



Control Number: 50788



Item Number: 116

Addendum StartPage: 0

SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788



RATEPAYERS APPEAL OF THE	§	BEFORE THE
DECISION BY WINDERMERE OAKS	§	
WATER SUPPLY CORPORATION TO	§	PUBLIC UTILITY COMMISSION
CHANGE WATER AND SEWER	§	
RATES	§	OF TEXAS

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

To: Ratepayers of the Windermere Oaks Water Supply Corporation (Ratepayers), by and through their representatives of record, Josephine Fuller, 328 Coventry Road, Spicewood, TX 78669, and Patti Flunker, 305 Coventry Road, Spicewood, TX 78669.

Windermere Oaks Water Supply Corporation (WOWSC) files this Response to the Third Request for Information (RFI) filed by Ratepayers Representatives (Ratepayers). The discovery request was received by WOWSC on April 30, 2021; therefore these responses are timely filed. Pursuant to 16 Tex. Admin. Code (TAC) § 22.144(c)(2)(F), these responses may be treated as if they were filed under oath.

The following files are confidential and will be provided electronically on the CD attached to this filing:

CONFIDENTIAL Attachment Ratepayers 3-2

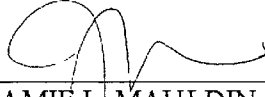
If a responsive document exceeds 99 pages, the response will indicate that the attachment is voluminous, and pursuant to 16 TAC §§ 22.144(h)(2), the document will be provided electronically on the CD attached to this filing and made available for inspection at the offices of WOWSC's attorneys, Lloyd Gosselink Rochelle and Townsend, P.C., located at 816 Congress Avenue, Suite 1900, Austin, Texas 78701. Please call Patricia Martinez at 512-322-5883 during regular business hours, to make an appointment to review the documents.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE
& TOWNSEND, P.C.**

1160

816 Congress Avenue, Suite 1900
Austin, Texas 78701
(512) 322-5800
(512) 472-0532 (Fax)



JAMIE L. MAULDIN
State Bar No. 24065694
jmauldin@lglawfirm.com

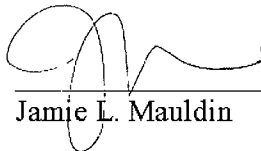
REID BARNES
State Bar No. 24101487
rbarnes@lglawfirm.com

ROBYN F. KATZ
State Bar No. 24060985
rkatz@lglawfirm.com

**ATTORNEYS FOR WINDERMERE OAKS
WATER SUPPLY CORPORATION**

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on May 19, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.



Jamie L. Mauldin

**SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788**

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-1 Provide all correspondence the WOWSC has received from February 2, 2020 to present from any ratepayer/member related to the increased water and sewer rates, including their inability to pay the increased rates. Also, include all replies from the WOWSC to ratepayer/member correspondence mentioned above.

RESPONSE: There are no responsive documents.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

**SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788**

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-2 Provide all correspondence the WOWSC has received from the ratepayers/members related to their billed amount for water and/or sewer service from April 1, 2020 – Present. Also, include all replies from the WOWSC to ratepayer/member correspondence mentioned above.

RESPONSE: Please refer to CONFIDENTIAL Attachment Ratepayers 3-2.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

**Attachment 3-2 is
CONFIDENTIAL and is
being provided under seal in
electronic-file format on CD**

SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-3 Provide all correspondence the WOWSC has received from the ratepayers/members related to their number of gallons used for water and/or sewer service used from April 1, 2020 – Present. Also, include all replies from the WOWSC to ratepayer/member correspondence mentioned above.

RESPONSE: Please refer to the CONFIDENTIAL Attachment Ratepayers 3-2.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

**SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788**

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-4 Has the WOWSC disconnected any water/sewer service for nonpayment from April 1, 2020 to Present? If yes, how many disconnections has been for nonpayment in this time frame?

RESPONSE: Yes. Two have been disconnected for non-payment. One was disconnected after three months of non-payment. The day after service was disconnected, this customer paid. The other has been in arrears for several months and has not paid.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-5 The WOWSC's February 2, 2020 board meeting minutes page 3 #2. xviii. 2. states "Communicate to membership what rates would be without legal expenses defending lawsuits"¹. State (in dollars and cents) what the WOWSC calculates water rates and sewer rates would be without legal expenses defending lawsuits. Produce all communications sent out to the membership addressing this matter.

RESPONSE: The Board did not produce a rate study that "would be without legal expenses defending lawsuits."

Instead, the Board asked TRWA's James Smith to produce rates assuming various costs for legal expenses (\$0; \$30,000; \$48,000; \$72,000; \$250,000). The legal expenses were not defined as "defending lawsuits," or "general counsel," or "responding to PIA requests." The responses for monthly base rates were, respectively: \$118.15, \$128.03, \$133.96, \$141.87, and \$200.50.

However, without considering cumulative legal expenses for 2020, the monthly base rate would have been \$118.15.

The Board authorized a report from NewGen Strategies to assess the company's financial health. The report was finalized on September 3, 2020 and mailed to members with a letter, "WOWSC Letter to Members 11.6.2020), along with "Frequently asked questions 11.6.2020). See Direct Testimony of Joe Gimenez at Attachment JG-6.

See Attachment Ratepayers 3-5a- 3-5g.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

¹ http://www.wowsc.org/documents/778/2020-02-01_WOWSC_Annual_Board_Meeting_Minutes_Approved.pdf

WATER REVENUE REQUIREMENT & RATE DESIGN

UTILITY:

REVENUE REQUIREMENT

BUDGET/COST OF SERVICE ITEM

	Item Cost	%	Fixed	%	Variable	
SALARIES	0	78	0	22	0	0
CONTRACT LABOR	117,865	75	88,399	25	29,466	
CHEMICALS AND TREATMENT	12,035	60	7,221	40	4,814	
UTILITIES	20,922	70	14,645	30	6,277	
REPAIRS AND MAINTENANCE	71,060	50	35,530	50	35,530	
OFFICE EXPENSES BILLING	15,679	45	7,056	55	8,623	
ACCOUNTING & LEGAL	0	50	0	50	0	
HEALTH INSURANCE	0	50	0	50	0	
OFFICE SUPPLIES	4,707	45	2,118	55	2,589	
TANK REPAIRS	0	50	0	50	0	
BAD DEBT	0	50	0	50	0	
PAYROLL TAXES	0	50	0	50	0	
TELEPHONE	6,549	40	2,620	60	3,929	
TRUCK & EQUIP. EXPENSE	0	50	0	50	0	
TRAVEL & ENTERTAINMENT	1,130	50	565	50	565	
EQUIPMENT RENTAL	250	50	125	50	125	
INSURANCE - WC & LIABILITY	14,160	70	9,912	30	4,248	
LICENSE & DUES	178	50	89	50	89	
POSTAGE & FREIGHT	2,710	50	1,355	50	1,355	
ADVERTISING	0	30	0	70	0	
SAMPLING	8,459	50	4,230	50	4,230	
EDUCATION	0	50	0	50	0	
DEPRECIATION	56,273	60	33,764	40	22,509	
MATERIALS & SUPPLIES	6,730	50	3,365	50	3,365	
SECURITY	0	50	0	50	0	
MISCELLANEOUS	1,250	50	625	50	625	
LONG TERM DEBT	49,882	100	49,882	0	0	
PURCHASED WATER	8,490	45	3,821	55	4,670	
SLUG REMOVAL	2,363	50	1,182	50	1,182	
BOOKKEEPING	4,163	50	2,082	50	2,082	
	0	50	0	50	0	
	0	50	0	50	0	
SUB-TOTAL (LESS FIT & RETURN)	404,855		268,583	100	136,272	
% OF TOTAL (FIXED + VARIABLE)		63		37		
PRINC. & INTEREST - WATER	0		0.00		0.00	
MAINTENANCE RESERVE*	0		0.00		0.00	
LESS OTHER REVENUE	\$0		0.00		0.00	
TOTAL	\$404,855		\$268,583		\$136,272	

RATE CALCULATION

GALLONAGE CHARGE

Variable Cost/Test Year Gallons/1,000 =====>

10 48 /TH GAL

USE ->

PROPOSED RATE

\$3.55 /TH.GAL.

MINIMUM BILL

Fixed Cost/12/Customer Equivalents =====>

88 47 /MO

YIELDS ->

\$118.15 /MO.

88 47 /MO incl min gallons

118.15 /MO.

inc. min. gall

Avg Test-Yr Customer Equivalents =

253

Gallons Included In Minimum Bill =

0

Test Year Gallons Billed (x 1,000) =

13,000

REVENUES GENERATED

Connection Size	# of Connections	Min Bill	Minimum Bill Including Gals	Rev /Month	Rev /Year
5/8", 3/4"	253	\$118 15	\$118 15	\$29,892	\$358,705
3/4"	0	\$177 23	\$ 177 23	\$0	\$0
1"	0	\$ 295 38	\$ 295 38	\$0	\$0
1-1/2"	0	\$ 590 75	\$ 590 75	\$0	\$0
2"	0	\$ 945 20	\$ 945 20	\$0	\$0
2-1/2"	0	\$ 945 20	\$ 945 20	\$0	\$0
3"	0	\$ 1,181 51	\$ 1,181 51	\$0	\$0
4"	0	\$ 2,953 76	\$ 2,953 76	\$0	\$0
6"	0	\$ 5,907 53	\$ 5,907 53	\$0	\$0

TOTAL MINIMUM CHARGES=>

\$358,705

GALLONAGE CHARGES=>

13,000 @

\$3 55 /1,000 GAL

46,150

TOTAL REVENUE GENERATED=>

\$404,855

Printed on

time

NOTES

UTILITY:

Date Referenced: 1-Jan-97

**DEPRECIATION
ANALYSIS**

Description	Acquired Date	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant
Land	1-Jun-79	0	n/a	n/a	n/a	n/a	0.00
Structures:							
Masonry	1-Jun-79	0	30	17.6	0.00	0.00	
Wood	1-Jan-01	0	15	-4.0	0.00	0.00	
Well	1-Jun-79	0	30	17.6	0.00	0.00	
Pumps:							
Booster >=7HP	1-Jan-01	0	10	-4.0	0.00	0.00	
Booster <7HP	1-Jun-79	0	5	17.6	--	0.00	
Motor	1-May-94	0	3	2.7	0.00	0.00	
Well, <5	1-Jan-01	0	5	-4.0	0.00	0.00	
Well, >5	1-Jun-96	0	10	0.6	0.00	0.00	
Hypochlorinator	1-Aug-94	0	5	2.4	0.00	0.00	
Gas Chlorinator	1-Jan-01	0	10	-4.0	0.00	0.00	
Tanks:							
Pressure	1-Jun-79	0	50	17.6	0.00	0.00	
Ground	1-Jun-79	0	50	17.6	0.00	0.00	
Distrib. System	1-Jun-79	0	50	17.6	0.00	0.00	
Distrib. System	1-Jun-93	0	50	3.6	0.00	0.00	
Services	1-Jun-79	0	20	17.6	0.00	0.00	
Services	1-Jun-93	0	20	3.6	0.00	0.00	
Meters	1-Jun-79	0	20	17.6	0.00	0.00	
Meters	1-Jun-93	0	20	3.6	0.00	0.00	
Compressor	1-Jan-01	0	10	-4.0	0.00	0.00	
Electrical Controls	1-May-94	0	30	2.7	0.00	0.00	
Furniture/Fixtures	1-Jan-81	0	10	16.0	--	0.00	
Heavy Equipment	15-Feb-89	0	10	7.9	0.00	0.00	
Light Vehicles	15-Sep-87	0	5	9.3	--	0.00	
Shop Tools	1-Jan-81	0	15	16.0	--	0.00	
Computer/Software	1-Feb-95	0	5	1.9	0.00	0.00	
Fencing	1-Jun-79	0	30	17.6	0.00	0.00	
Total:		\$0			\$0	\$0	\$0

- - - - - - - - - -

1999 WATER REVENUE REQUIREMENT & RATE DESIGN

UTILITY Maunoeville SUD

REVENUE REQUIREMENT
COST OF SERVICE/ITEM

COST OF SERVICE ITEM	Item Cost	%	Fixed	%	Variable
SALARIES	232,878	50	116,439	50	116,439
CONTRACT LABOR	3,872	50	1,836	50	1,836
UNIFORMS	4,198	100	4,198	0	0
CHEMICALS AND TREATMENT	15,735	0	0	100	15,735
UTILITIES	47,205	0	0	100	47,205
REPAIRS AND MAINTENANCE	20,880	0	0	100	20,880
OFFICE RENT	14,000	100	14,000	0	0
ACCOUNTING & LEGAL	15,000	100	15,000	0	0
HEALTH INSURANCE	31,470	100	31,470	0	0
OFFICE SUPPLIES	15,735	100	15,735	0	0
MISCELLANEOUS	5,245	50	2,623	50	2,623
PAYROLL TAXES	17,932	50	8,966	50	8,966
BANK CHARGES	500	100	500	0	0
TRUCK & EQUIP. EXPENSE	15,735	50	7,868	50	7,868
SMALL TOOLS & SUPPLIES	15,735	50	7,868	50	7,868
FUEL	10,400	50	5,245	50	5,245
COMPUTER CHARGES	2,000	100	2,000	0	0
TRANSPORTATION	12,588	50	6,294	50	6,294
EQUIPMENT RENTAL	5,000	50	2,500	50	2,500
COMMUNICATIONS	8,000	100	8,000	0	0
PRINTING	7,500	100	7,500	0	0
INSURANCE - WC & LIABILITY	27,274	100	27,274	0	0
LICENSE & DUES	2,000	100	2,000	0	0
POSTAGE & FREIGHT	7,867.5	100	7,868	0	0
ADVERTISING	3,147	100	3,147	0	0
DIRECTORS EXPENSE	2,098	100	2,098	0	0
SAMPLING	5,245	0	0	100	5,245
TRAVEL & ENTERTAINMENT	10,400	100	10,400	0	0
CONFERENCES & WORKSHOPS	2,000	100	2,000	0	0
INCREASE IN VARIABLE	10,958.3	0	0	100	1,998
SUB-TOTAL (LESS FIT & RETURN)	552,271		301,474		250,798
% OF TOTAL (FIXED + VARIABLE)		0.58		0.42	
PRINC. & INTEREST - WATER	53,228.3		310,408.42		221,784.58
MAINT. & REPLAC. RESERVE	55,227				-18,229.17
LESS OTHER REVENUES	-75,000		-437,500.00		
LESS SEWER RATE ALLOC.	-75,368	1	-753,683.9		
TOTAL	\$989,413		\$492,854		\$454,353
RATE CALCULATION					

GALLONAGE CHARGE

Variable Cost/1000 Gallons/1,000 =====>

3.02 /TH GAL

USE ->

PROPOSED RATE

\$4.25 /TH GAL

0.7503121

MINIMUM BILL

Fixed Cost/12/Customer Equivalents =====>

16.40 /MO
22.45 /MO ind min gallons

YIELDS ->

\$11.88 /MO
20.18 /MO ind min gallons

1999 WATER REVENUE CONT		
Avg Test-Yr Customer Equivalents =		2504
Gallons Included in Minimum Bill =		2,000
Test Year Gallons Pumped (x 1,000) =	NE	
Test Year Gallons Billed (x 1,000) =		150,239

REVENUES GENERATED

Connection Size	# of Connections	Minimum Bill			Rev / Year
		Min Bill	Including Gr Rev / Month		
5/8", 3/4"	2432	\$ 111.08	\$20.18	\$40,073	\$588,871
1"	0	\$ 19.50	\$ 28.00	\$0	\$0
1-1/2"	0	\$ 38.89	\$ 47.39	\$0	\$0
2"	1	\$ 62.24	\$ 70.74	\$71	\$849
2-1/2"	0	\$ 63.42	\$ 101.92	\$0	\$0
3"	0	\$ 118.78	\$ 125.28	\$0	\$0
4"	0	\$ 194.87	\$ 203.17	\$0	\$0
6"	2	\$ 389.22	\$ 397.72	\$795	\$9,545
		TOTAL MINIMUM CHARGES=>			\$596,286
GALLONAGE CHARGES=>		91799 @	\$4.25 /1,000 GAL		390,147
					\$989,413

INSERT DATA			
NO OF 5/8" CUST =	2432	5/8", 3/4"	EQUIV
NO OF 1" CUST =	0	1"	EQUIV
NO OF 1-1/2" CUST =	0	1-1/2"	EQUIV
NO OF 2" CUST =	1	2"	EQUIV
NO OF 2-1/2" CUST =	0	2-1/2"	EQUIV
NO OF 3" CUST =	0	3"	EQUIV
NO OF 4" CUST =	0	4"	EQUIV
NO OF 6" CUST =	2	6"	EQUIV
	2435		

NOTES: NO DEPRECIATION, MAINTENANCE RESERVE INSTEAD
BASED ON BEGINNING CONNECTIONS = 2278 AND ENDING CONNECTIONS = 2495, WHICH IS 5% GROWTH RATE
NET REVENUE GREATER THAN OR = 1 DEBT SERVICE?
NET REVENUE = \$587,510.12
1 DEBT SERVICE = \$585,511.30

24048	24354
-------	-------

WATER REVENUE REQUIREMENT & RATE DESIGN

UTILITY:

REVENUE REQUIREMENT

BUDGET/COST OF SERVICE ITEM

	Item Cost	%	Fixed	%	Variable
SALARIES	0	78	0	22	0
CONTRACT LABOR	117,865	75	88,399	25	29,466
CHEMICALS AND TREATMENT	12,035	60	7,221	40	4,814
UTILITIES	20,922	70	14,645	30	6,277
REPAIRS AND MAINTENANCE	71,060	50	35,530	50	35,530
OFFICE EXPENSES BILLING	15,679	45	7,056	55	8,623
ACCOUNTING & LEGAL	30,000	50	15,000	50	15,000
HEALTH INSURANCE	0	50	0	50	0
OFFICE SUPPLIES	4,707	45	2,118	55	2,589
TANK REPAIRS	0	50	0	50	0
BAD DEBT	0	50	0	50	0
PAYROLL TAXES	0	50	0	50	0
TELEPHONE	6,549	40	2,620	60	3,929
TRUCK & EQUIP. EXPENSE	0	50	0	50	0
TRAVEL & ENTERTAINMENT	1,130	50	565	50	565
EQUIPMENT RENTAL	250	50	125	50	125
INSURANCE - WC & LIABILITY	14,160	70	9,912	30	4,248
LICENSE & DUES	178	50	89	50	89
POSTAGE & FREIGHT	2,710	50	1,355	50	1,355
ADVERTISING	0	30	0	70	0
SAMPLING	8,459	50	4,230	50	4,230
EDUCATION	0	50	0	50	0
DEPRECIATION	56,273	60	33,764	40	22,509
MATERIALS & SUPPLIES	6,730	50	3,365	50	3,365
SECURITY	0	50	0	50	0
MISCELLANEOUS	1,250	50	625	50	625
LONG TERM DEBT	49,862	100	49,862	0	0
PURCHASED WATER	8,490	45	3,821	55	4,670
SLUG REMOVAL	2,363	50	1,182	50	1,182
BOOKKEEPING	4,163	50	2,082	50	2,082
	0	50	0	50	0
	0	50	0	50	0
SUB-TOTAL (LESS FIT & RETURN)	434,855		283,583	100	151,272
% OF TOTAL (FIXED + VARIABLE)		63		37	
PRINC. & INTEREST - WATER	0		0.00		0.00
MAINTENANCE RESERVE*	0		0.00		0.00
LESS OTHER REVENUE	\$0		0.00		0.00
TOTAL	\$434,855		\$283,583		\$151,272

RATE CALCULATION

GALLONAGE CHARGE

Variable Cost/Test Year Gallons/1,000 =====>

11 64 /TH GAL

PROPOSED RATE
USE -> \$3.55 /TH.GAL.

