 2015.

Sincerely,

Kathy Gage, President

Board of Directors:

Kathy Gage, President

Kim Sprouse, Vice President

Brad Everett, Secretary-Treasurer

Jim Brozo

Mike Moorehead

Roger Whatley

Diane Wood

EXH. RW-4

North San Saba Water Supply Corporation
Directors Meeting
January 12, 2016
5:30 p.m.
Arrowhead Bank Board Room

The Board of Directors of the North San Saba Water Supply Corporation met in a Director's Meeting, Tuesday, December 8, 2015 at the Arrowhead Bank Board Room.

Director's Present:

Kathy gage
Kim Sprouse
Brad Everett
Roger Whatley
Jim Brozo
Dianne Wood

Meeting called to order by Kathy Gage at 5:30 p.m.

Kim Sprouse read the Minutes from the last meeting. Motion was made by Roger Whatley to approve, seconded by Kim Sprouse. Motion passed.

Kathy Gage read the Treasurer's Report. Motion was made by Kim Sprouse to approve, seconded by Diane Wood. Motion passed.

Roger Whatley commented that Evaluation of the rate increase required no action at this time. He suggested reviewing in 6 months. The impact of the rate increase with financials there is not enough money for expenses so there was a rate increase. It is hard to know how the demand will be affected. Motion was made by Roger Whatley to review and evaluate at the end of June and compare 2015 to 2014. Trudy Gage said that the water system must be kept in tack. Milton Gage said that he agreed it would be a good idea to wait 6 months to re-evaluate. Jim Brozo seconded the motion. Motion passed.

Jim Brozo made the comment that at the age of 65 taxes were frozen. We may want to consider freezing the rate at age 65. Roger Whatley commented that nothing could be done about that tonight. He also stated that for the benefit of those that were not here for the rate increase- we did consider the impact it would have on some of our members. There are Texas State Agency programs for those having trouble paying their utility bills.

Motion was made by Kim Sprouse to approve and pay the bills, seconded by Diane Wood. Motion passed.

Roger Whatley addressed some of the concerns raised about NSSWSC expenses. Right now we pay \$400.00 per month for rent. A total of \$4800.00 per year. Office space at Arrowhead Bank would be \$3000.00 per year but then we would have to buy a printer, copier, desk, chairs,

EXH. RW-4

file cabinets, a full time employee at \$21,000.00 per year, benefits at \$3000.00 per year. Net proposal – savings -\$8864.00 – estimate. Barbara Horn stated that we buy our own equipment we wouldn't have to pay rent for them. Bill Hardy stated a 3 year lease.

Kathy Gage mentioned the NSSWSC indebtedness. Roger Whatley stated Will Broyles compensation not CPA – 2 engineer Degrees, Master Business Degree from U.T. Licensed Operator. It was mentioned that Richland Springs pays \$50,000.00 per year for their operator. Bill Hardy was asked if that was right and he replied yes. Will's expenses are \$40 - \$46, 000. Will's contractor business now takes home about \$45,000.00 - less than the Richland Springs operator. If we change Will to an employee it would be an \$8,000 - \$18,000 per year increase on our expenses.

Trudy Gage mentioned with the old operator, members were out of water a lot of times for hours and hours.

Roger Whatley stated 80% more water than billing, today approx. 20%. 97,000 – not billing, fines \$30,000 TCEQ. \$92,000 – 2010 - \$ CPI – Consumer Price Index todays dollar 18.7% inflation so \$92,000 from 2010 is \$109,250 now.

Trudy Gage stated that we can't keep good help if we don't pay them.. Roger stated doesn't feel unqualified to do this. Milton Gage stated the Board was doing an excellent job tackling/ solving problems. He felt that the rate increase would not bankrupt anyone. He also felt the operator was doing an excellent job. Would hate to see Will leave his job. Trudy Gage stated the Will can't work for nothing.

Barbara Horn asked about work ethic or quality.

Linda Kelly answered lots of questions.

Bob Hardy asked about the water smelling.

Linda Kelly suggested that anyone could get a water filtration system that takes out Radium – cost \$1500 - \$2000.

Roger Whatley mentioned 3 problems

1. Cavitation – pumps wearing themselves out
2. New pumps – Engineered – 2 options – one is more expensive than the other
3. Shaw Bend elevated storage – TCEQ

Restrictor plate – fabricated, bored holes 1.15" hole - bolt \$60.00 for \$340.00 cost of other plate.

Motion was made by Roger Whatley to adjourn, seconded by Diane Wood.

Meeting adjourned at 6:51 p.m.