MINIMUM BILL

Fixed Cost/1/2/Customer Equivalents =====>

93 41 /MO

YIELDS -> \$128.03 /MO.

93 41 /MO incl min gallons

128.03 /MO.

Avg Test-Yr Customer Equivalents =

263

Gallons Included in Minimum Bill =

0

Test Year Gallons Billed (x 1,000) =

13,000

inc. min. gallons

REVENUES GENERATED

Connection Size	# of Connections	Min Bill	Minimum Bill Including Gals	Rev /Month	Rev /Year
5/8", 3/4"	263	\$128 03	\$128 03	\$32,392	\$388,705
3/4"	0	\$192 05	\$192 05	\$0	\$0
1"	0	\$320 08	\$320 08	\$0	\$0
1-1/2"	0	\$640 16	\$640 16	\$0	\$0
2"	0	\$1,024 26	\$1,024 26	\$0	\$0
2-1/2"	0	\$1,024 26	\$1,024 26	\$0	\$0
3"	0	\$1,280 32	\$1,280 32	\$0	\$0
4"	0	\$3,200 80	\$3,200 80	\$0	\$0
6"	0	\$6,401 60	\$6,401 60	\$0	\$0

GALLONAGE CHARGES=> TOTAL MINIMUM CHARGES=> \$388,705
 13,000 @ \$3 55 /1,000 GAL 46,150
 TOTAL REVENUE GENERATED=> \$434,855

Printed on time

NOTES

UTILITY:

Date Referenced: 1-Jan-97

DEPRECIATION
ANALYSIS

Description	Acquired Date	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant
Land	1-Jun-79	0	n/a	n/a	n/a	n/a	0.00
Structures:							
Masonry	1-Jun-79	0	30	17.6	0.00	0.00	
Wood	1-Jan-01	0	15	-4.0	0.00	0.00	
Well	1-Jun-79	0	30	17.6	0.00	0.00	
Pumps:							
Booster >=7HP	1-Jan-01	0	10	-4.0	0.00	0.00	
Booster <7HP	1-Jun-79	0	5	17.6	--	0.00	
Motor	1-May-94	0	3	2.7	0.00	0.00	
Well, <5	1-Jan-01	0	5	-4.0	0.00	0.00	
Well, >5	1-Jun-96	0	10	0.6	0.00	0.00	
Hypochlorinator	1-Aug-94	0	5	2.4	0.00	0.00	
Gas Chlorinator	1-Jan-01	0	10	-4.0	0.00	0.00	
Tanks:							
Pressure	1-Jun-79	0	50	17.6	0.00	0.00	
Ground	1-Jun-79	0	50	17.6	0.00	0.00	
Distrib. System	1-Jun-79	0	50	17.6	0.00	0.00	
Distrib. System	1-Jun-93	0	50	3.6	0.00	0.00	
Services	1-Jun-79	0	20	17.6	0.00	0.00	
Services	1-Jun-93	0	20	3.6	0.00	0.00	
Meters	1-Jun-79	0	20	17.6	0.00	0.00	
Meters	1-Jun-93	0	20	3.6	0.00	0.00	
Compressor	1-Jan-01	0	10	-4.0	0.00	0.00	
Electrical Controls	1-May-94	0	30	2.7	0.00	0.00	
Furniture/Fixtures	1-Jan-81	0	10	16.0	--	0.00	
Heavy Equipment	15-Feb-89	0	10	7.9	0.00	0.00	
Light Vehicles	15-Sep-87	0	5	9.3	--	0.00	
Shop Tools	1-Jan-81	0	15	16.0	--	0.00	
Computer/Software	1-Feb-95	0	5	1.9	0.00	0.00	
Fencing	1-Jun-79	0	30	17.6	0.00	0.00	
Total:		\$0			\$0	\$0	\$0

- - - - -

1999 WATER REVENUE REQUIREMENT & RATE DESIGN

UTILITY: Maunaboille SUD

REVENUE REQUIREMENT
COST OF SERVICE ITEM

	Item Cost	%	Fixed	%	Variable
SALARIES	232,878	50	116,439	50	116,439
CONTRACT LABOR	3,872	50	1,836	50	1,836
UNIFORMS	4,198	100	4,198	0	0
CHEMICALS AND TREATMENT	15,735	0	0	100	15,735
UTILITIES	47,205	0	0	100	47,205
REPAIRS AND MAINTENANCE	20,980	0	0	100	20,980
OFFICE RENT	14,000	100	14,000	0	0
ACCOUNTING & LEGAL	15,000	100	15,000	0	0
HEALTH INSURANCE	31,470	100	31,470	0	0
OFFICE SUPPLIES	15,735	100	15,735	0	0
MISCELLANEOUS	5,245	50	2,623	50	2,623
PAYROLL TAXES	17,932	50	8,966	50	8,966
BANK CHARGES	500	100	500	0	0
TRUCK & EQUIP. EXPENSE	15,735	50	7,868	50	7,868
SMALL TOOLS & SUPPLIES	15,735	50	7,868	50	7,868
FUEL	10,400	50	5,245	50	5,245
COMPUTER CHARGES	2,000	100	2,000	0	0
TRANSPORTATION	12,588	50	6,294	50	6,294
EQUIPMENT RENTAL	5,000	50	2,500	50	2,500
COMMUNICATIONS	8,000	100	8,000	0	0
PRINTING	7,500	100	7,500	0	0
INSURANCE - WC & LIABILITY	27,274	100	27,274	0	0
LICENSE & DUES	2,000	100	2,000	0	0
POSTAGE & FREIGHT	7,867.5	100	7,868	0	0
ADVERTISING	3,147	100	3,147	0	0
DIRECTORS EXPENSE	2,098	100	2,098	0	0
SAMPLING	5,245	0	0	100	5,245
TRAVEL & ENTERTAINMENT	10,400	100	10,400	0	0
CONFERENCES & WORKSHOPS	2,000	100	2,000	0	0
INCREASE IN VARIABLE	19,958	0	0	100	1,998
SUB-TOTAL (LESS FIT & RETURN)	552,271		301,474		250,798
% OF TOTAL (FIXED + VARIABLE)		0.58		0.42	
PRINC. & INTEREST - WATER	53,228		310,498.42		221,784.58
MAINT. & REPLAC. RESERVE	55,227				
LESS OTHER REVENUES	-75,000		-43,750.00		-18,229.17
LESS SEWER RATE ALLOC.	-75,368	1	-75,368.39		
TOTAL	\$989,413		\$492,854		\$454,353
RATE CALCULATION					

GALLONAGE CHARGE

Variable Cost/Year Gallons/1,000 =====>

3.02 /TH GAL

USE-->

PROPOSED RATE

\$4.25 /TH GAL

0.7503121

MINIMUM BILL

Fixed Cost/12/Customer Equivalents =====>

16.40 /MO
22.45 /MO ind mn. gallons

YIELDS-->

\$11.88 /MO.
20.18 /MO. ind mn. gallons

1999 WATER REVENUE CONT		
Avg Test-Yr Customer Equivalents =		2504
Gallons Included in Minimum Bill =		2,000
Test Year Gallons Pumped (x 1,000) =	NE	
Test Year Gallons Billed (x 1,000) =		150,239

REVENUES GENERATED

Connection Size	# of Connections	Minimum Bill			Rev /Year
		Min Bill	Including Gs	Rev /Month	
5/8", 3/4"	2432	\$11.08	\$20.18	\$40.073	\$588.871
1"	0	\$ 19.50	\$ 28.00	\$0	\$0
1-1/2"	0	\$ 38.89	\$ 47.39	\$0	\$0
2"	1	\$ 62.24	\$ 70.74	\$7.1	\$84.9
2-1/2"	0	\$ 63.42	\$ 101.92	\$0	\$0
3"	0	\$ 116.78	\$ 125.28	\$0	\$0
4"	0	\$ 194.67	\$ 203.17	\$0	\$0
6"	2	\$ 389.22	\$ 397.72	\$7.65	\$9.545
TOTAL MINIMUM CHARGES=>					\$599.286
GALLONAGE CHARGES=>					390.147
91,799 @ \$4.25 /1,000 GAL					\$390.147
					\$989.433

INSERT DATA			
NO CF 5/8" CUST =	2432	5/8", 3/4"	EQUV
NO CF 1" CUST =	0	1"	EQUV
NO CF 1-1/2" CUST =	0	1-1/2"	EQUV
NO CF 2" CUST =	1	2"	EQUV
NO CF 2-1/2" CUST =	0	2-1/2"	EQUV
NO CF 3" CUST =	0	3"	EQUV
NO CF 4" CUST =	0	4"	EQUV
NO CF 6" CUST =	2	6"	EQUV
			2435
			24948
			24354

NOTES: NO DEPRECIATION, MAINTENANCE RESERVE INSTEAD
BASED ON BEGINNING CONNECTIONS = 2378 AND ENDING CONNECTIONS = 2495, WHICH IS 5% GROWTH RATE
NET REVENUE GREATER THAN OR = 1.1 DEBT SERVICE?
NET REVENUE = \$587,510.12
1.1 DEBT SERVICE = \$585,511.30

WATER REVENUE REQUIREMENT & RATE DESIGN

UTILITY:

REVENUE REQUIREMENT

BUDGET/COST OF SERVICE ITEM

	Item Cost	%	Fixed	%	Variable
SALARIES	0	78	0	22	0
CONTRACT LABOR	117,865	75	88,399	25	29,466
CHEMICALS AND TREATMENT	12,035	60	7,221	40	4,814
UTILITIES	20,922	70	14,645	30	6,277
REPAIRS AND MAINTENANCE	71,060	50	35,530	50	35,530
OFFICE EXPENSES BILLING	15,679	45	7,056	55	8,623
ACCOUNTING & LEGAL	48,000	50	24,000	50	24,000
HEALTH INSURANCE	0	50	0	50	0
OFFICE SUPPLIES	4,707	45	2,118	55	2,589
TANK REPAIRS	0	50	0	50	0
BAD DEBT	0	50	0	50	0
PAYROLL TAXES	0	50	0	50	0
TELEPHONE	6,549	40	2,620	60	3,929
TRUCK & EQUIP. EXPENSE	0	50	0	50	0
TRAVEL & ENTERTAINMENT	1,130	50	565	50	565
EQUIPMENT RENTAL	250	50	125	50	125
INSURANCE - WC & LIABILITY	14,160	70	9,912	30	4,248
LICENSE & DUES	178	50	89	50	89
POSTAGE & FREIGHT	2,710	50	1,355	50	1,355
ADVERTISING	0	30	0	70	0
SAMPLING	8,459	50	4,230	50	4,230
EDUCATION	0	50	0	50	0
DEPRECIATION	56,273	60	33,764	40	22,509
MATERIALS & SUPPLIES	6,730	50	3,365	50	3,365
SECURITY	0	50	0	50	0
MISCELLANEOUS	1,250	50	625	50	625
LONG TERM DEBT	49,882	100	49,882	0	0
PURCHASED WATER	8,490	45	3,821	55	4,670
SLUG REMOVAL	2,363	50	1,182	50	1,182
BOOKKEEPING	4,163	50	2,082	50	2,082
	0	50	0	50	0
	0	50	0	50	0
SUB-TOTAL (LESS FIT & RETURN)	452,855		292,583	100	160,272
% OF TOTAL (FIXED + VARIABLE)		63		37	
PRINC. & INTEREST - WATER	0		0.00		0.00
MAINTENANCE RESERVE*	0		0.00		0.00
LESS OTHER REVENUE	\$0		0.00		0.00
TOTAL	\$452,855		\$292,583		\$160,272

RATE CALCULATION

GALLONAGE CHARGE

Variable Cost/Test Year Gallons/1,000 =====>

1233 /TH GAL

PROPOSED RATE
USE -> \$3.55 /TH.GAL.

MINIMUM BILL

Fixed Cost/1/2/Customer Equivalents =====>

9637 /MO
9637 /MO. incl min. gallons

YIELDS -> \$133.96 /MO.
133.96 /MO.
inc. min. gallon

Avg Test-Yr Customer Equivalents = 253
Gallons Included in Minimum Bill = 0
Test Year Gallons Billed (x 1,000) = 13,000

REVENUES GENERATED

Connection Size	# of Connections	Minimum Bill		Rev /Month	Rev /Year
		Min. Bill	Including Gals		
5/8", 3/4"	253	\$133 96	\$133 96	\$33,892	\$406,705
3/4"	0	\$200 94	\$ 200 94	\$0	\$0
1"	0	\$ 334 90	\$ 334 90	\$0	\$0
1-1/2"	0	\$ 669 80	\$ 669 80	\$0	\$0
2"	0	\$ 1,071 69	\$ 1,071 69	\$0	\$0
2-1/2"	0	\$ 1,071 69	\$ 1,071 69	\$0	\$0
3"	0	\$ 1,339 61	\$ 1,339 61	\$0	\$0
4"	0	\$ 3,349 02	\$ 3,349 02	\$0	\$0
6"	0	\$ 6,698 04	\$ 6,698 04	\$0	\$0

GALLONAGE CHARGES=> TOTAL MINIMUM CHARGES=> \$406,705
13,000 @ \$3 55 /1,000 GAL 46,150
TOTAL REVENUE GENERATED=> \$452,855

Printed on time

NOTES

UTILITY:

Date Referenced: 1-Jan-97

**DEPRECIATION
ANALYSIS**

Description	Acquired Date	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant
Land	1-Jun-79	0	n/a	n/a	n/a	n/a	0.00
Structures:							
Masonry	1-Jun-79	0	30	17.6	0.00	0.00	
Wood	1-Jan-01	0	15	-4.0	0.00	0.00	
Well	1-Jun-79	0	30	17.6	0.00	0.00	
Pumps:							
Booster >=7HP	1-Jan-01	0	10	-4.0	0.00	0.00	
Booster <7HP	1-Jun-79	0	5	17.6	--	0.00	
Motor	1-May-94	0	3	2.7	0.00	0.00	
Well,<5	1-Jan-01	0	5	-4.0	0.00	0.00	
Well,>5	1-Jun-96	0	10	0.6	0.00	0.00	
Hypochlorinator	1-Aug-94	0	5	2.4	0.00	0.00	
Gas Chlorinator	1-Jan-01	0	10	-4.0	0.00	0.00	
Tanks:							
Pressure	1-Jun-79	0	50	17.6	0.00	0.00	
Ground	1-Jun-79	0	50	17.6	0.00	0.00	
Distrib. System	1-Jun-79	0	50	17.6	0.00	0.00	
Distrib. System	1-Jun-93	0	50	3.6	0.00	0.00	
Services	1-Jun-79	0	20	17.6	0.00	0.00	
Services	1-Jun-93	0	20	3.6	0.00	0.00	
Meters	1-Jun-79	0	20	17.6	0.00	0.00	
Meters	1-Jun-93	0	20	3.6	0.00	0.00	
Compressor	1-Jan-01	0	10	-4.0	0.00	0.00	
Electrical Controls	1-May-94	0	30	2.7	0.00	0.00	
Furniture/Fixtures	1-Jan-81	0	10	16.0	--	0.00	
Heavy Equipment	15-Feb-89	0	10	7.9	0.00	0.00	
Light Vehicles	15-Sep-87	0	5	9.3	--	0.00	
Shop Tools	1-Jan-81	0	15	16.0	--	0.00	
Computer/Software	1-Feb-95	0	5	1.9	0.00	0.00	
Fencing	1-Jun-79	0	30	17.6	0.00	0.00	
Total:		\$0			\$0	\$0	\$0

- - - - -

1999 WATER REVENUE REQUIREMENT & RATE DESIGN

UTILITY: Mauriceville SUD

REVENUE REQUIREMENT
COST OF SERVICE ITEM

COST OF SERVICE ITEM	Item Cost	%	Fixed	%	Variable
SALARIES	232,878	50	116,439	50	116,439
CONTRACT LABOR	3,872	50	1,836	50	1,836
UNIFORMS	4,198	100	4,198	0	0
CHEMICALS AND TREATMENT	15,735	0	0	100	15,735
UTILITIES	47,205	0	0	100	47,205
REPAIRS AND MAINTENANCE	20,980	0	0	100	20,980
OFFICE RENT	14,000	100	14,000	0	0
ACCOUNTING & LEGAL	15,000	100	15,000	0	0
HEALTH INSURANCE	31,470	100	31,470	0	0
OFFICE SUPPLIES	15,735	100	15,735	0	0
MISCELLANEOUS	5,245	50	2,623	50	2,623
PAYROLL TAXES	17,932	50	8,966	50	8,966
BANK CHARGES	500	100	500	0	0
TRUCK & EQUIP. EXPENSE	15,735	50	7,868	50	7,868
SMALL TOOLS & SUPPLIES	15,735	50	7,868	50	7,868
FUEL	10,460	50	5,245	50	5,245
COMPUTER CHARGES	2,000	100	2,000	0	0
TRANSPORTATION	12,588	50	6,294	50	6,294
EQUIPMENT RENTAL	5,000	50	2,500	50	2,500
COMMUNICATIONS	8,000	100	8,000	0	0
PRINTING	7,500	100	7,500	0	0
INSURANCE - WC & LIABILITY	27,274	100	27,274	0	0
LICENSE & DUES	2,000	100	2,000	0	0
POSTAGE & FREIGHT	7,868	100	7,868	0	0
ADVERTISING	3,147	100	3,147	0	0
DIRECTORS EXPENSE	2,098	100	2,098	0	0
SAMPLING	5,245	0	0	100	5,245
TRAVEL & ENTERTAINMENT	10,460	100	10,460	0	0
CONFERENCES & WORKSHOPS	2,000	100	2,000	0	0
INCREASE IN VARIABLE	1995.63	0	0	100	1,999
SUB-TOTAL (LESS FIT & RETURN)	552,271		301,474		250,798
% OF TOTAL (FIXED + VARIABLE)		0.58		0.42	
PRINC & INTEREST - WATER	532283		310498.42		221784.58
MAINT & REPLAC. RESERVE	55,227				
LESS OTHER REVENUES	-75,000		-437500.00		-18229.17
LESS SEWER RATE ALLOC.	-75,368	1	-753683.9		
TOTAL	\$989,413		\$402,854		\$454,353
RATE CALCULATION					

GALLONAGE CHARGE

Variable Cost/Year Gallons*1,000 =====>

3.02 /TH GAL

USE-->

PROPOSED RATE

\$425 /TH GAL

0.7503121

MINIMUM BILL

Fixed Cost/12/Customer Equivalents =====>

16.40 /MO.
22.45 /MO ind. min. gallons

YIELDS-->

\$11.68 /MO
20.18 /MO ind. min. gallons

1998 WATER REVENUE CONT		
Avg Test-Yr Customer Equivalents =		2504
Gallons Included in Minimum Bill =		2,000
Test Year Gallons Pumped (x 1,000) =	NE	
Test Year Gallons Billed (x 1,000) =		150,239

REVENUES GENERATED

Connection Size	# of Connections	Minimum Bill			Rev /Year
		Min Bill	Including Gr	Rev /Month	
5/8", 3/4"	2432	\$11 68	\$20 18	\$40,073	\$588,871
1"	0	\$ 19 50	\$ 28 00	\$0	\$0
1-1/2"	0	\$ 38 89	\$ 47 39	\$0	\$0
2"	1	\$ 62 24	\$ 70 74	\$71	\$846
2-1/2"	0	\$ 63 42	\$ 101 92	\$0	\$0
3"	0	\$ 116 78	\$ 125 28	\$0	\$0
4"	0	\$ 194 67	\$ 203 17	\$0	\$0
6"	2	\$ 389 22	\$ 397 72	\$795	\$9,545
TOTAL MINIMUM CHARGES=>					\$599,266
GALLONAGE CHARGES=>					390,147
01,799 @ \$4 25 /1,000 GAL					\$989,413

INSERT DATA			
NO CF 5/8" CUST =	2432	5/8", 3/4"	EQUIV.
NO CF 1" CUST =	0	1"	EQUIV
NO CF 1-1/2" CUST =	0	1-1/2"	EQUIV
NO CF 2" CUST =	1	2"	EQUIV
NO CF 2-1/2" CUST =	0	2-1/2"	EQUIV
NO CF 3" CUST =	0	3"	EQUIV
NO CF 4" CUST =	0	4"	EQUIV
NO CF 6" CUST =	2	6"	EQUIV
	2435		

2432
0
0
533
0
0
0
66
2503

NOTES NO DEPRECIATION, MAINTENANCE RESERVE INSTEAD
BASED ON BEGINNING CONNECTIONS = 2278 AND ENDING CONNECTIONS = 2405, WHICH IS 5% GROWTH RATE
NET REVENUE GREATER THAN OR = 1 1 DEBT SERVICE?
NET REVENUE = \$587,510.12
1 1 DEBT SERVICE = \$585,511.30

WATER REVENUE REQUIREMENT & RATE DESIGN

UTILITY:

REVENUE REQUIREMENT

BUDGET/COST OF SERVICE ITEM

	Item Cost	%	Fixed	%	Variable
SALARIES	0	78	0	22	0
CONTRACT LABOR	117,865	75	88,399	25	29,466
CHEMICALS AND TREATMENT	12,035	60	7,221	40	4,814
UTILITIES	20,922	70	14,645	30	6,277
REPAIRS AND MAINTENANCE	71,060	50	35,530	50	35,530
OFFICE EXPENSES BILLING	15,679	45	7,056	55	8,623
ACCOUNTING & LEGAL	72,000	50	36,000	50	36,000
HEALTH INSURANCE	0	50	0	50	0
OFFICE SUPPLIES	4,707	45	2,118	55	2,589
TANK REPAIRS	0	50	0	50	0
BAD DEBT	0	50	0	50	0
PAYROLL TAXES	0	50	0	50	0
TELEPHONE	6,549	40	2,620	60	3,929
TRUCK & EQUIP. EXPENSE	0	50	0	50	0
TRAVEL & ENTERTAINMENT	1,130	50	565	50	565
EQUIPMENT RENTAL	250	50	125	50	125
INSURANCE - WC & LIABILITY	14,160	70	9,912	30	4,248
LICENSE & DUES	178	50	89	50	89
POSTAGE & FREIGHT	2,710	50	1,355	50	1,355
ADVERTISING	0	30	0	70	0
SAMPLING	8,459	50	4,230	50	4,230
EDUCATION	0	50	0	50	0
DEPRECIATION	56,273	60	33,764	40	22,509
MATERIALS & SUPPLIES	6,730	50	3,365	50	3,365
SECURITY	0	50	0	50	0
MISCELLANEOUS	1,250	50	625	50	625
LONG TERM DEBT	49,882	100	49,882	0	0
PURCHASED WATER	8,490	45	3,821	55	4,670
SLUG REMOVAL	2,363	50	1,182	50	1,182
BOOKKEEPING	4,163	50	2,082	50	2,082
	0	50	0	50	0
	0	50	0	50	0
SUB-TOTAL (LESS FIT & RETURN)	476,855		304,583	100	172,272
% OF TOTAL (FIXED + VARIABLE)		63		37	
PRINC. & INTEREST - WATER	0		0.00		0.00
MAINTENANCE RESERVE*	0		0.00		0.00
LESS OTHER REVENUE	\$0		0.00		0.00
TOTAL	\$476,855		\$304,583		\$172,272

RATE CALCULATION

GALLONAGE CHARGE

Variable Cost/Test Year Gallons/1,000 =====>

13.25 /TH GAL

PROPOSED RATE
USE -> \$3.55 /TH.GAL.

MINIMUM BILL

Fixed Cost/1/2/Customer Equivalents =====>

100.32 /MO

YIELDS -> \$141.87 /MO.
141.87 /MO.
inc. min. gall

Avg Test-Yr Customer Equivalents =

263

Gallons Included In Minimum Bill =

0

Test Year Gallons Billed (x 1,000) =

13,000

REVENUES GENERATED

Connection Size	# of Connections	Min Bill	Minimum Bill Including Gals	Rev /Month	Rev /Year
8/8", 3/4"	253	\$141.87	\$141.87	\$35,892	\$430,705
3/4"	0	\$212.80	\$212.80	\$0	\$0
1"	0	\$354.66	\$354.66	\$0	\$0
1-1/2"	0	\$709.33	\$709.33	\$0	\$0
2"	0	\$1,134.93	\$1,134.93	\$0	\$0
2-1/2"	0	\$1,134.93	\$1,134.93	\$0	\$0
3"	0	\$1,418.66	\$1,418.66	\$0	\$0
4"	0	\$3,546.65	\$3,546.65	\$0	\$0
6"	0	\$7,093.30	\$7,093.30	\$0	\$0

TOTAL MINIMUM CHARGES=>

\$430,705

GALLONAGE CHARGES=>

13,000 @

\$3.55 /1,000 GAL

46,150

TOTAL REVENUE GENERATED=>

\$476,855

Printed on

time

NOTES

UTILITY:

Date Referenced: 1-Jan-97

DEPRECIATION
ANALYSIS

Description	Acquired Date	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant
Land	1-Jun-79	0	n/a	n/a	n/a	n/a	0.00
Structures:							
Masonry	1-Jun-79	0	30	17.6	0.00	0.00	
Wood	1-Jan-01	0	15	-4.0	0.00	0.00	
Well	1-Jun-79	0	30	17.6	0.00	0.00	
Pumps:							
Booster >=7HP	1-Jan-01	0	10	-4.0	0.00	0.00	
Booster <7HP	1-Jun-79	0	5	17.6	--	0.00	
Motor	1-May-94	0	3	2.7	0.00	0.00	
Well, <5	1-Jan-01	0	5	-4.0	0.00	0.00	
Well, >5	1-Jun-96	0	10	0.6	0.00	0.00	
Hypochlorinator	1-Aug-94	0	5	2.4	0.00	0.00	
Gas Chlorinator	1-Jan-01	0	10	-4.0	0.00	0.00	
Tanks							
Pressure	1-Jun-79	0	50	17.6	0.00	0.00	
Ground	1-Jun-79	0	50	17.6	0.00	0.00	
Distrib. System	1-Jun-79	0	50	17.6	0.00	0.00	
Distrib. System	1-Jun-93	0	50	3.6	0.00	0.00	
Services	1-Jun-79	0	20	17.6	0.00	0.00	
Services	1-Jun-93	0	20	3.6	0.00	0.00	
Meters	1-Jun-79	0	20	17.6	0.00	0.00	
Meters	1-Jun-93	0	20	3.6	0.00	0.00	
Compressor	1-Jan-01	0	10	-4.0	0.00	0.00	
Electrical Controls	1-May-94	0	30	2.7	0.00	0.00	
Furniture/Fixtures	1-Jan-81	0	10	16.0	--	0.00	
Heavy Equipment	15-Feb-89	0	10	7.9	0.00	0.00	
Light Vehicles	15-Sep-87	0	5	9.3	--	0.00	
Shop Tools	1-Jan-81	0	15	16.0	--	0.00	
Computer/Software	1-Feb-95	0	5	1.9	0.00	0.00	
Fencing	1-Jun-79	0	30	17.6	0.00	0.00	
Total:		\$0			\$0	\$0	\$0

1999 WATER REVENUE REQUIREMENT & RATE DESIGN

UTILITY Maunabo SUD

REVENUE REQUIREMENT
COST OF SERVICE ITEM

	Item Cost	%	Fixed	%	Variable
SALARIES	232,878	50	116,439	50	116,439
CONTRACT LABOR	3,872	50	1,836	50	1,836
UNIFORMS	4,198	100	4,198	0	0
CHEMICALS AND TREATMENT	15,735	0	0	100	15,735
UTILITIES	47,205	0	0	100	47,205
REPAIRS AND MAINTENANCE	20,980	0	0	100	20,980
OFFICE RENT	14,000	100	14,000	0	0
ACCOUNTING & LEGAL	15,000	100	15,000	0	0
HEALTH INSURANCE	31,470	100	31,470	0	0
OFFICE SUPPLIES	15,735	100	15,735	0	0
MISCELLANEOUS	5,245	50	2,623	50	2,623
PAYROLL TAXES	17,932	50	8,966	50	8,966
BANK CHARGES	500	100	500	0	0
TRUCK & EQUIP. EXPENSE	15,735	50	7,868	50	7,868
SMALL TOOLS & SUPPLIES	15,735	50	7,868	50	7,868
FUEL	10,400	50	5,245	50	5,245
COMPUTER CHARGES	2,000	100	2,000	0	0
TRANSPORTATION	12,588	50	6,294	50	6,294
EQUIPMENT RENTAL	5,000	50	2,500	50	2,500
COMMUNICATIONS	6,000	100	6,000	0	0
PRINTING	7,500	100	7,500	0	0
INSURANCE - WC & LIABILITY	27,274	100	27,274	0	0
LICENSE & DUES	2,000	100	2,000	0	0
POSTAGE & FREIGHT	7,867.5	100	7,868	0	0
ADVERTISING	3,147	100	3,147	0	0
DIRECTORS EXPENSE	2,068	100	2,068	0	0
SAMPLING	5245	0	0	100	5,245
TRAVEL & ENTERTAINMENT	1049	100	1,049	0	0
CONFERENCES & WORKSHOPS	2,000	100	2,000	0	0
INCREASE IN VARIABLE	1095.83	0	0	100	1,098
SUB-TOTAL (LESS FIT & RETURN)	552,271		301,474		250,798
% OF TOTAL (FIXED + VARIABLE)		0.58		0.42	
PRINC. & INTEREST - WATER	532,283		310,498.42		221,784.58
MAINT. & REPLAC. RESERVE	55,227				
LESS OTHER REVENUES	-75,000		-437,500.00		-182,291.17
LESS SEWER RATE ALLOC.	-75,368	1	-753,683.9		

TOTAL \$989,413 \$492,854 \$454,353

RATE CALCULATION

GALLONAGE CHARGE

Variable Cost/Year Gallons/1,000 =====>

3.02 /TH GAL

USE-->

PROPOSED RATE

\$4.25 /TH GAL

0.7503121

MINIMUM BILL

Fixed Cost/12/Customer Equivalents =====>

16.40 /MO
22.45 /MO ind mn gallons

YIELDS-->

\$11.88 /MO
20.18 /MO ind mn gallons

1999 WATER REVENUE CONT		
Avg Test-Yr Customer Equivalents =		2504
Gallons Included In Minimum Bill =		2,000
Test Year Gallons Pumped (x 1,000) =	NE	
Test Year Gallons Billed (x 1,000) =		150,239

REVENUES GENERATED

Connection Size	# of Connections	Min Bill	Minimum Bill Including Gr Rev / Month	Rev /Year
5/8", 3/4"	2432	\$11.88	\$20.18 \$46,073	\$588,871
1"	0	\$ 19.50	\$ 28.00 \$0	\$0
1-1/2"	0	\$ 38.89	\$ 47.39 \$0	\$0
2"	1	\$ 62.24	\$ 70.74 \$71	\$849
2-1/2"	0	\$ 93.42	\$ 101.92 \$0	\$0
3"	0	\$ 118.78	\$ 125.28 \$0	\$0
4"	0	\$ 194.67	\$ 203.17 \$0	\$0
6"	2	\$ 369.22	\$ 387.72 \$795	\$8,546
TOTAL MINIMUM CHARGES=>				\$599,288
GALLONAGE CHARGES=>				300,147
				\$989,413
NOTES: NO DEPRECIATION, MAINTENANCE RESERVE INSTEAD BASED ON BEGINNING CONNECTIONS = 2378 AND ENDING CONNECTIONS = 2495, WHICH IS 5% GROWTH RATE NET REVENUE GREATER THAN OR = 1 DEBT SERVICE?				
NET REVENUE =		\$587,510.12		
1 DEBT SERVICE =		\$585,511.30		

INSERT DATA			
NO CF 5/8" CUST =	2432 5/8", 3/4"	EQUIV	2432
NO CF 1" CUST =	0 1"	EQUIV	0
NO CF 1-1/2" CUST =	0 1-1/2"	EQUIV	0
NO CF 2" CUST =	1 2"	EQUIV	533
NO CF 2-1/2" CUST =	0 2-1/2"	EQUIV	0
NO CF 3" CUST =	0 3"	EQUIV	0
NO CF 4" CUST =	0 4"	EQUIV	0
NO CF 6" CUST =	2 6"	EQUIV	66.66
	2435		2503.99
	2494.8		
	2435.4		

WATER REVENUE REQUIREMENT & RATE DESIGN

UTILITY:

REVENUE REQUIREMENT

BUDGET/COST OF SERVICE ITEM

	Item Cost	%	Fixed	%	Variable
SALARIES	0	78	0	22	0
CONTRACT LABOR	117,865	75	88,399	25	29,466
CHEMICALS AND TREATMENT	12,035	60	7,221	40	4,814
UTILITIES	20,922	70	14,645	30	6,277
REPAIRS AND MAINTENANCE	71,060	50	35,530	50	35,530
OFFICE EXPENSES BILLING	15,679	45	7,056	55	8,623
ACCOUNTING & LEGAL	250,000	50	125,000	50	125,000
HEALTH INSURANCE	0	50	0	50	0
OFFICE SUPPLIES	4,707	45	2,118	55	2,589
TANK REPAIRS	0	50	0	50	0
BAD DEBT	0	50	0	50	0
PAYROLL TAXES	0	50	0	50	0
TELEPHONE	6,549	40	2,620	60	3,929
TRUCK & EQUIP. EXPENSE	0	50	0	50	0
TRAVEL & ENTERTAINMENT	1,130	50	565	50	565
EQUIPMENT RENTAL	250	50	125	50	125
INSURANCE - WC & LIABILITY	14,160	70	9,912	30	4,248
LICENSE & DUES	178	50	89	50	89
POSTAGE & FREIGHT	2,710	50	1,355	50	1,355
ADVERTISING	0	30	0	70	0
SAMPLING	8,459	50	4,230	50	4,230
EDUCATION	0	50	0	50	0
DEPRECIATION	56,273	60	33,764	40	22,509
MATERIALS & SUPPLIES	6,730	50	3,365	50	3,365
SECURITY	0	50	0	50	0
MISCELLANEOUS	1,250	50	625	50	625
LONG TERM DEBT	49,882	100	49,882	0	0
PURCHASED WATER	8,490	45	3,821	55	4,670
SLUG REMOVAL	2,363	50	1,182	50	1,182
BOOKKEEPING	4,163	50	2,082	50	2,082
	0	50	0	50	0
	0	50	0	50	0
SUB-TOTAL (LESS FIT & RETURN)	654,855		393,583	100	261,272
% OF TOTAL (FIXED + VARIABLE)		63		37	
PRINC. & INTEREST - WATER	0		0.00		0.00
MAINTENANCE RESERVE*	0		0.00		0.00
LESS OTHER REVENUE	\$0		0.00		0.00
TOTAL	\$654,855		\$393,583		\$261,272

RATE CALCULATION

GALLONAGE CHARGE

Variable Cost/Test Year Gallons/1,000 =====>

20 10 /TH GAL

PROPOSED RATE
USE -> \$3.55 /TH.GAL.

MINIMUM BILL

Fixed Cost/1/2/Customer Equivalents =====>

129 64 /MO

YIELDS -> \$200.50 /MO.

129 64 /MO incl min gallons

200.50 /MO.

Avg Test-Yr Customer Equivalents =

263

Gallons Included In Minimum Bill =

0

Test Year Gallons Billed (x 1,000) =

13,000

inc. min. gall.

REVENUES GENERATED

Connection Size	# of Connections	Min Bill	Minimum Bill Including Gals	Rev /Month	Rev /Year
5/8", 3/4"	263	\$200 50	\$200 50	\$50,725	\$608,705
3/4"	0	\$300 74	\$300 74	\$0	\$0
1"	0	\$ 501 24	\$ 501 24	\$0	\$0
1-1/2"	0	\$ 1,002 48	\$ 1,002 48	\$0	\$0
2"	0	\$ 1,603 97	\$ 1,603 97	\$0	\$0
2-1/2"	0	\$ 1,603 97	\$ 1,603 97	\$0	\$0
3"	0	\$ 2,004 96	\$ 2,004 96	\$0	\$0
4"	0	\$ 5,012 39	\$ 5,012 39	\$0	\$0
6"	0	\$10,024 79	\$10,024 79	\$0	\$0

TOTAL MINIMUM CHARGES=>

\$608,705

GALLONAGE CHARGES=>

13,000 @

\$3 55 /1,000 GAL

46,150

TOTAL REVENUE GENERATED=>

\$654,855

Printed on:

time

NOTES

UTILITY:

Date Referenced: 1-Jan-97

**DEPRECIATION
ANALYSIS**

Description	Acquired Date	Ver./Est. Original Cost	Economic Life, yrs	Actual Deprec. Life	Annual Deprec.	Accum. Deprec.	Net Plant
Land	1-Jun-79	0	n/a	n/a	n/a	n/a	0.00
Structures:							
Masonry	1-Jun-79	0	30	17.6	0.00	0.00	
Wood	1-Jan-01	0	15	-4.0	0.00	0.00	
Well	1-Jun-79	0	30	17.6	0.00	0.00	
Pumps:							
Booster >=7HP	1-Jan-01	0	10	-4.0	0.00	0.00	
Booster <7HP	1-Jun-79	0	5	17.6	--	0.00	
Motor	1-May-94	0	3	2.7	0.00	0.00	
Well,<5	1-Jan-01	0	5	-4.0	0.00	0.00	
Well,>5	1-Jun-96	0	10	0.6	0.00	0.00	
Hypochlorinator	1-Aug-94	0	5	2.4	0.00	0.00	
Gas Chlorinator	1-Jan-01	0	10	-4.0	0.00	0.00	
Tanks:							
Pressure	1-Jun-79	0	50	17.6	0.00	0.00	
Ground	1-Jun-79	0	50	17.6	0.00	0.00	
Distrib. System	1-Jun-79	0	50	17.6	0.00	0.00	
Distrib. System	1-Jun-93	0	50	3.6	0.00	0.00	
Services	1-Jun-79	0	20	17.6	0.00	0.00	
Services	1-Jun-93	0	20	3.6	0.00	0.00	
Meters	1-Jun-79	0	20	17.6	0.00	0.00	
Meters	1-Jun-93	0	20	3.6	0.00	0.00	
Compressor	1-Jan-01	0	10	-4.0	0.00	0.00	
Electrical Controls	1-May-94	0	30	2.7	0.00	0.00	
Furniture/Fixtures	1-Jan-81	0	10	16.0	--	0.00	
Heavy Equipment	15-Feb-89	0	10	7.9	0.00	0.00	
Light Vehicles	15-Sep-87	0	5	9.3	--	0.00	
Shop Tools	1-Jan-81	0	15	16.0	--	0.00	
Computer/Software	1-Feb-95	0	5	1.9	0.00	0.00	
Fencing	1-Jun-79	0	30	17.6	0.00	0.00	
Total:		\$0			\$0	\$0	\$0