EXHIBIT RW-5

Law Office of Richard Miller

PO Box 99
San Saba, TX 76877

INVOICE

Invoice # 118
Date: 02/05/2016
Due On: 03/06/2016

North SS Water Supply
P.O. Box 598
San Saba, TX 76877

M-2300.1 Price Rate Change

Services

Type	Date	Description	Quantity	Rate	Total
Service	11/04/2015	Research	2.00	\$125.00	\$250.00
Service	12/04/2015	Set up PUC efilng, file notice of service info	0.50	\$125.00	\$62.50
Service	12/04/2015	Conference with Regina M. Morgan, Attorney	0.20	\$175.00	\$35.00
Service	01/19/2016	Research; draft list of issues	1.00	\$125.00	\$125.00
Service	01/20/2016	Conference with Regina M. Morgan, Attorney	0.20	\$175.00	\$35.00
Service	01/21/2016	revise draft of issues, prepare mailings, fax to counsel, ems w/ client, call w/ client	1.50	\$125.00	\$187.50
Service	01/28/2016	call w/ client	0.30	\$125.00	\$37.50
Service	02/01/2016	draft response to RFI	0.50	\$125.00	\$62.50
Service	02/01/2016	Conference with Regina M. Morgan, Attorney	0.20	\$175.00	\$35.00
Service	02/03/2016	scan docs responsive to RFI	1.00	\$125.00	\$125.00
Service	02/04/2016	draft responses to RFI, organize/bates-label docs, research	3.00	\$125.00	\$375.00
Service	02/05/2016	Conference with Regina M. Morgan, Attorney	0.00	\$175.00	\$0.00
Services Subtotal					\$1,330.00

Expenses

Type	Date	Description	Quantity	Rate	Total
Expense	12/04/2015	Postage- Certified Mail to Barbra Horn	1.00	\$6.74	\$6.74
Expense	12/04/2015	Postage- Certified Mail No return receipt to PUC	1.00	\$3.45	\$3.45
Expenses Subtotal					\$10.19
Subtotal					\$1,340.19
Total					\$1,340.19

Please make all amounts payable to: Law Office of Richard Miller

EXHIBIT RW-5

Law Office of Richard Miller

PO Box 99
San Saba, TX 76877

INVOICE

Invoice # 127
Date: 03/03/2016
Due On: 04/02/2016

North SS Water Supply
P.O. Box 598
San Saba, TX 76877

M-2300.1 Price Rate Change

Services

Type	Date	Description	Quantity	Rate	Total
Service	02/19/2016	Pre-hrg conf call with ALJ, Sam Chang, Barbara Horn, RTM, RMM	0.75	\$125.00	\$93.75
Service	02/19/2016	Pre-hrg conf call	0.75	\$175.00	\$131.25
Services Subtotal					\$225.00

Expenses

Type	Date	Description	Quantity	Rate	Total
Expense	08/31/2015	Postage- Certified Mail to OAG	1.00	\$3.94	\$3.94
Expenses Subtotal					\$3.94
Subtotal					\$228.94
Total					\$228.94

Please make all amounts payable to: Law Office of Richard Miller

EXHIBIT RW-5

Law Office of Richard Miller

PO Box 99
San Saba, TX 76877

INVOICE

Invoice # 135
Date: 03/29/2016
Due On: 04/28/2016

North SS Water Supply
P.O. Box 598
San Saba, TX 76877

M-2300.1 Price Rate Change

Services

Type	Date	Description	Quantity	Rate	Total
Service	03/16/2016	Draft response to PUC 2nd RFI, scanned/Bates-stamped docs, ems to clients, call w/ client	3.00	\$125.00	\$375.00
Service	03/17/2016	Finalized draft response, scanned/labelled docs, burned discs, prepared mailing	1.00	\$125.00	\$125.00
Service	03/21/2016	Call to TRWA, ems w/ TRWA, research, ems w/ clients, confer with RTM	2.00	\$125.00	\$250.00
Service	03/23/2016	Mtg w/ clients re testimony, review of docs, research	3.00	\$125.00	\$375.00
Service	03/23/2016	RTM Meeting with NSSWSC and RMM	0.50	\$175.00	\$87.50
Service	03/24/2016	Draft form for Broyles testimony, ems to clients	0.50	\$125.00	\$62.50
Service	03/28/2016	call w/ client, ems w/ clients, revision of Whatley draft testimony, review of docs	1.50	\$125.00	\$187.50
				Services Subtotal	\$1,462.50

Expenses

Type	Date	Description	Quantity	Rate	Total
Expense	03/18/2016	Postage to PUC Jan-March 29, 2016 01-22-16 \$2.30, 02-10-16 \$9.62, 03-17-16 \$6.70, 03-24-16 \$6.70	1.00	\$25.32	\$25.32
				Expenses Subtotal	\$25.32
				Subtotal	\$1,487.82
				Total	\$1,487.82

Please make all amounts payable to: Law Office of Richard Miller

STATE OF TEXAS

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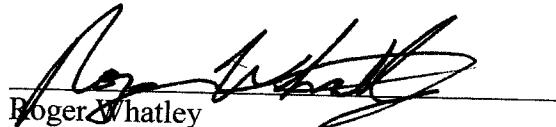
COUNTY OF SAN SABA

AFFIDAVIT OF ROGER WHATLEY

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

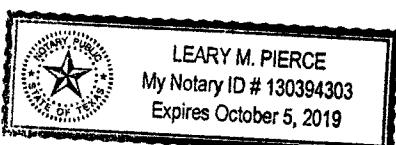
1. "My name is Roger Whatley. I am of sound mind and capable of making this affidavit. The facts stated herein are true and correct based upon my personal knowledge.
2. The foregoing direct testimony and the attached exhibits have been prepared by me, under my direct supervision, or are co-sponsored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

Further affiant sayeth not.



Roger Whatley

SUBSCRIBED AND SWORN TO BEFORE ME by the said Roger Whatley this 30th day of March 2016.





Leary M. Pierce
Notary Public, State of Texas