- - - - - - - - - -

1999 WATER REVENUE REQUIREMENT & RATE DESIGN

UTILITY Maunabo SUD

REVENUE REQUIREMENT
COST OF SERVICE ITEM

COST OF SERVICE ITEM	Item Cost	%	Fixed	%	Variable
SALARIES	232,878	50	116,439	50	116,439
CONTRACT LABOR	3,672	50	1,836	50	1,836
UNIFORMS	4,198	100	4,198	0	0
CHEMICALS AND TREATMENT	15,735	0	0	100	15,735
UTILITIES	47,205	0	0	100	47,205
REPAIRS AND MAINTENANCE	20,980	0	0	100	20,980
OFFICE RENT	14,000	100	14,000	0	0
ACCOUNTING & LEGAL	15,000	100	15,000	0	0
HEALTH INSURANCE	31,470	100	31,470	0	0
OFFICE SUPPLIES	15,735	100	15,735	0	0
MISCELLANEOUS	5,245	50	2,623	50	2,623
PAYROLL TAXES	17,932	50	8,966	50	8,966
BANK CHARGES	500	100	500	0	0
TRUCK & EQUIP. EXPENSE	15,735	50	7,868	50	7,868
SMALL TOOLS & SUPPLIES	15,735	50	7,868	50	7,868
FUEL	10,440	50	5,245	50	5,245
COMPUTER CHARGES	2,000	100	2,000	0	0
TRANSPORTATION	12,588	50	6,294	50	6,294
EQUIPMENT RENTAL	5,000	50	2,500	50	2,500
COMMUNICATIONS	6,000	100	6,000	0	0
PRINTING	7,500	100	7,500	0	0
INSURANCE - WC & LIABILITY	27,274	100	27,274	0	0
LICENSE & DUES	2,000	100	2,000	0	0
POSTAGE & FREIGHT	7,867.5	100	7,868	0	0
ADVERTISING	3,147	100	3,147	0	0
DIRECTORS EXPENSE	2,098	100	2,098	0	0
SAMPLING	5,245	0	0	100	5,245
TRAVEL & ENTERTAINMENT	10,440	100	10,440	0	0
CONFERENCES & WORKSHOPS	2,000	100	2,000	0	0
INCREASE IN VARIABLE	1995.83	0	0	100	1,996
SUB-TOTAL (LESS FIT & RETURN)	552,271		301,474		250,798
% OF TOTAL (FIXED + VARIABLE)		0.58		0.42	
PRINC. & INTEREST - WATER	53,2283		310,468.42		221,784.58
MAINT. & REPLAC. RESERVE	55,227				-18,229.17
LESS OTHER REVENUES	-75,000		-43,750.00		
LESS SEWER RATE ALLOC.	-75,368	1	-753,683.9		
TOTAL	\$989,413		\$492,854		\$454,353
RATE CALCULATION					

GALLONAGE CHARGE

Variable Cost/Test Year Gallons/1,000 =====>

3.02 /TH GAL.

USE-->

PROPOSED RATE

\$4.25 /TH GAL

0.7503121

MINIMUM BILL

Fixed Cost/12/Customer Equivalent =====>

16.40 /MO
22.45 /MO ind min gallons

YIELDS-->

\$11.68 /MO
20.18 /MO ind min gallons

1999 WATER REVENUE CONT		
Avg Test-Yr Customer Equivalents =		2504
Gallons Included in Minimum Bill =		2,000
Test Year Gallons Pumped (x 1,000) =	NE	
Test Year Gallons Billed (x 1,000) =		150,239

REVENUES GENERATED

Connection Size	# of Connections	Minimum Bill			Rev /Year
		Min Bill	Including Gs Rev /Month		
5/8", 3/4"	2432	\$ 111.88	\$20.18	\$46,073	\$588,871
1"	0	\$ 19.50	\$ 28.00	\$0	\$0
1-1/2"	0	\$ 38.89	\$ 47.39	\$0	\$0
2"	1	\$ 62.24	\$ 70.74	\$71	\$849
2-1/2"	0	\$ 93.42	\$ 101.82	\$0	\$0
3"	0	\$ 116.78	\$ 125.28	\$0	\$0
4"	0	\$ 194.67	\$ 203.17	\$0	\$0
6"	2	\$ 389.22	\$ 397.72	\$795	\$9,545
		TOTAL MINIMUM CHARGES=>			\$599,286
GALLONAGE CHARGES=>		91799 @	\$4.25 /1,000 GAL		\$390,147
					\$989,433

INSERT DATA			
NO OF 5/8" CUST =	2432	5/8", 3/4"	EQUIV
NO OF 1" CUST =	0	1"	EQUIV
NO OF 1-1/2" CUST =	0	1-1/2"	EQUIV
NO OF 2" CUST =	1	2"	EQUIV
NO OF 2-1/2" CUST =	0	2-1/2"	EQUIV
NO OF 3" CUST =	0	3"	EQUIV
NO OF 4" CUST =	0	4"	EQUIV
NO OF 6" CUST =	2	6"	EQUIV
	2435		
	2484.8		
	2435.4		

NOTES: NO DEPRECIATION, MAINTENANCE RESERVE INSTEAD
BASED ON BEGINNING CONNECTIONS = 2378 AND ENDING CONNECTIONS = 2485, WHICH IS 5% GROWTH RATE
NET REVENUE GREATER THAN OR = 1.1 DEBT SERVICE?
NET REVENUE = \$587,510.12
1.1 DEBT SERVICE = \$585,511.30



November 6, 2020

Dear WOWSC Member,

An interesting summer passed by and we thought an update on the water company in order.

First, our neighborhood is growing and the water company is preparing for it. Between homes and hangars, we've added 46 new taps in the last few years. These require us to produce an approximate average of 400,000 more gallons of water per month. To facilitate this growth, we received an LCRA grant for \$14,000, to add to our \$34,000 investment, to fund recycling projects at our water and wastewater plants. Once complete, this will save us about 200,000 gallons of treated water per month, so that we can provide service to our new neighbors and members without adding a lot of new storage capacity.

But we are also in the process of purchasing a new clarifier. Ours is about 30-years-old and is showing its age – and inadequacy to meet our growth. Its' nine-foot height lacks the capacity of the 30-foot clarifier Ridge Harbor built a few years ago. And they do not even have 250 taps yet. Over the last few months, we have brought in tanker trucks to address system shortages due to heavy use, broken pipes, and the inability of our clarifier to keep up with demand. A new clarifier will cost \$300-500,000, so we are proceeding carefully. But we have \$300,000 in financing already approved from a lender at these record-low interest rates. We should be in shape for installing this by next summer.

Second, we continue to focus on our company's financial health, which we believe to be in good condition. We have enclosed a report which describes metrics we are using. The report also shows the impacts of the legal fees needed to respond to lawsuits against us, including what-if scenarios as though the legal fees had not been incurred. The report also describes the impact of selling our company to a for-profit corporation – namely higher fees to all of us due to corporate overhead, taxes, and profit allowances of new state laws. The water board does not want to see that occur. We will be adopting policies that explain in even more detail to members and future Boards how the corporation manages its finances.

Third, we continue to suffer the financial impact of lawsuits filed against the corporation. One lawsuit alleges a lengthy list of inappropriate actions by the 2015-16 Board related to sale of land in the airport. This suit is terribly expensive because of its expansive scope of allegations. Moreover, since the plaintiffs have been unwilling to settle since our October 26, 2019 open meeting to amend and supersede the 2016 contract, we will not be able to collect \$20,000 that the title company offered to resolve the matter. Another suit is the rate case filed at the Public Utility Commission, signed by the three plaintiffs – John Richard Dial, Stuart Bruce Sorgen, and Rene Ffrench – in the land sale case and filed by their allies. An ally to the plaintiffs also intervened in a lawsuit that was on the verge of being

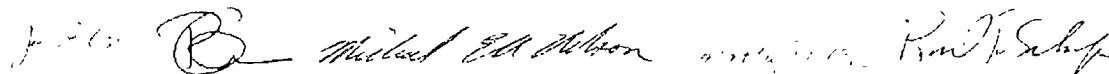
completed, in a case which the WOWSC has reached an agreement to settle in our favor with the Attorney General; that plaintiff's intervention is prolonging the use and expense of legal services in that matter. All legal fees spent defending the corporation are passed on to our 279 ratepayers, and we discuss reasons for this in an enclosed document. Large fees spread among our small ratepayer base creates higher monthly water rates. Even the legal fees defending the 2020 rate case to the Public Utility Commission will at some point be directly paid by members, possibly in the form of higher rates. The WSC would very much like to see all of these matters put behind us, so that the WSC, its board, and its financial resources can be fully dedicated to the most important task at hand – running a strong and responsive Water Supply Corporation. (An enclosed Q&A documents addresses these legal challenges in more depth.)

Fourth, as previously mentioned, the Board was approved for \$680,000 in loans, of which we have received \$350,000 at 3.75% interest rate for 20 years. This new loan paid off a higher-interest loan for the wastewater treatment plant and funds various long-term projects. The longer-term, lower-interest loan cut our monthly debt payment in half, freeing up funds for operational needs, including legal services.

Finally, we are proceeding cautiously in the Covid-19 era. We continue to ensure that our treatment processes keep up with national guidelines. And we continue to have open meetings on Zoom, so that our corporation does not suffer any liability claims from someone becoming grievously ill at an in-person meeting. We are complying with Governor Gregg Abbott's orders allowing teleconference calls for organizations like ours. Our insurance would neither cover the legal fees or settlement from any Covid-19 related claims against the company, so we are not taking chances.

We hope this letter and the enclosed report provides a meaningful look into the water company's current condition. Please contact any of your Board members with questions.

Sincerely,



Joe Gimenez Patricia Gerino Mike Nelson

Dorothy Taylor

Rich Schaefer



8140 N Mopac Expy
Bldg 1, Ste 240
Austin, TX 78759
Phone (512) 479-7900
Fax (512) 479-7905

September 3, 2020

via email

Mr. Joe Gimenez
Windermere Oaks Water Supply Corporation
424 Coventry Road
Spicewood, TX 78669

Subject: Financial Assessment

Dear Mr. Gimenez:

NewGen Strategies and Solutions, LLC (NewGen) performed a high-level financial assessment of Windermere Oaks Water Supply Corporation (WOWSC) to document the impact of the lawsuits on WOWSC's financial position and provide possible financial policies that may benefit the utility.

Recent History

NewGen reviewed the financial results for 2017, 2018, and 2019 to assess WOWSC's recent financial history. The following tables provide a summary of WOWSC's financial condition as measured by various common benchmarks over the past three years. It is important to recognize that WOWSC's involvement in two lawsuits brought against WOWSC by TOMA Integrity, Inc. and by Rene Ffrench, John Richard Dial, and Stuart Bruce Sorgen have placed significant strain on the financial condition of the utility. Further, WOWSC is currently defending its March 2020 rate change, necessitated by legal expenses, at the Public Utility Commission of Texas (PUCT). WOWSC's future financial condition depends on the duration and outcome of its various legal challenges.

Table 1
Leverage Ratios

	2017	2018	2019
Debt to Capitalization			
Debt	\$ 388,064	\$ 357,549	\$ 331,989
Equity	1,177,136	1,179,199	1,128,317
Total	\$ 1,565,199	\$ 1,536,748	\$ 1,460,306
Ratio	25%	23%	23%
Debt to Net Plant Assets			
Debt	\$ 388,064	\$ 357,549	\$ 331,989
Net Asset Value of Plant	1,396,139	1,363,874	1,285,272
Ratio	28%	26%	26%

The debt to capitalization ratio and debt to net plant assets ratio provide an indication of the leverage of the utility. There is not a target leverage ratio that is ideal for all utilities but, generally, the lower the

September 3, 2020

Page 2

leverage ratio, the more financial flexibility the utility has and the easier it is for the utility to finance its capital needs. As a point of reference, in a recent Fitch Ratings report (Fitch Medians)¹, the median value of debt to net plant assets for small systems (defined as utilities serving fewer than 100,000 persons) was 36%. Thus, WOWSC is less leveraged than the Fitch median small system by this metric. It is important to note that WOWSC is significantly smaller than the average system defined as a small system by Fitch.

Table 2
Debt Service Coverage

	2017	2018	2019
Available for Debt Service	\$ 85,606	\$ 91,885	\$ 55,681
Debt Service	50,118	50,104	50,089
Ratio	1.71	1.83	1.11

Debt service coverage is a measure of financial flexibility that judges a utility's financial margin to pay debt service from net revenues after priority expenses, such as operation and maintenance (O&M) expenses, are paid. It is common for utility debt covenants to have a requirement for debt service coverage, such as 1.25. WOWSC's debt service coverage decreased precipitously in 2019 due, in large part, to lawsuit expenses. The Fitch Medians report indicates the median debt service coverage for small systems was 2.6, which is significantly higher than WOWSC's current debt service coverage despite the fact that WOWSC has relatively low leverage. A key benefit of sufficient debt service coverage is that it indicates revenue in excess of cash O&M that can be used to cash fund some portion of capital expenses.

Table 3
Days Cash on Hand

	2017	2018	2019
Actual Results			
Liquid Assets	\$ 144,112	\$ 168,542	\$ 150,994
Less: Capital Expenditure Reserve	(47,158)	(41,983)	(41,983)
Net Unrestricted Reserves	\$ 96,954	\$ 126,559	\$ 109,012
Total Cash Operating Expenses	\$ 291,019	\$ 371,260	\$ 503,795
DCOH	122	124	79
Modified Results if There Were No Lawsuits			
Lawsuit Related Legal Costs (a)	\$ -	\$ 25,480	\$ 159,173
Modified Net Unrestricted Reserves	96,954	152,039	293,665
Modified Cash Operating Expenses	291,019	345,780	344,622
DCOH (hypothetical)	122	160	311

(a) Includes costs directly related to ongoing lawsuits as well as general counsel services for Public Information Act requests

¹ Fitch Ratings, 2019 Water and Sewer Medians, Public Finance, November 12, 2018.

September 3, 2020

Page 3

Days cash on hand (DCOH) serves as an indication of liquidity or ability to meet short-term liabilities, particularly under unforeseen hardships. This is generally calculated as current unrestricted cash and investments, divided by annual cash operating expenditures, divided by 365 days in a year. The Fitch Medians report indicates the median DCOH for small systems was 627.

As shown in Table 3, WOWSC's actual DCOH has been declining significantly as a result of lawsuit expenses. Table 3 also shows a hypothetical DCOH based on what NewGen estimates would have been the financial impact if WOWSC had not had the lawsuit expenses (with all else equal). WOWSC took action in February 2020 to increase water and sewer rates to help mitigate the financial impact of the lawsuits. WOWSC's financial condition would be significantly improved, and rates could be lowered, if all outstanding legal disputes were resolved.

Current Conditions

NewGen developed a financial projection for 2020 based on the WOWSC 2020 budget (with a few line items adjusted), current rates, new CoBank loans, and assumed lawsuit expenses, as shown in Exhibit A. The analysis indicates WOWSC will essentially breakeven on a cash basis if lawsuit expenses are limited to approximately \$245,000 in 2020. It is worth noting that WOWSC has been billed for approximately \$169,000 for legal expenses related to the lawsuit as of May 2020. Thus, further financial deterioration is possible if legal expenses do not abate despite the significant increase in rates approved in February 2020.

Financial Policies

It is good governance for utilities to have written financial policies to guide the utility and ensure consistent decision-making over time. NewGen is not aware of any written financial policies for WOWSC. Therefore, we suggest the following possible financial policies for consideration by WOWSC. Not all of these policies may be needed or appropriate. Further, the inclusion of one policy may impact the stated target of another policy. For example, whether or not WOWSC opts to maintain an emergency reserve fund may alter the number of days cash O&M WOWSC targets for its operating reserve. Utilities that employ financial policies, such as the ones suggested below, tend to be rewarded with better interest rates from lenders and more favorable terms for financing. Further, financial policies can help guide consistent, optimal decision-making.

To be clear, the targets listed in the financial policies below are merely suggestions. The actual targets appropriate for each of the policies below should be selected by the WOWSC Board based on WOWSC's priorities, values, and risk tolerance. WOWSC may not need to adopt all of the suggested policies listed below but, rather, may pick and choose the policies that are appropriate for WOWSC.

List of Possible Financial Policies

- The term of debt generally shall not exceed the useful life of the asset financed, and shall not generally exceed 30 years.
- Debt service coverage of at least 1.50x shall be targeted (and actual debt service coverage shall be in compliance with all relevant debt covenants).
- Ongoing routine, preventive maintenance should be funded on a pay-as-you-go basis.
- Capital projects should be financed through a combination of cash, referred to as pay-as-you-go financing (equity contributions from current revenues), and debt. An equity contribution ratio of at least 15% is desirable.

September 3, 2020

Page 4

- The utility shall maintain operating cash reserves equivalent to a minimum of 90 days of budgeted cash operations and maintenance expense.
- The utility shall maintain an emergency reserve with a minimum of 30 days of budgeted cash operations and maintenance expense.
- The utility shall maintain a repair and replacement reserve with a target balance of 50% of current year depreciation.
- Rates shall be designed to generate sufficient revenues to support the full cost of operations and debt; provide debt service coverage and meet other debt covenants, if applicable; and ensure adequate and appropriate levels of reserves and working capital.

New Fair Market Value Process

The 86th Texas Legislature passed House Bill 3542, which established a fair market valuation process that may be used by Class A or Class B water or sewer utilities acquiring another retail public utility (or facilities of another retail public utility).² This new fair market valuation process provides an acquiring utility the opportunity to put more than original cost less depreciation into rate base (i.e., a positive acquisition premium). Rate base for regulated utilities, such as investor-owned utilities (IOUs), is the invested capital on which they are allowed the opportunity to earn a return. Traditional rate regulation limits the primary component of rate base to original cost less depreciation. Thus, the opportunity to put a positive acquisition premium into rate base is attractive to the acquiring rate regulated utility. The presumed goal of House Bill 3542 was to make it more attractive for larger, more efficient and well financed utilities to acquire smaller and/or distressed utilities. The target utilities may be less efficient due to the scale of their operations or may lack access to sufficient funding to invest in facilities to improve service or satisfy regulatory requirements.³ Thus, although a positive acquisition premium may result in higher rates for the customers of the acquired system, there is the potential benefit to customers of more efficient operations and/or improved service or regulatory compliance. Consolidating systems within a larger entity has the potential to achieve greater economies of scale and spread capital cost recovery over more customers, benefiting ratepayers.

While each situation is different, and there can be benefits of IOU ownership, it is important to note that IOUs have structural cost disadvantages as compared with not-for-profit entities, such as WOWSC. First, an IOU's return on investment, as established by the PUCT, includes profit that a not-for-profit entity does not require. Second, the IOU must pay taxes (property taxes, sales taxes, and income taxes) that a not-for-profit entity does not pay. Thus, in order for the IOU to charge the same or similar rates as the not-for-profit entity, the IOU must operate more efficiently than the not-for-profit entity in order to overcome these structural cost disadvantages and still generate a return for its investors. Further, whereas important decisions for WOWSC, such as rate-setting or impacts to community aesthetic, are made by a board that is elected by the customers, customers of IOUs must rely on the PUCT to ensure that rates, policies, and decisions are just, reasonable and in the public interest of all ratepayers. Thus, there is some loss of control that would accompany a transition from WOWSC's current governance structure to IOU ownership.

² The new rules were adopted by the PUCT in Docket No. 49813.

³ NewGen is in no way implying that WOWSC is inefficient or lacks access to sufficient capital funding. These are simply example attributes that are sometimes cited when discussing candidate target utilities under the fair market valuation process.

September 3, 2020

Page 5

We appreciate the opportunity to assist WOWSC. If there are any questions regarding this financial assessment, please feel free to contact me.

Sincerely,

NewGen Strategies and Solutions, LLC

A handwritten signature in black ink that reads "Grant Rabon". The signature is written in a cursive, flowing style.

Grant Rabon, Executive Consultant

Attachment Ratepayers 3-5f

Windermere Oaks Water Supply Corp

Exhibit A

		Actual 2017	Actual 2018	Actual 2019	Budget 2020	Adjustments	Projected 2020	Notes
		A	B	C	E	F	G	H
1	Revenue							
2	Standby Fees	\$ 41,977	\$ 38,959	\$ 44,079	\$ 33,000	\$ 11,079	\$ 44,079	A
3	Service	279,873	341,066	369,541	390,000	145,553	535,553	B
4	Late Charge	6,750	8,575	5,092	5,000		5,000	
5	Membership Transfer Fees	70	350	(1,982)	2,800	(2,800)	-	C
6	Equity Buy-In Fees	24,000	41,800	50,600	27,600	18,400	46,000	D
7	Tap Fees	8,250	16,425	20,700	10,350	13,900	24,250	D
8	Reconnect Fee	35	-	-	-		-	
9	Miscellaneous	-	2,035	59,149	-		-	
10		\$ 360,956	\$ 449,211	\$ 547,180	\$ 468,750		\$ 654,882	
11	Other							
12	Interest Income	\$ 362	\$ 331	\$ 481	\$ 300		\$ 300	
13	Property Sales	-	-	-	-		-	
14		\$ 362	\$ 331	\$ 481	\$ 300		\$ 300	
15								
16	Total Revenue	\$ 361,318	\$ 449,543	\$ 547,661	\$ 469,050		\$ 655,182	
17								
18	Operating Expenses							
19	Operator	\$ 109,800	\$ 116,825	\$ 117,865	\$ 123,375		\$ 123,375	
20	Chemicals	10,425	10,602	12,035	12,450		12,450	
21	Electricity	20,143	21,585	20,922	22,400		22,400	
22	Sludge Removal	8,095	4,521	2,363	5,000		5,000	
23	LCRA Raw Water Fee	8,551	8,468	8,490	9,000		9,000	
24	Lab Fees	5,244	7,166	8,459	6,500		6,500	
25	Website	358	358	-	500		500	
26	New Service Taps	15,455	10,462	20,985	7,200	17,050	24,250	E
27	Bank Charges	481	411	222	600		600	
28	Accounting	4,263	6,465	5,848	17,800		17,800	
29	Billing Services	15,928	14,350	15,679	20,000		20,000	
30	Contract Services	2,657	4,783	3,069	9,000		9,000	
31	Legal and Appraisal	2,247	12,501	7,411	-	7,386	7,386	F
32	Legal - Lawsuit Related	-	25,480	159,173	110,000	135,223	245,223	G
33	Dues and Subscriptions	2,552	1,835	178	4,000		4,000	
34	TCEQ Fees	1,818	1,816	1,816	2,100		2,100	
35	Insurance	12,577	14,083	14,161	21,000		21,000	
36	Meals and Entertainment	-	131	-	500		500	
37	Office Supplies	1,570	1,283	4,707	3,400		3,400	
38	Telephone and Internet	4,156	4,526	6,549	6,000		6,000	
39	Postage and Shipping	2,510	2,094	2,710	5,000		5,000	
40	Equipment Rental	-	-	250	1,500		1,500	
41	Repairs and Maintenance	35,481	76,824	71,060	50,000	11,121	61,121	F
42	Repair Parts	8,468	7,523	6,730	16,000		16,000	
43	Printing	-	2,184	168	1,500		1,500	
44	Interest	15,307	13,603	11,815	14,000	28	14,028	H
45	Taxes - Property	-	-	-	40		40	
46	Meetings and Conferences	2,933	1,382	1,130	2,500		2,500	
47		\$ 291,019	\$ 371,260	\$ 503,795	\$ 471,365		\$ 642,174	
48								
49	Net Income before Depreciation	\$ 70,300	\$ 78,283	\$ 43,866	\$ (2,315)		\$ 13,008	
50								
51	Debt Principal	\$ 34,812	\$ 36,502	\$ 38,274	\$ -	13,008	\$ 13,008	H
52								
53	Net Cash Flow before Cash Capital Outlay	\$ 35,488	\$ 41,781	\$ 5,592	\$ (2,315)		\$ -	I

Notes

- A Assumed to be the same as in 2019
- B Forecasted based on eight months at current rates and four months at prior rates as well as 10 additional water and sewer customers in 2020
- C Assumed to be \$0 based on recent actual fees
- D Based on 10 water and sewer customers added per year
- E Assumed to be equal to the tap fee revenue
- F Based on an average of the actual results for the last three years
- G Estimate for this analysis, includes costs directly related to ongoing lawsuits as well as general counsel services for Public Information Act requests
- H Based on CoBank estimates for loans in the amounts of \$230,000 and \$150,000
- I Assumes bad debt does not increase significantly



Frequently Asked Questions

Will the company need to raise rates again in 2021?

It might. The water company continues to face unprecedented legal expenses in response to suits filed against it. Just recently the company received notice that the attorney for plaintiffs' John Richard Dial, Stuart Bruce Sorgen and Rene Ffrench wants five more depositions of current and former directors. These are extremely costly to the corporation. Meanwhile, the rate protest filed by Josie Fuller and Patti Flunker is already nearing \$100,000 in legal costs, primarily to defend against their efforts to see privileged information in legal invoices from 2019 which can be used by their friends, Dial, Sorgen and Ffrench against the corporation in their lawsuit. And Danny Flunker has filed suit as intervenor in a case which the company filed to protect its privileged legal invoices from the attorney representing Dial, Sorgen and Ffrench (the Attorney General now agrees that the information in the invoices is privileged). The legal fees needed to protect the corporation are likely to exceed the \$250,000 which the directors budgeted for 2020. All legal fees are part of the general and administrative fees which may be included for consideration in the rate base. None of these fees are being incurred in a lawsuit that the corporation brought.

What are the costs?

The company is currently paying about \$20,000 a month to our law firms, but we have a backlog of bills owed to them, at about \$200,000. As long as the court cases continue, these costs will mount and we all will pay for them in the form of higher rates or special assessment.

Is the WOWSC paying for directors' legal costs?

Yes, the WOWSC is paying legal fees for the defense of eight current and former Board members in the case brought by plaintiffs Dial, Ffrench and Sorgen. The plaintiffs seek to hold these volunteer Board members **personally liable** for damages and penalties for acts the plaintiffs allege were beyond the powers of the Board and illegal. These allegations have not been proven in court. The current Board does not believe that the allegations are true and has agreed for the company to pay defense costs. This is standard practice for corporations to advance legal fees to defend its directors, and is contemplated and expressly allowed by Texas law. The Board followed Texas law in requiring each current and former Board director to affirm that they had not committed wrongdoing. And the Board may seek reimbursement of defense costs if a court finds otherwise.

Why is the company paying these fees?

The company is protecting benefits our customers have received from decades of service from volunteers performing a wide range of business activities. Before the plaintiffs and their allies began their legal attacks on the company, our members benefited from low monthly base rates for water service which has been delivered by volunteer Board members. If the lawsuits were to drop, the monthly base rates could be decreased once the corporation finishes payment for legal fees.

Is it legal for the company to pay directors' legal fees?

Absolutely yes! The Texas Legislature and U.S. Congress recognize the value of volunteers to non-profit corporations. The benefit is that a community does not have to pay these volunteers and yet receives considerable amounts of managerial and administrative support that keeps the company from needing to hire employees. The Texas Legislature and U.S. Congress have established robust legal protections from personal liability when no egregious abuses have occurred. Paying these legal fees is also specifically allowed by Texas business law, by decision of the Board.

Doesn't the corporation have insurance for these costs?

Yes, the corporation has Directors & Officers insurance which should, in the opinion of our counsel, cover these costs. The petitions by the plaintiffs allege felonious activity (in part) which has delayed the insurance company's response. The Board is continuing to pursue its claims on insurance.

What would happen if the corporation did not pay these legal fees?

In the view of the Board, the corporation would likely fail to attract any more volunteers to its service if people knew they could be held personally liable and then also be required to spend personal funds to defend themselves against a group of people who routinely sue the corporation. The value of volunteer service is worth protecting.

Has volunteerism suffered?

Yes! Consider that our 2020 election was cancelled due to lack of volunteer candidates. There were two positions open and only one sitting Board member agreed to run – no other candidates stepped forward from the community. The Board had to re-appoint another member who had previously served but had not applied.

Is the WOWSC paying for the defense costs of Friendship Homes?

No. That is one of the many false allegations by the plaintiffs and their allies. Friendship Homes is the company which purchased the 4.3 acres of land from the water company in 2016. The title company for Friendship Homes is paying for its attorney's filings, attendance at depositions, etc.

Did the company give 0.5 acres to Friendship Homes?

No. This is yet another contrivance of the plaintiffs and their allies. A series of errors at the title company did not convey all 4.3 acres covered by the sale contract at the time of the sale. The conveyance has been corrected with sworn affidavits confirming how the errors were made and their need for correction. The 2019 Board sought to correct this oversight to undo any potential liability it might face if the error remained.

Has the water company been losing or winning in the cases filed against it?

Overall, yes. Summarily, no. Our Board sought protection against cyberbullying against directors from the plaintiffs and their allies. The judge granted almost everything we asked for. Our company has asked the Attorney General to protect client-attorney privileged documents, namely legal invoices which could provide the plaintiffs with insights into strategy. The AG has agreed with our lawyers (but an intervention by Mr. Flunker is continuing the case and adding to our costs). The Public Utility Commission dismissed wide-ranging complaints about financial mismanagement alleged by Ms. Fuller and Ms. Flunker, but has continued its inquiry into the company's legal expenses in 2019. Again, the company is trying to protect these legal invoices as attorney-client privileged documents so that its legal protections in the Dial, Sorgen, French suit remain. The PUC judge did rule against our company's request to abate (postpone) the rate case until after the other case concludes. Mediation is slated later in November.

Did anything come of the letter to Burnet County Sheriff and District Attorney alleging organized crime at the water company?

No. While some officials may ask a few questions at some point after the civil case concludes, there was nothing criminally illegal about the activities alleged in the letter. Again, the letter is a false narrative, created by a handful of people who believe every action of the water company to somehow be part of a grand conspiracy. If anything, the letter further demonstrates the type of bullying and harassment which dissuades people from volunteering for board service and demonstrates the mindset which keeps adding to the legal costs.

What is the status of Public Information Act requests?

The company continues to receive PIA requests and responds to them in a timely and complete manner. In 2019, we received 46 requests with more than a hundred questions. The company responded with hundreds of emails and documents containing thousands of pages. In 2020, the company has received 32 requests and has supplied hundreds of emails and documents containing thousands of pages. In some circumstances the company has appealed to the Attorney General to retain or redact some information related to the court cases. The company is incurring significant legal costs responding to multiple inquiries related to legal invoices that the Texas Attorney General believes to contain attorney-client privileged information.

What is the cost to the corporation?

Over the corporation's history, it has never received this many PIA requests. The corporation contracted in July 2019 with Director Joe Gimenez to serve as Public Information Officer to defray costs for services that would be assigned to the law firm. Gimenez receives \$416 per month for this service, in addition to all the volunteer services he provides. Nonetheless, the PIA requests still require legal review and, sometimes, filings with the Attorney General to keep attorney-client counsel privileged. These requests increase the legal fees passed to ratepayers.

Didn't a majority of members vote to remove Joe Gimenez from the Board?

No. This is another false allegation of the plaintiffs' allies. In December 2019, only 56 members voted to remove Director Gimenez. Company bylaws required that a majority of ALL members – or 127 at the time – vote to remove for removal to happen.

Did the company lawyers help Mr. Gimenez retain his position?

No. The lawyers only assisted the company in holding a legally valid removal proceeding with mail-in ballots and counsel on meeting processes and procedures, which the company wanted to follow. Again, the allies to the plaintiffs who wanted Mr. Gimenez removed are fueling this false narrative in the neighborhood. The lawyers also assisted the corporation respond to various instances of business interference in the process leading up to the December hearing.

Sign up for ALERTS at:

<https://www.wowsc.org/>

SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-6 The WOWSC's February 2, 2020 board meeting minutes page 3 #2. xviii. 3. states "Include statement why special assessment is not pursued, special assessment is at the end of the fiscal years"². Provide the WOWSC's explanation for not pursuing a special assessment and produce all communications sent out to the membership addressing this matter.

RESPONSE: WOWSC did not pursue the special assessment for several reasons. Per WOWSC's Tariff, an assessment can be done at the end of the fiscal year (see Voluminous Attachment Staff 1-24, Section G.11).

In November and December 2019, the law firms billed another \$121,659.17 which was not included in the \$166,000 billed and paid in 2019 (and thus not considered for the rate study). Although we did not consider this total amount (of \$121,659.17) at the time, we had indications that a special assessment for the 2019 amounts would be about \$449 per member (271 members) for legal fees.

Moreover, the lawsuits' end (for both *Double F Hanger Operations, LLC*, *Lawrence R. Ffrench, Jr.*, *Patricia Flunker*, and *Mark A. McDonald v. Friendship Homes & Hangars, LLC*, and *Burnet County Commissioners Court*, Cause No. 48292, in the 33rd District Court, Burnet County, Texas, and *Toma Integrity v. WOWSC*, Cause No. 47531, in the 33rd District Court, Burnet County, Texas) were indeterminable in January 2020. WOWSC did not have payment agreements with either law firm at the time, so in our minds the amounts were due within 30 days, as it had been paying throughout 2019. The cash on hand, and projections of cash on hand, would quickly run out without additional income, especially in view of about \$40,000 more needed to pay for the generator, \$34,000 in conservancy projects agreed to with the LCRA, and other critical infrastructure projects (SCADA system and security system).

Based on those considerations, the company would need continuing additional revenue from higher rates in 2020 to keep pace with the legal fees which were being incurred.

Prepared by: Joe Gimenez/Mike Nelson
Sponsored by: Joe Gimenez/Mike Nelson

² *Id.*

SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788

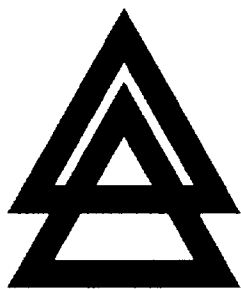
**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-7 Provide the denial letter referenced in WOWSC's answer to Staff's RFI 2-7(ii), specifically, the denial letter from Allied World to the WOWSC cited in the letter from Shidlofsky Law Firm to Allied World Specialty Insurance Company, which states, "*By letter dated **December 19, 2019**, Allied World denied coverage for the WSC and the Director Defendants under policy number 5105-0560-03 with respect to the Second Amended Original Complaint filed in the Underlying Lawsuit.*"³

RESPONSE: See Attachment Ratepayers 3-7.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

³ https://interchange.puc.texas.gov/Documents/50788_74_1109904.pdf



APR CLAIMS

8055 Tufts Ave Suite 600 Denver, CO 80237

Phone: 877-533-1211 Fax: 720-529-9345

December 19, 2019

SENT VIA EMAIL AND CERTIFIED MAIL, RRR TO:

Dorothy Taylor – Director
Windermere Oaks Water Supply Corp.
PO Box 279
Spicewood, TX 78669
director2@wowsc.org

Jose E. de la Fuente - Attorney at Law
816 Congress Ave. Ste 1900
Austin, TX 78701
jdelafuente@lglawfirm.com

Re: Insured: Windermere Oaks Water Supply Corporation
Insurer: Allied World Specialty Insurance Company
Date of Loss: 10/28/2016
Policy #: 5105-0560-03
Policy Period: 3/17/2016 to 3/17/2017
Subject: Friendship Homes and Hangars
Claim #: 2017001776

DISCLAIMER OF COVERAGE

Dear Ms. Taylor and Mr. de la Fuente,

Network Adjusters, Inc. is the authorized third-party claims administrator for Allied World Specialty Insurance Company. Allied World issued a Commercial Water Plus Package Policy to Windermere Oaks Water Supply Corporation (hereinafter "WOWSC") under policy number 5105-0460-03, which includes Public Official and Management Liability Coverage Form (Claims-Made) (the "POML Coverage Section") for the Policy Period of March 17, 2016 through March 17, 2017 (the "Policy").

This correspondence shall provide Allied World's supplemental coverage position under the Policy in connection with a new filing that now comes forward as a Second Amended Original Petition, the style of which is Renee Ffrench, John Richard Dial, and Stewart Bruce Sorgen, Intervenor Plaintiffs vs. Friendship Homes and Hangars, LLC, Windermere Oaks Water Supply Corporation and its Directors, William Earnest, Thomas Michael Madden, Dana Martin, Robert Mebane, and Patrick Mulligan, Defendants, filed in District Court, Burnet County, Texas, 33rd Judicial District under Cause No. 48292.

This is the fourth filing on this matter going back to 2016. This newly filed Complaint contains new claims, adds additional Defendant parties, and seeks monetary damages and punitive damages from all of the current and former directors of Windermere Oaks Water Supply.

This current Pleading involves an allegation that WOWSC itself breached their fiduciary duty to WOWSC by approving the land sale and by failing to pursue claims related to the land sale, as well.

This matter arises out of certain sale of land by WOWSC to Friendship Homes and Hangars, LLC (Dana Martin.) Certain members of WOWSC have asserted that former Board members of WOWSC and WOWSC itself breached their fiduciary duty to WOWSC by approving the land sale and by failing to pursue claims related to the land sale respectively.

We have reviewed the information provided to us along with the relevant provisions of the Policy and completed our coverage investigation. **As discussed below, Allied World has determined that there is no coverage afforded for this action under the Policy.**

This correspondence is directed to you in your capacity as an authorized representative of the above-named Insured for insurance coverage purposes. To the extent that you are not acting on behalf of the Insured with respect to insurance matters, we request that you direct a copy of this letter to the appropriate representative and advise the undersigned accordingly.

To assist you in understanding this coverage analysis, we suggest that you review the Policy along with this letter. This letter does not modify any of the terms and conditions of the Policy. Allied World must reserve its right to decline or limit coverage should any of the exclusions, endorsements, or any other provision of the Policy prove to be applicable.

SUMMARY OF ALLEGATIONS

The summary of facts that follows is based upon the allegations contained within the documents and information received to date. We recognize that those allegations are unsubstantiated at this time, and nothing in this letter is intended to suggest or imply that they have any legal or factual merit.

Windermere Oaks Time Line of Events

FIRST PETITION

January 24, 2017

Correspondence was received involving a “potential” claim as a “situation” that is developing within Windermere. WOC sold a parcel of land to one of their board members Dana Martin and the sale is approved by the Board of Directors. According to standards in place by the BOC, the petition must have 10% of the ownership, signed to be accepted for review. This particular transaction only had 5% of membership and was not accepted by the Board of Directors.

MANDAMUS ACTION

December 22, 2017

Attorney Bill Aleshire, of Austin, Texas, representing TOMA, Integrity, Inc., filed a Mandamus Action seeking discovery requests and there is no demand for monetary damages. The style of the pleading is, Integrity, Inc. vs. Windermere Oaks Water Supply Corporation that was filed in the District Court of Barnett County, Texas, 33rd District Court under Cause number 47531. This Complaint reads that, on December 19, 2015, the WOWSC Board, acting without any competitive bid process or public announcement other intent, sold valuable property belonging to WOWSC to a business owned by one

of the Board members (Dana Martin). Additionally, the board also gave the board member a right of first refusal for the purchase of even additional WOWSC property. There is no item on the meeting agenda giving Fair Notice to the public, or WOWSC ratepayers, that any WOWSC property would be sold. They submit that this is a blatant violation of the Texas Open Meetings Act. Property was sold to Dana Martin for \$200,000.

This claim was analyzed under the Policy's General Liability coverage form and the Public Officials coverage form. It was a mandamus action seeking equitable and injunctive relief to avoid the action and decisions that the Windermere Oaks Water Supply Corporation made to sell a parcel of property to a Board member. Here, TOMA Integrity, Inc. filed the petition in seeking to enforce the application of the Texas Open Meetings Act. This was a one-count Complaint seeking that Mandamus action.

AMENDED COMPLAINT

April 10, 2017

Attorney Bill Aleshire filed his first amended complaint in the matter seeking the court to set the date on the mandamus action to reverse the violation of Toma public notice section 551.041 and declare avoid the action the WOWSC board took on December 19, 2015 to sell WOWSC property.

PETITIONER INTERVENTION

May 31, 2019

Attorney Bill Aleshire filed an Original Petition in Intervention in the matter. The Plaintiffs are René Ffrench, John Richard Dial, Stewart Sorgen as Intervenor Plaintiffs and as representatives for Windermere Oaks Water Supply Corporation vs Friendship Homes and Hangers, LLC, Windermere Oaks Water Supply Corporation and its Directors William Earnest, Thomas Michael Madden, Dana Martin, Robert Mebane and Patrick Mulligan as Defendants again in 33rd District Court. This Intervenor Pleading was filed to protect the interests of WOWSC and its members from the financial scar that was caused by the name Defendant WOWSC Directors. These Defendant Directors are said to have acted inconsistently with the limitation on their authority by selling the property to one of their own Board members for a very small fraction of the value of the property. This action that was taken by the Directors was done in a closed session. Intervenor members stand as representatives of WOWSC for the Corporation's claims against the name Defendant Directors for betraying WOWSC by exceeding their authority.

SECOND AMENDED ORIGINAL PETITION

November 5, 2019

Plaintiff-Intervenors in this case are three (3) members of WOWSC who filed this intervention seeking to protect the interests of WOWSC and its members from the financial harm that was caused by the named Defendant, WOWSC Directors. It is alleged that those Defendant Directors acted inconsistently with the limitation on their authority by selling WOWSC property to one of their own Board members for a small fraction of the value of the property and to challenge ownership by the Defendant, Friendship Homes, of certain property. Intervenor Plaintiff members stand as representatives of

WOWSC for the Corporation's claims against the named Defendant WOWSC Directors for betraying WOWSC members by exceeding their authority in the sale of this plot of land to another Director at a reduced price.

At a WOWSC Board meeting on December 19, 2015 and February 22, 2016, the Defendant WOWSC Directors approve the sale of WOWSC property, approximately 3.86 acres, along the west side of Piper Lane to Defendant, Friendship Homes and Hangars. The company, later created by then WOWSC Board member, Dana Martin, was the sale of this property which was done without public notice or competition for sale of the land and had been adjudged to have violated the Texas Open Meetings Act. These negotiations were done in closed session after an executive session was completed. The price approved by the Defendant, WOWSC Directors, for the property was to net \$200,000 to WOWSC. An appraisal of the property was commissioned by the Defendant, WOWSC Directors, and in particular, Dana Martin, herself, identifying the highest and best use of the property as "vacant land." The appraisal failed to recognize as Defendant Martin being a realtor herself who had sold similar properties in the area, that the property's highest and best use was division into several airport hangar lots, for which the value was actually \$700,000.

The Intervenor-Plaintiffs now seek to enjoin the performance of any act or the transfer of property by the WOWSC that 1) recognizes or facilitates the sale of Tract 1 (3 acres), and 2) that recognizes or facilitates the implementation of the unauthorized right of first refusal of Tract 2 (7 acres) without full and fair compensation to WOWSC. Additionally, they seek the sum of \$100,000.00.

Intervenor-Plaintiff members ask the Court to set aside and enjoin the land sale contract, enjoined implementation of Defendant, Friendship's right of first refusal and denial of an access easement from Tract 1 on to Tract 2; set aside and enjoin the performance of the land sale contract in Tract 1 as being inconsistent with the expressed limitation on the authority of the Defendant WOWSC Directors.

Causes of Action

As to the Causes of Actions in his Pleading, Plaintiffs allege:

- ...Ultra vires actions
- ...Unauthorized conveyance of property by current and former Directors
- ...Ultra vires use of cooperative assets by current and former Directors
- ...Adverse transactions
- ...Disbursement of cooperative funds for the benefit of Directors, current and former
- ...Breach of fiduciary duties
- ...Contractual fraud
- ...Conspiracy by Directors to disperse cooperative funds
- ...Exemplary damages
- ...Attorney fees

SUMMARY OF COVERAGE

We direct your attention to certain terms and conditions in the policy of insurance issued by Allied World that have affected coverage in this matter. As you know, the Policy is comprised of multiple coverage parts. Due to the nature of the underlying facts and allegations made therein and based upon the information received to date, it is Allied World's position that analysis of this matter is properly

conducted under Insuring Agreement (A) the POML Coverage Section of the Policy. We expressly note that the Commercial General Liability Coverage Section is inapplicable because the Petition does not allege “bodily injury” or “property damage” caused by an “occurrence” or “personal and advertising injury” caused by an offense and, therefore, the insuring agreement for the Commercial General Liability Coverage Section is not met. We further note that coverage under Insuring Agreement (B) of the POML Coverage Section is applicable, because the Petition seeks “damages”, defined to mean monetary damages, arising out of a “claim” for a “wrongful act”. If you disagree or would like us to review this matter under any other coverage section, please contact me.

Please note that the following observations concerning coverage are based on the information presently available and may be subject to change in the event Allied World becomes aware of additional information.

We direct your attention to the **PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE FORM WA-PO 00006 00 (03/12)**, a part of your Policy which states in pertinent part:

SECTION I. – COVERAGES

A. COVERAGE A. INSURING AGREEMENT – LIABILITY FOR MONETARY DAMAGES

1. We will pay those sums that the insured becomes legally obligated to pay as “damages” arising out of a “claim” for:

- a. a “wrongful act,” or
- b. an “employment practices” offense, or
- c. an offense in the “administration” of your “employee benefit plans,” to which this insurance applies.

We will have the right and duty to defend any “claim” seeking those “damages.” However, we will have no duty to defend the insured against any “claim” seeking “damages” for a “wrongful act” or an “employment practices” offense or an offense in the “administration” of your “employee benefit plans” to which this insurance does not apply. We may, at our discretion, investigate any “wrongful act,” “employment practices” offense or an offense in the “administration” of your “employee benefit plans,” and settle any “claim” that may result.

However:

The amount we will pay for “damages” is limited as described in **SECTION IV. – LIMITS OF INSURANCE**; and

Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of “damages” or “defense expenses” under **Coverages A. and B.**

No other obligation or liability to pay sums or perform acts or services is covered under this insurance unless explicitly provided for below under **Coverage A. Supplementary Payments.**

2. This insurance applies to “claims” for “wrongful acts” or offenses only if:

- a. The “wrongful act” or offense takes place in the “coverage territory,” and or after the retroactive date shown in the declarations and before the end of the policy period; and
- b. A “claim” is first made against any insured in accordance with paragraph 3.c. below, during the policy period or any Extended Reporting Period we provide according to **SECTION VII. – EXTENDED REPORTING PERIODS.**

SECTION II. – EXCLUSIONS

This insurance does not apply under either **Coverage A** or **Coverage B** to:

5. Attorney’s Fees and Court Costs

Any award of court costs or attorney’s fees which arises out of an action for “injunctive relief”

8. Claims Against Other Insured

Any actions for “injunctive relief” or “claims” brought:

- a. By a Named Insured against any other insured; or
- b. By one Named Insured against another Named Insured.

11. Contractual Liability

“Damages,” “defense expenses,” costs or loss based upon, attributed to, arising out of, in consequence of, or in any way related to any contract or agreement to which the insured is a party or a third-party beneficiary, including, but not limited to, any representations made in anticipation of a contract or any interference with the performance of a contract.

12. Criminal Acts

“Damages,” “defense expenses,” costs or loss arising out of or contributed to by any fraudulent, dishonest, criminal or malicious act of the insured (except for “sexual abuse” which is excluded in the Sexual Abuse exclusion below), or the willful violation of any statute, ordinance or regulation committed by or with the knowledge of the insured. However, we will defend the insured for covered civil action subject to the other terms of this Coverage Form until either a judgment or final adjudication establishes such an act, or the insured confirms such act.

15. ERISA, COBRA and WARN Act Liability

“Damages,” “defense expenses,” costs or loss arising out of or contributed to by any insured’s obligations under:

- a. The Employee Retirement Income Security Act of 1974 (ERISA);

19. Violation of Law

“Damages,” “defense expenses,” costs or loss arising from an insured’s willful violation of any federal, state, or local law, rule, or regulation.

27. Profit, Advantage or Remuneration

Any “Damages,” “defense expenses,” costs or loss based upon or attributable to the insured gaining any profit, advantage or remuneration to which the insured is not legally entitled.

SECTION VI. –CONDITIONS

Lastly, in addition to the foregoing, Allied World continues to reserve its rights, remedies, and defenses, including, without limitation, its right to disclaim or limit coverage as this matter continues to evolve, to the extent that:

1. the parties involved are not insureds;
2. this matter does not involve “wrongful acts”;
3. any amounts incurred in connection with do not constitute covered or insurable “damages” or “defense expenses”; and
4. this matter involves covered and uncovered matters or parties.

Please note that Section VI, Condition (6) of the Policy’s POML Coverage Section provides that if other valid and collectible insurance is available to the insured for a loss or “defense expenses” we cover under this Coverage Form, this insurance is excess over any of the other insurance and its deductible or self-insured retention provisions, whether primary, excess, contingent or on any other basis. Accordingly, please advise as soon as possible if there are any other insurance carriers that have been placed on notice of this matter. In addition, please forward us copies of any and all other coverage letters issued by any other insurance carrier(s) in connection with this “claim.” Allied World expressly reserves its rights related to other insurance.

SECTION VIII. – DEFINITIONS

3. “Claim” means:
 - a. written notice, from any party, that it is their intention to hold the insured responsible for “damages” arising out of a “wrongful act” of offence by the insured;
 - b. a civil proceeding in which “damages” arising out of an offence or “wrongful act” to which this insurance applies are alleged;
 - c. an arbitration proceeding in which “damages” arising out of an offence or “wrongful act” to which this insurance applies are claimed and to which the insured must submit or does submit with our consent;

d. any other civil alternative dispute resolution proceeding in which “damages” arising out of an offense or “wrongful act” to which this insurance applies are claimed and to which the insured submits with our consent; or

e. a formal proceeding or investigation with the Equal Employment Opportunity Commission, or with an equivalent state or local agency.

A “claim” does not mean any ethical conduct review or enforcement action, or disciplinary review or enforcement action.

5. “Damages” means monetary damages

6. “Defense expenses” means reasonable and necessary fees or expenses incurred by or on behalf of the insured for:

a. Legal fees charged by the insured's attorney;

b. Court costs;

c. Expert witnesses; and

d. The cost of court bonds, but we do not have to furnish these bonds.

“Defense expenses” do not include:

(1) Any salaries, charges or fees for any insured, insured's “volunteer workers” or “employees,” or former “volunteer workers” or “employees”; or

(2) Any expenses other than a., b., c. and d. above.

12. “Injunctive relief” means equitable relief sought through a demand for the issuance of a permanent, preliminary or temporary injunction, restraining order, or similar prohibitive writ against an insured, or order for specific performance by an insured.

25. “Wrongful act” means any actual or alleged error, act, omission, neglect, misfeasance, nonfeasance, or breach of duty, including violation of any civil rights law, by any insured in the discharge of their duties for the Named Insured, individually or collectively, that results directly but unexpectedly and unintentionally in “damages” to others.

EXPLANATION FOR ALLIED WORLD’S DISCLAIMER OF COVERAGE

Based on the foregoing Policy language and our review of the materials received, we have determined that the Policy will not afford coverage for the Complaint for several reasons. Please take note of seven (7) enumerated exclusions that will give preclusive effect to a coverage grant.

First, in the Petition, Plaintiff seeks equitable and injunctive relief to void the action and decisions that the Windermere Oaks Water Supply Corporation (WOWSC) initiated to sell a parcel of WOWSC property to a Board member. According to Section II of the Policy’s POML Coverage Section

Exclusion (27), this insurance does not apply under Coverage (A) to “damages,” “defense expense,” costs or loss based upon or attributable to the insured gaining any profit, advantage or remuneration to which the insured is not legally entitled.

Second, according to Section II of the Policy’s POML Coverage Section, Exclusion (19), this insurance does not apply under Coverage (A) to “damages,” “defense expense,” cost or loss arising from an insured’s willful violation of any federal, state, or local law, rule or regulation. In this matter, there were violations of the Texas Open Meetings Act (TOMA) as there was no public notice given to WOWSC members of the upcoming meeting nor items listed on the agenda. Given the allegations, Allied World further reserves its rights to limit coverage to the extent the insured willfully violated any federal, state, or local law, rule or regulation.

Third, we note that the Petition seeks attorney’s fees. According to Section II of the Policy’s POML Coverage Section, Exclusion (5), this insurance does not apply under Coverage (A) to any award of court cost or attorney’s fees which arises out of an action for “injunctive relief”. Allied World expressly disclaims coverage for any award of attorney’s fees which arise out of the Petition.

Lastly, Exclusion 8 “claims against another insured” is applicable. We submit that you refer the matter to your Directors and Officers (D and O) carrier for their review and consideration. This portion of the Pleading is better addressed under a Fidelity Liability Policy which is not specifically contained within the Policy form of your current Public Officials – Management Liability, as well as the General Liability coverage part. Nevertheless, the ERISA exclusion would apply as to fiduciary duties.

In the complaint, the plaintiffs have made a claim for punitive damages. Allied World denies any obligation to provide payment for punitive damages, or any other damages, that do not meet the definition of “loss” or “losses” as defined above and by the policy. You should, therefore, take whatever actions you deem appropriate to protect your interests, including notifying any prior carriers that may provide coverage for this loss.

Based on the above considerations, as to the Exclusions, Allied World denies the coverage grant for defense representation and indemnity under the Policy to WOWSC.

Allied World’s coverage position addressed herein is based upon the facts currently known, and Allied World will consider and evaluate any additional information you may present to it, which you believe to be relevant to its coverage determination.

Please understand that this letter is not intended to provide an exhaustive review of all Policy terms, conditions and exclusions and Allied World expressly reserves its right to rely upon and enforce additional Policy terms when appropriate. Allied World may revise its coverage position and raise any other coverage issues or coverage defenses without prejudice, waiver or estoppel. Furthermore, this letter does not constitute a waiver of any policy provisions or defenses available to Allied World. Allied World expressly reserves all of its rights and defenses under the Policy and applicable law. Additionally, Allied World reserves the right to seek a determination in a court of law regarding any issues of coverage discussed herein as well as those not raised by this letter, but of which Allied World may subsequently become aware.

If you have any questions or concerns regarding Allied World’s coverage position or anything stated herein, or if you have additional information which you believe may affect Allied World’s coverage

position, please do not hesitate to contact the undersigned at 303-221-9676 or by email pflynn@networkadjusters.com.

You may contact the Texas Department of Insurance
to obtain information on companies,
coverages, rights or complaints at
1-800-252-3439

You may write the Texas Department of Insurance
P.O. Box 149104
Austin, TX 78714-9104
FAX # (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

Sincerely,

Pete Flynn

Pete Flynn
General Adjuster

Network Adjusters, Inc. on behalf of Allied World Specialty Insurance Company
pflynn@networkadjusters.com
303-221-9676

"Any person who knowingly presents a false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison."

cc: Sandy Batchelor (via email only)
AIA Insurance Agency, Inc.
sbatchelor@aiaagency.com

SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-8 Admit or Deny the WOWSC filed on March 19, 2021 a Civil Action lawsuit in United States District Court for the Western District of Texas, Case 1:21-CV-00258-RP⁴ (see exhibit A) in which WOWSC and former and current board members Dana Martin, William Earnest, Thomas Michael Madden, Robert Mebane, Patrick Mulligan, Joe Gimenez, David Bertino, Mike Nelson, Dorothy Taylor, and Norman Morse are named as plaintiffs in an Original Complaint, by the Shidlofsky Law Firm against Defendant Allied World Specialty Insurance Company.

RESPONSE: Ratepayers 3-8 is subject to a pending objection.

Prepared by:
Sponsored by:

⁴ https://www.pacermonitor.com/public/case/39116925/Windermere_Oaks_Water_Supply_Corporation_et_al_v_Allied_World_Specialty_Insurance_Company

SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-9 If the answer to RFI 3-8 is admit, state whether the WOWSC is paying litigation expenses for the individual plaintiffs and the legal and factual bases (if any) on which the WOWSC is doing so.

RESPONSE: Ratepayers 3-9 is subject to a pending objection.

Prepared by:
Sponsored by:

**SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788**

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-10 Please produce all agreements between the WOWSC or Lloyd Gosselink, on the one hand, and any of the individual plaintiffs in Case 1:21-cv-00258-RP, on the other hand, concerning payment, advancement or reimbursement of litigation expenses.

RESPONSE: Ratepayers have agreed to withdraw this RFI.

SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-11 Produce all invoices reflecting legal expenses incurred by or on behalf of the individual plaintiffs in Case 1:21-CV-00258-RFP.

RESPONSE: Ratepayers have agreed to withdraw this RFI.

**SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788**

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-12 Produce the records that reflect payments, if any, by the individual plaintiffs for litigation expenses in Case No. 1:21-CV-00258-RFP.

RESPONSE: Ratepayers have agreed to withdraw this RFI.

**SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788**

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-13 What financial account/fund /bank account is the WOWSC pulling funds from to pay the Shidlofsky Law Firm's for representation of the WOWSC and the individual plaintiffs in Case 1:21-cv-00258-RP?

RESPONSE: Ratepayers 3-13 is subject to a pending objection.

Prepared by:
Sponsored by:

**SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788**

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-14 Are any of WOWSC funds used to pay the Shidlofsky Law Firm for representation of the WOWSC and past and current directors' representation in Case 1:21-cv-00258-RP generated by the income of the water and/or sewer rates?

RESPONSE: Ratepayers 3-14 is subject to a pending objection.

Prepared by:
Sponsored by:

SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-15 Admit or Deny, legal expenses billed for November 2019 were included in the 2020 rate increase?

RESPONSE: Deny. The company received the following invoices in December 2019:

- On December 19, 2019 WOWSC received invoice #97505976 from Lloyd Gosselink totaling \$30,012.10 and invoice #97505739 totaling \$17,579.00.
- On December 25, 2019, the WOWSC received invoice #10352 totaling \$10,530 for November 2019 Services.

Payment for all of the above could not be made until 2020.

Thus the amount in the rate study calculation performed by James Smith in late January 2020 did not include these items because they had not been included in the 2019 legal fees for WOWSC's fiscal year end statement.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

**SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788**

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-16 What was the total amount of billing for legal services in November 2019 was included in the 2020 rate study?

RESPONSE: The total amount of billing for legal services in November 2019 which was included in the 2020 rate study was \$0. Please see the response to Ratepayers 3-15.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

**SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788**

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-17 Admit or Deny, legal expenses billed for December 2019 were included in the 2020 rate increase.

RESPONSE: Deny. Invoices from Lloyd Gosselink and Enoch Kever for services provided in December were received in January 2020 and February 2020. They were not included in the 2020 rate study calculation performed in late January 2020 that was based on actual expenses in 2019.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

**SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788**

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-18 What was the total amount of billing for legal services in December 2019 included in the 2020 rate study?

RESPONSE: The total amount of billing for legal services in December 2019 which was included in the 2020 rate study was \$0.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-19 Please provide legal invoices for November and December 2019 which were not included in the WOWSC answers to Ratepayers request of RFI-1-9, submitted by the WOWSC on January 28, 2021 under a protective order.

RESPONSE: Please see Attachment Ratepayers 3-19. However, the provided invoices were not provided in response to Ratepayers 1-9 because they are not responsive to that request and were not included in the rate increase at issue in this proceeding.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

December 18, 2019

Windermere Oaks Water Supply Corporation
Attn Joe Gimenez
Board President
424 Coventry Road
Spicewood, TX 78669

Invoice: 97505739
Client: 3870
Matter: 0
Billing Attorney: MAG

INVOICE SUMMARY

For professional services and disbursements rendered through November 30, 2019:

RE: General Counsel

Professional Services	\$ 17,554.00
Total Disbursements	<u>\$ 25.00</u>
TOTAL THIS INVOICE	\$ 17,579.00

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
General Counsel
I.D.3870-0-MAG

December 18, 2019
Invoice: 97505739

PROFESSIONAL SERVICES RENDERED

Date	Atty	Description Of Services Rendered	Hours
11/01/19	JEF	Review issues regarding scheduling member meeting on removal petition, comment on same.	.40
11/02/19	MAG	Respond to telephone calls from Directors regarding removal procedures and M. Zeppa's opinion.	.70
11/04/19	MAG	Review incoming correspondence from P. Flunker; follow up with team regarding same; work on research project to address plaintiff's allegations	.80
11/04/19	JEF	Assist with PIA issues; review issues raised by purported charges not contained in petition; work on approaches for indemnifying former and current directors in compliance with the law.	.80
11/04/19	JTB	Assist client in reviewing potentially responsive documents and responding to PIA requests; review bylaws regarding procedures related to removal petition and statement of charges against director sought to be removed.	1.80
11/05/19	MAG	Respond to telephone call from client Director; follow up with team regarding same--specifically bylaws and procedure with recall election.	.40
11/05/19	JTB	Phone call with client to discuss PIA requests and petition hearing; confer with M. Gershon and J. de la Fuente regarding same.	.90
11/06/19	MAG	Conference call with team regarding next steps on recall petition.	.70
11/06/19	JTB	Conference call with M. Gershon J. de la Fuente and L. Killeen to discuss multiple client issues and action items.	1.00
11/07/19	JEF	Emails regarding purported member meeting, and strategy for dealing with same.	.40
11/07/19	JTB	Correspondence with client regarding PIA requests and removal petition procedure; review bylaws for purposes of same; confer with J. de la Fuente on path forward; review of correspondence from members regarding attempt to call special members meeting; phone call with client regarding same.	1.80
11/08/19	MAG	Telephone calls; research of Gov't Code; review file.	2.40
11/08/19	JEF	Review and edit letter regarding membership meeting.	.40
11/08/19	JTB	Continued bylaw and statute review regarding removal petition and voting procedures; phone calls with client regarding same.	.90
11/09/19	MAG	Extended telephone calls with client Directors; follow up with M. Zeppa, then with team.	1.50
11/10/19	JEF	Review analysis of possible path on removal petition meeting and comment on same.	.20
11/11/19	MAG	Prepare Board agenda items; internal discussion; research-; place another call to M. Zeppa; telephone calls with client; work on recall petition issues.	3.20
11/11/19	JEF	Follow up on developments and path for member meeting; work on strategies for proper communication.	.50
11/11/19	JTB	Correspondence with M. Gershon and J. de la Fuente regarding client action items and upcoming Board meeting; review and edit agenda for same; review and finalize correspondence to members regarding removal petition process and path forward.	3.50

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
 General Counsel
 I.D.3870-0-MAG

December 18, 2019
 Invoice: 97505739

Date	Atty	Description Of Services Rendered	Hours
11/11/19	AAC	Case management.	.20
11/12/19	JEF	Work on PIA issues regarding scope and costs.	.30
11/12/19	JTB	Review correspondence regarding D. Flunker 10/27 PIA request; review applicable provisions of Government Code regarding time limits on responding to requests from individual requests; confer with J. de la Fuente and M. Gershon regarding same; draft email to client regarding same; review additional correspondence from J. Fuller regarding attempted special membership meeting; email correspondence with client regarding applicable provisions in the Bus. Org Code and WSC Bylaws.	1.80
11/12/19	AAC	Case file management.	.10
11/13/19	MAG	Review several emails and proposal for Exec Session.	.40
11/13/19	JEF	Prepare for upcoming board meeting; work on insurance issues; review PIA information.	.70
11/13/19	AAC	Case file management.	.20
11/14/19	MAG	Work with team in preparation for upcoming Board meeting and other action items.	.80
11/14/19	MAG	Work regarding coop/wsc distinction and allegations regarding same in recently filed lawsuit.	2.20
11/14/19	JEF	Work on strategy for member meeting and related issues; review and edit resolution on member meeting.	.40
11/14/19	JTB	Work session with M. Gershon and J. de la Fuente to prepare for client Board meeting; draft resolution for board for upcoming meeting.	3.70
11/15/19	MAG	Review incoming correspondence and follow up regarding same with team.	.40
11/15/19	JEF	Work on post-meeting issues, agenda approach.	.20
11/15/19	JTB	Review Draft agenda; review correspondence to board from J. Fuller regarding removal petition and improperly called special members meeting; discussions with client regarding same.	1.50
11/18/19	JEF	Review discovery issues; coordinate defense matters; work on preparations for depositions; sign protective order on PIA appeal.	.70
11/18/19	JTB	Review and edit documents provided by D. Taylor in preparation for removal petition hearing; phone call with client regarding same.	1.80
11/19/19	MAG	Work with J. de la Fuente regarding allegations in recently filed lawsuit and prep for Board meeting regarding same.	.40
11/19/19	JEF	Work on matters for upcoming board meeting.	.40
11/19/19	JTB	Review email correspondence from petitioners; confer with J. de la Fuente and M. Gershon on path forward; draft documents for upcoming Board meeting; review agenda and other petition proceeding related documents from Board.	1.90
11/19/19	AAC	Case file management.	.20
11/20/19	JEF	Assist with preparation for board meeting; review and edit board correspondence regarding upcoming meeting and litigation; follow up on outcome of meeting.	.80
11/20/19	JTB	Preparation for client Board meeting; prepare resolutions for Board action; review and edit documents provided by client pertaining to member correspondence and the removal petition proceeding; phone call with client regarding same; attend client board meeting; travel to Spicewood for purposes of same.	8.50

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
 General Counsel
 I.D.3870-0-MAG

December 18, 2019
 Invoice: 97505739

Date	Atty	Description Of Services Rendered	Hours
11/20/19	AAC	Case file management; review correspondence and calendar membership meeting deadlines.	.20
11/21/19	JTB	Phone calls with client regarding action items following board meeting; finalize Board correspondence to members regarding removal petition; work to finalize agenda and notice correspondence regarding December 14th meeting.	2.30
11/21/19	AAC	Case file management.	.10
11/22/19	JTB	Assist D. Taylor finalize correspondence and other documents for petition proceeding; email correspondence regarding same; phone call with B. Earnest regarding analysis of cost of PIA request compliance/fulfillment and assistance; draft email to client regarding same.	2.80
11/22/19	AAC	Case file management; save client documents to DMS file.	.10
11/25/19	JEF	Follow up with client regarding purported meeting on Saturday; work on board communications regarding removal petition meeting, and proper path for communication from J. Gimenez.	.60
11/25/19	JTB	Review draft ballot for removal petition; discussion with client and with J. de la Fuente regarding path forward on proposed correspondence from Director Gimenez to membership regarding charges brought against him; discussion with client regarding same.	1.30
11/25/19	AAC	Case file management; review client correspondence.	.20
11/26/19	JEF	Review agenda and comment on same; review draft letter to members and comment on same, including discussion of hearing procedures.	.80
11/26/19	JTB	Assist client in finalizing member correspondence and other documents encompassing notice for special membership meeting; confer with J. de la Fuente regarding same.	3.50
11/27/19	JTB	Review draft correspondence to membership regarding new public comment policy; review HB 2840 and bill analysis and TRWA correspondence; phone call with client regarding same.	1.50

TOTAL PROFESSIONAL SERVICES**\$ 17,554.00****SUMMARY OF PROFESSIONAL SERVICES**

Name	Staff Level	Hours	Rate	Total
Michael A Gershon	Principal	13.90	300.00	4,170.00
Jose E de la Fuente	Principal	7.60	300.00	2,280.00
J Troupe Brewer	Associate	40.50	270.00	10,935.00
Audrey A Cooper	Paralegal	1.30	130.00	169.00
TOTALS		63.30		\$ 17,554.00

DISBURSEMENTS

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
General Counsel
I.D.3870-0-MAG

December 18, 2019
Invoice: 97505739

Date	Description	Amount
	Photocopying	25.00

TOTAL DISBURSEMENTS \$ 25.00

TOTAL THIS INVOICE \$ 17,579.00

December 18, 2019

Windermere Oaks Water Supply Corporation
Attn Joe Gimenez
Board President
424 Coventry Road
Spicewood, TX 78669

Invoice: 97505976
Client: 3870
Matter: 1
Billing Attorney: JEF

INVOICE SUMMARY

For professional services and disbursements rendered through November 30, 2019:

RE: TOMA Integrity Litigation

Professional Services	\$ 29,925.00
Total Disbursements	<u>\$ 87.10</u>
TOTAL THIS INVOICE	\$ 30,012.10

Retainer Held on Account	\$ 2,500.00
--------------------------	-------------

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
TOMA Integrity Litigation
I.D.3870-1-JEF

December 18, 2019
Invoice: 97505976

PROFESSIONAL SERVICES RENDERED

Date	Atty	Description Of Services Rendered	Hours
11/01/19	JEF	Work on motions; obtain final documents for exhibits and review same; finalize and file plea to jurisdiction and motion for summary judgment.	2.80
11/01/19	LRK	Finalize motion; send final draft to J. de la Fuente; have paralegal finalize Exhibits; incorporate feedback from edits; final review of motion and exhibits; draft amended response; call with counsel for directors regarding amended answer contents.	7.20
11/01/19	KWM	Assist with final edits to Brief in Support of its Plea to the Jurisdiction and Motion for Summary Judgment; assist with final exhibits to Brief; office conferences with L. Killeen regarding same.	4.00
11/03/19	LRK	Read and review new filings and correspondence from opposing counsel sent after motion for summary judgment was filed.	.20
11/04/19	JEF	Review issues from new petition; call with counsel for co-defendants to discuss same; review relevant management and bylaws issues; review insurance policy; review and comment on emails regarding same; review issues with new petition and strategies for same; confer with co-defendants regarding same.	2.10
11/04/19	JTB	Research into bylaws and business organizations code regarding new filing against WOWSC with new claims and new basis for standing; research answers to questions and issues posed by J. de la Fuente; email correspondence with J. de la Fuente regarding same and path forward.	3.80
11/04/19	LRK	Read and review amended petition; discuss with J de la Fuente; read and review other new filings; research question of the corporations status as a cooperative, call with T. Brewer, email M. Gershon.	5.10
11/06/19	JEF	Call with all co-defense counsel regarding newly amended petition, and issues and approaches for same; emails from opposing counsel regarding motions filed; work with Litigation Team on path forward in light of new claims against new parties; review coop arguments; email to client regarding new claims and new parties, and path forward.	2.60
11/06/19	JTB	Conference call with M. Gershon J. de la Fuente and L. Killeen to discuss multiple client issues and action items.	1.50
11/06/19	LRK	Read and review second amended petition received, compare with first amended petition; send internal list of what is new in pleadings; begin outlining amended motion for summary judgment and plea to the jurisdiction; call with other defense counsel; call WOWSC general counsel, follow up research.	7.70
11/07/19	JEF	Work on issues relating to coop status; email with co-defense counsel regarding path forward and response to opposing counsel's case position.	.60
11/07/19	JTB	Research in AG opinions and common law regarding amended petition standing claim regarding WSC membership as a cooperative; confer with M. Gershon J. de la Fuente and L. Killeen regarding same.	3.50
11/07/19	LRK	Call with T. Brewer, discuss research moving forward, begin research.	.70

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
TOMA Integrity Litigation
I.D.3870-1-JEF

December 18, 2019
Invoice: 97505976

Date	Atty	Description Of Services Rendered	Hours
11/08/19	JEF	Finalize and send insurance coverage demand; review correspondence from opposing counsel.	.50
11/08/19	JTB	Continued research on newly raised issue of WOWSC as a "cooperative."	1.50
11/08/19	LRK	Research for amended response.	2.10
11/11/19	JTB	Draft sworn statement forms for current and past Board members regarding suit and payment of defense costs; review business organizations code for purposes of same; confer with J. de la Fuente regarding same.	2.80
11/12/19	JEF	Emails with counsel regarding depositions, and follow up call regarding same and other discovery; work with client on plan for deposition preparation; review revised deposition notices.	1.20
11/12/19	LRK	Read and review Plaintiff's fourth requests for production and intent to take deposition.	.40
11/13/19	JEF	Review pending discovery requests and likely responses to same; work on responsive pleading strategy; confer with co-defendants regarding discovery and pleading issues; email to opposing counsel regarding discovery issues and path forward.	1.80
11/13/19	LRK	Read and review new discovery requests, plan of attack on responses; work on over-all case strategy, determine what we need to file in response to amended petition; call with other defense counsel; outline standing arguments, email to J. de la Fuente ahead of call with opposing counsel.	4.40
11/13/19	KWM	Review discovery requests received from Plaintiffs and Intervenor and calendar deadline.	.30
11/14/19	JEF	Work on overall strategy for dealing with new claims, upcoming depositions, and related matters; email agreement regarding deposition scheduling; prepare for deposition preparation with client.	1.90
11/15/19	JEF	Prepare for deposition preparation session with J. Gimenez; conduct deposition preparation; email to co-defense counsel regarding same.	3.90
11/15/19	LRK	Deposition preparation session with J. Gimenez.	3.80
11/18/19	LRK	Read and review motion to quash, new filings in matter, read and review correspondence with attorney for individual directors ahead of deposition.	.30
11/19/19	JEF	Prepare for deposition with client; defend deposition; follow up on same; email to client litigation committee regarding same, and additional depositions; work on correspondence relating to litigation; work on litigation defensive strategy issues.	7.00
11/19/19	JTB	Review articles of incorporation and references therein to historic statutes to address issues raised in deposition; research business organizations code and water code and predecessor statutes for purposes of same; relay findings to J. de la Fuente.	2.50
11/19/19	LRK	No Charge - Attend deposition of J. Gimenez.	6.30
11/19/19	KWM	Download link with documents to Friendship Homes bates labeled production; discovery document management; review Friendship Homes Amended Responses to Plaintiff's 2nd Request for Production; Intervenor's 5th Request for Production to WOWSC and Defendant Dana Martin's Motion for Protection and Motion to	1.30

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
TOMA Integrity Litigation
I.D.3870-1-JEF

December 18, 2019
Invoice: 97505976

Date	Atty	Description Of Services Rendered	Hours
11/20/19	JEF	Quash Plaintiffs Deposition Notice. Prepare for and attend deposition; follow up on deposition issues for litigation strategy; work with T. Brewer on litigation update before meeting; follow up on same after meeting; work on strategy for next depositions.	6.90
11/20/19	LRK	Read and review Friendship's updated production in discovery; review deposition notes and research by T. Brewer done post-deposition questions; begin drafting responses to Plaintiff's third request for production, email paralegal to search internal WOWSC documents for responsive material.	3.80
11/20/19	AAC	Assist L. Killeen with discovery responses; search client files for responsive documents.	.60
11/21/19	JFP	Assess privilege issues associated with requests for document production.	.20
11/21/19	JEF	Emails with counsel for directors regarding next steps.	.30
11/21/19	LRK	Review documents found in internal search pursuant to third request for production; call with J. Gimenez regarding documents needed for third request for production, finalize and edit responses, send to J. de la Fuente for review; begin drafting objections for forth requests for production; Read and review updated research on status as a cooperative to incorporate into motion.	4.30
11/21/19	AAC	Assist L. Killeen and Litigation Practice Group with discovery responses; search client files for responsive documents and email L. Killeen regarding same.	1.30
11/22/19	JEF	Review email regarding purported new deposition notice; prepare strategy to respond to same; forward same to client; communicate with co-defendants regarding same; revise insurance demand and send additional letter; work on outline for new PTJ and MSJ; emails regarding discovery and depositions; review and finalize discovery responses.	2.30
11/22/19	LRK	Read and review correspondence from J. Gimenez and D. Taylor, email J. Gimenez and G. Burris regarding documents responsive to Third Request for Production; draft and edit responses to Third Requests for Production; send to J. de la Fuente for review; prepare and review responsive documents for production; send documents to paralegal.	5.70
11/22/19	KWM	Assist with bates numbering responsive documents to Intervenor's Third Request for Production of Documents; email J. de la Fuente and L. Killeen regarding same.	.40
11/22/19	AAC	Continue to assist L. Killeen with discovery responses; search client files and DMS for responsive documents.	1.00
11/25/19	JEF	Review emails from opposing counsel regarding scope of case and deposition notices; email conferences with co-defendants regarding same; work with Litigation team regarding same; work on outline of new motion to dismiss and motion for summary judgment, including conference with counsel for directors regarding same and preparation of initial executive summary; follow up on additional coverage demand to insurer; finalize written discovery responses.	2.10
11/25/19	LRK	Review strategy for motions to be filed moving forward; discuss litigation plan with litigation team; call with S. O'Brien; finalize Responses to Third Request for Production; begin drafting content for Motion to Dismiss.	4.20

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
TOMA Integrity Litigation
I.D.3870-1-JEF

December 18, 2019
Invoice: 97505976

Date	Atty	Description Of Services Rendered	Hours
11/26/19	JEF	Review email from opposing counsel and from co-defendants regarding same; prepare response to same; review scheduling and approach to corporate representative deposition; multiple emails with team and opposing counsel regarding same; begin work on responsive pleading regarding same.	1.80
11/26/19	JTB	Review WOWSC response to discovery requests.	.40
11/26/19	LRK	Final review Third Requests for Production; begin drafting dilatory pleas to try to get claims dismissed; read and review correspondence from defense counsel regarding response to continued discovery and litigation strategy moving forward; review motion for protection to file in response to notice of deposition to be filed.	3.40
11/27/19	JEF	Review new deposition notice; emails with co-defendants and Litigation Team regarding same, and next steps; work on approach with TRWA regarding new theory of WSC being a coop.	1.10
11/27/19	LRK	Read and review amended limited scope deposition notice and formulate strategy for response and need for motion to quash, review case law research to incorporate into motion to dismiss.	.70

TOTAL PROFESSIONAL SERVICES

\$ 29,925.00

SUMMARY OF PROFESSIONAL SERVICES

Name	Staff Level	Rate	Hours	Amount	N/C Hr	N/C \$
Jose E de la Fuente	Principal	300.00	38.90	11,670.00	.00	.00
J Troupe Brewer	Associate	270.00	16.00	4,320.00	.00	.00
James F Parker	Principal	290.00	.20	58.00	.00	.00
Lindsay R Killeen	Associate	235.00	54.00	12,690.00	6.30	1,480.50
Karen W Mallios	Litigation	135.00	6.00	810.00	.00	.00
Audrey A Cooper	Paralegal	130.00	2.90	377.00	.00	.00
TOTALS			118.00	\$ 29,925.00	6.30	\$ 1,480.50

DISBURSEMENTS

Date	Description	Amount
	Copy Service	54.00
	Photocopying	1.60
	Postage	31.50

TOTAL DISBURSEMENTS

\$ 87.10

TOTAL THIS INVOICE

\$ 30,012.10

January 30, 2020

Windermere Oaks Water Supply Corporation
Attn Joe Gimenez
Board President
424 Coventry Road
Spicewood, TX 78669

Invoice: 97506478
Client: 3870
Matter: 0
Billing Attorney: MAG

INVOICE SUMMARY

For professional services and disbursements rendered through December 31, 2019:

RE: General Counsel

Professional Services	\$ 10,695.50
Total Disbursements	<u>\$ 92.80</u>
TOTAL THIS INVOICE	\$ 10,788.30

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
 General Counsel
 I.D.3870-0-MAG

January 30, 2020
 Invoice: 97506478

PROFESSIONAL SERVICES RENDERED

Date	Atty	Description Of Services Rendered	Hours
12/02/19	MAG	Review incoming correspondence; work regarding client advisory to new Director.	.40
12/02/19	JEF	Review communication regarding members meeting outcome.	.20
12/02/19	JTB	Review email correspondence regarding attempted special members meeting and voting on removal petition; review statute and bylaws for purposes of same; internal email correspondence regarding same; correspondence with client regarding fulfillment of recent PIA request; finalize correspondence to newest Board members regarding duties and obligations.	1.80
12/02/19	KWM	Review PIA Appeal calendar deadline for Bates Production.	.10
12/02/19	AAC	Case management.	.20
12/03/19	MAG	Review and follow up on incoming correspondence and client action required.	.30
12/04/19	MAG	Review and follow up regarding D. Flunker correspondence.	.20
12/04/19	JEF	Review messages from Flunker re PIA officer and results of meeting.	.20
12/04/19	JTB	Continue work on Presiding Officer hearing script and other preparation for membership meeting.	1.10
12/04/19	AAC	Case management.	.10
12/05/19	DCN	No Charge - Office conference with M. Gershon regarding WSC issues.	.20
12/05/19	JEF	Work on issues regarding upcoming member meeting, and approach for same.	.40
12/05/19	JTB	Review correspondence from client regarding upcoming special membership meeting on removal petition; internal correspondence regarding same and path forward for client; continue work on presiding officer hearing script; work on position paper regarding the lawful payment to PIO for such services; review client Bylaws and Business Organizations Code for purposes of same.	1.70
12/06/19	JTB	Draft hearing script and preparation for membership meeting	3.50
12/07/19	JTB	Work on hearing script for presiding officer and other preparations for special members meeting.	1.50
12/09/19	JEF	Review processes and information for member meeting; review documents to assist with same and edit same.	.80
12/09/19	JTB	Finalize Hearing Script and memo/written statement on interpretation of WOWSC Bylaws and Articles of Incorporation as well as Bus Org and Water Codes regarding payment of PIO for services provided to WSC.	3.20
12/10/19	JTB	Review J. de la Fuente edits to Hearing Script and PIO Salary memo; draft revisions to same.	3.10
12/10/19	AAC	Review Agreed Protective Order from Attorney General PIA appeal; pull, review, and bates number legal invoices for production; draft cover letter; case file management.	1.20
12/11/19	JEF	Work on process and script for upcoming member meeting.	.20
12/11/19	JTB	Phone calls with client regarding upcoming special members meeting and documents regarding same; revisions to documents following client input.	1.70
12/12/19	JTB	Preparation for special members meeting; phone calls with client regarding same;	3.30

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
 General Counsel
 I.D.3870-0-MAG

January 30, 2020
 Invoice: 97506478

Date	Atty	Description Of Services Rendered	Hours
		review bylaws regarding voting list requirements.	
12/13/19	AAC	Case management.	.30
12/14/19	JTB	Attend special members meeting on removal petition for J. Gimenez; preparation for same.	4.50
12/16/19	JEF	Emails regarding holiday schedule, and interaction with PIA obligations.	.50
12/16/19	JTB	Review draft agenda and revisions thereto; draft edits to same; email correspondence with client; draft resolutions for holiday business hours and 2020 director elections.	2.20
12/16/19	AAC	Case management.	.10
12/17/19	JEF	Review updated member communication.	.20
12/17/19	JTB	Work on resolutions for upcoming meeting; call with J. Grissom regarding settlement offer for his claim related to grinder pump; phone calls with client regarding same and recent member actions following recall petition meeting.	2.70
12/17/19	CLT	Research system to locate information regarding unopposed elections and email same to T. Brewer and D. Klein.	1.00
12/18/19	JEF	Review and edit resolution on holidays.	.30
12/18/19	JTB	Draft holiday schedule and dates of closure for corporate business resolution; review AG complaint filed by D. Flunker and related documents; email correspondence with client regarding same.	2.80
12/18/19	AAC	Finalize production documents and cover letter related to PIA lawsuit with the Attorney General's office; email cover letter and production documents to opposing counsel.	.60
12/19/19	JEF	Review plan for member letter and discuss same with client.	.30
12/26/19	JEF	Review member meeting agenda and information, including member letter, and comment on same for proper approach.	.30

TOTAL PROFESSIONAL SERVICES

\$ 10,695.50

SUMMARY OF PROFESSIONAL SERVICES

Name	Staff Level	Rate	Hours	Amount	N/C Hr	N/C \$
Michael A Gershon	Principal	300.00	.90	270.00	.00	.00
Duncan C Norton	Principal	.00	.00	.00	.20	80.00
Jose E de la Fuente	Principal	300.00	3.40	1,020.00	.00	.00
J Troupe Brewer	Associate	270.00	33.10	8,937.00	.00	.00
Karen W Mallios	Litigation	135.00	.10	13.50	.00	.00
Christina L Thompson	Paralegal	130.00	1.00	130.00	.00	.00
Audrey A Cooper	Paralegal	130.00	2.50	325.00	.00	.00
TOTALS			41.00	\$ 10,695.50	.20	\$ 80.00

DISBURSEMENTS

Lloyd Gosselink Rochelle & Townsend, P.C.

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
General Counsel
I.D.3870-0-MAG

January 30, 2020
Invoice: 97506478

Date	Description	Amount
11/30/19	Thomas Process Check # - 000037851 Thomas Process, Citation of Service, Service on Ken Paxton, Attorney General of State of Texas, Windermere Oaks Water Supply Corporation, 10/3/2019	80.00
	Color Prints	2.00
	Photocopying	10.80
TOTAL DISBURSEMENTS		\$ 92.80
TOTAL THIS INVOICE		\$ 10,788.30

January 16, 2020

Windermere Oaks Water Supply Corporation
Attn Joe Gimenez
Board President
424 Coventry Road
Spicewood, TX 78669

Invoice: 97506700
Client: 3870
Matter: 1
Billing Attorney: JEF

INVOICE SUMMARY

For professional services and disbursements rendered through December 31, 2019:

RE: TOMA Integrity Litigation

Professional Services	\$ 32,434.50
Total Disbursements	<u>\$ 979.77</u>
TOTAL THIS INVOICE	\$ 33,414.27

Retainer Held on Account	\$ 2,500.00
--------------------------	-------------

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
TOMA Integrity Litigation
I.D.3870-1-JEF

January 16, 2020
Invoice: 97506700

PROFESSIONAL SERVICES RENDERED

Date	Atty	Description Of Services Rendered	Hours
12/02/19	JEF	Review amended deposition notice for corporate representative; begin work on approach for motion to quash; email with counsel for directors regarding same, and planned motions to dismiss; work on strategy for same.	1.80
12/02/19	JTB	No Charge - Review amended deposition notice; client correspondence regarding same.	.80
12/02/19	LRK	Draft Motion to Quash and Motion for Protection in response to deposition notice for corporate representative received 11/27, send to J de la Fuente for review, read and review correspondence to J. Gimenez, send email to defense counsel updating timeline for filing motion.	4.10
12/02/19	LRK	No Charge - Draft Motion to Quash and Motion for Protection in response to deposition notice for corporate representative received 11/27, send to J de la Fuente for review, read and review correspondence to J. Gimenez, send email to defense counsel updating timeline for filing motion.	2.00
12/02/19	KWM	Review Windermere's responses to Intervenor's Third Requests for Production of documents and bates labeled production.	.20
12/03/19	JEF	Work on motion to quash and for protection; follow up on additional issues for motion to dismiss.	.80
12/03/19	LRK	Research, draft, edit and finalize motion to quash corporate deposition; draft the declaration of J. Gimenez to be included in the motion to quash.	3.00
12/03/19	LRK	No Charge - Research, draft, edit and finalize motion to quash corporate deposition; draft the declaration of J. Gimenez to be included in the motion to quash.	3.00
12/03/19	KWM	Assist with editing and proof reading Motion for Protection and Motion to Quash Plaintiffs/Intervenor's Deposition Notice to Windermere Oaks Water Supply Corporation; assist with exhibits to Motion; office conference with L. Killeen regarding same.	1.00
12/04/19	JEF	Finalize and file motion to quash and for protection.	.80
12/04/19	LRK	Read and review signed declaration to be attached as exhibit to motion to quash; final review of motion to quash and exhibits; get on file; begin drafting 91a motion to dismiss.	4.20
12/04/19	LRK	No Charge - Read and review signed declaration to be attached as exhibit to motion to quash; final review of motion to quash and exhibits; get on file; begin drafting 91a motion to dismiss.	2.00
12/04/19	KWM	Assist with finalizing exhibits to Motion for Protection and Motion to Quash; office conference with L. Killeen regarding same.	.30
12/05/19	JEF	Work on discovery response approach; work on motion to dismiss issues, including 91a issues; review email from opposing counsel regarding motion to quash and for protection.	.80
12/05/19	LRK	Research and draft new motion to dismiss plaintiffs claims; work on rule 91a	7.00

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
TOMA Integrity Litigation
I.D.3870-1-JEF

January 16, 2020
Invoice: 97506700

Date	Atty	Description Of Services Rendered	Hours
		motion. plea to the jurisdiction and motion for summary judgment.	
12/05/19	LRK	No Charge - Research and draft new motion to dismiss plaintiffs claims; work on rule 91a motion. plea to the jurisdiction and motion for summary judgment.	2.30
12/06/19	JEF	Work on plea to jurisdiction, rule 91a, and motion for summary judgment; confer with counsel for directors regarding same; follow up on client deposition transcript.	2.10
12/06/19	LRK	Research and draft 91a motion to dismiss, send draft to J. de la Fuente for review; send J. Gimenez deposition transcript for review; call with J. Gimenez.	4.10
12/06/19	KWM	Office conference with L. Killeen to receive assignment to assist with cite checking, proof reading and editing Windermere's Joint Motion to Dismiss Under Rule 91a; First Amended Joint Brief in Support of their Pleas to the Jurisdiction and First Amended Joint Motion for Summary Judgment; begin assignment.	.20
12/07/19	JEF	Review comments on draft motions from counsel for directors.	.40
12/08/19	LRK	Review and incorporate edits into motion to dismiss to be filed.	1.70
12/09/19	JEF	Work on motion to dismiss and plea to jurisdiction; confer with counsel for directors regarding same; review issues related to new cause of action under chapter 22, work on strategies for same.	2.60
12/09/19	LRK	Draft motion to dismiss, call with S. O'Brian, follow up research on standing to bring claims, draft responses to plaintiffs fourth requests for production.	7.70
12/10/19	JEF	Prepare for and attend deposition of Dana Martin; follow up with client regarding same; work on discovery responses.	7.50
12/10/19	LRK	Research and draft responses to fourth requests for production; formulate objection strategy in line with overall discovery goals, call with J Gimenez, email B. Earnest and S. O'Brien to set up call, review responsive documents, assign documents to paralegal	6.00
12/10/19	LRK	No Charge - Research and draft responses to fourth requests for production; formulate objection strategy in line with overall discovery goals, call with J Gimenez, email B. Earnest and S. O'Brien to set up call, review responsive documents, assign documents to paralegal	2.20
12/10/19	KWM	Email L. Killeen regarding previous produced documents; office conference regarding supplemental Production and Disclosures and status of Motion to Dismiss under Rule 91a; assist with additional document production.	1.00
12/11/19	JEF	Finalize discovery responses.	.30
12/11/19	LRK	Research and draft responses to fourth requests for production; refine objection strategy in line with overall discovery goals, call with B. Earnest and S. O'Brien, call with M. Nelson, call with D. Taylor, call with N. Morse, send to J. de la Fuente; begin drafting requests for disclosure.	6.00
12/11/19	LRK	No Charge - Research and draft responses to fourth requests for production; refine objection strategy in line with overall discovery goals, call with B. Earnest and S. O'Brien, call with M. Nelson, call with D. Taylor, call with N. Morse, send to J. de la Fuente; begin drafting requests for disclosure.	1.70
12/11/19	KWM	Office conference with L. Killeen regarding final set of documents for review for	1.00

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
TOMA Integrity Litigation
I.D.3870-1-JEF

January 16, 2020
Invoice: 97506700

Date	Atty	Description Of Services Rendered	Hours
		Fourth production of documents; final review, redaction and bates label set of documents; email L. Killeen regarding same.	
12/11/19	AAC	Case file management; pull insurance documents for litigation practice group.	.20
12/12/19	JEF	Work on discovery responses and documents to produce; follow up with counsel for directors on signed statements for production; review cuts of deposition video posted online, confer with co-defendants regarding issues relating to same; initial work on privilege log; follow up on deposition issues with staff; work on motion to dismiss, including prior case admission that WOWSC is subject to TOMA and is not a coop.	1.90
12/12/19	LRK	Draft requests for disclosure; ensure responses are in line with over all litigation strategy and consistent with positions for motions moving forward, add exhibits to requests for disclosure; begin document search for privilege log for fourth requests for production.	5.00
12/12/19	LRK	No Charge - Draft requests for disclosure; ensure responses are in line with over all litigation strategy and consistent with positions for motions moving forward, add exhibits to requests for disclosure; begin document search for privilege log for fourth requests for production.	2.90
12/12/19	KWM	Production case management; office conference with L. Killeen regarding privilege log and responsive documents to Request for Disclosures; draft response to request for privilege log; assist with exhibits to Request for Disclosures; email L. Killeen regarding same; email assignment from J. de la Fuente to capture videos of Integrity Now on YouTube.	2.00
12/12/19	AAC	Search client files for notarized indemnification statements from former directors; email L. Killeen regarding same.	.50
12/13/19	JEF	Review tariff for information relating to non-coop status; work on motion to dismiss relating to status as a WSC vs. coop; review denial of TOMA petition for review, and update client regarding same; call with counsel for directors regarding representation issues; work on discovery responses; work on draft motion to dismiss and motion for summary judgment; review relevant meeting minutes.	1.70
12/13/19	LRK	Finalize drafting discovery, refine objections, edit and prepare for filing, organize documents to be produced and review discovery strategy moving forward.	5.00
12/13/19	LRK	No Charge - Finalize drafting discovery, refine objections, edit and prepare for filing, organize documents to be produced and review discovery strategy moving forward.	3.20
12/16/19	JEF	Review discovery responses; review and edit privilege log; work on motion to dismiss; calls with insurance adjuster.	1.60
12/16/19	LRK	Finish drafting and editing privilege log, send to J. de la Fuente, oversee document management with paralegal for privilege document organization, serve privilege log; finalize responses to fifth request for production, organize documents to be produced.	3.00
12/16/19	LRK	No Charge - Finish drafting and editing privilege log, send to J. de la Fuente, oversee document management with paralegal for privilege document	1.70

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
TOMA Integrity Litigation
I.D.3870-1-JEF

January 16, 2020
Invoice: 97506700

Date	Atty	Description Of Services Rendered	Hours
		organization, serve privilege log; finalize responses to fifth request for production, organize documents to be produced.	
12/16/19	KWM	Review emails and assist with documents from J. de la Fuente regarding privilege log; review Friendship's Responses to Plaintiff-Intervenor's Second Request for Production, Newly Name Directors Plea to the Jurisdiction and Original Answer, WOWSC's Responses to Plaintiffs' Request for Disclosure and WOWSC's Request for Disclosure to Intervenor-Plaintiffs; proof read and edit Joint Motion to Dismiss under Rule 91a; office conference with L. Killeen regarding same.	4.00
12/16/19	AAC	Case file management.	.10
12/17/19	JEF	Work on pleas to jurisdiction and Rule 91a motions, including additional review of statutes; emails with opposing counsel regarding agreement to motion to extend time for their motion for rehearing.	2.80
12/17/19	LRK	Research governing documents for inclusion in brief.	.50
12/18/19	JEF	Call from media; communicate with client team regarding same, and strategy for handling media; work on draft motion to dismiss; work on correspondence regarding litigation.	1.90
12/18/19	LRK	Draft, edit and research arguments to be contained in motion to dismiss, research standing issues and prior cases to use as evidence for res judicata argument, refine motion content to be in line with over-all litigation strategy.	8.30
12/18/19	HEG	Research Secretary of State records for certificate of formation.	.60
12/18/19	AAC	Assist litigation practice group with search for discovery production documents; case file management.	.10
12/19/19	JEF	Work on draft motions to dismiss, including Rule 91a motion; work with co-defense on same; work on representation issues for defense of directors paid by WOWSC, including insurance coverage issues.	4.30
12/19/19	LRK	Finalize arguments in motion to dismiss, circulate to defense counsel, incorporate S. O'Brien and J. de la Fuente edits to motion, call with J. Gimenez; draft declaration for exhibits to be included in motion to dismiss.	6.70
12/19/19	KWM	Assist with compiling and finalizing Exhibits to Rule 91a Motion; editing and proofreading Motion; office conferences with L. Killeen regarding same.	5.00
12/20/19	JEF	Work on semi-final draft of motion to dismiss for client review, send same for review; review insurance coverage response, and confer with potential coverage counsel regarding possible paths forward for handling same; review comments from counsel for directors regarding draft motions.	1.80
12/22/19	JEF	Work on strategy issues for motion to dismiss; email to client regarding same; email to counsel for directors regarding same.	.80
12/23/19	JEF	Confer with client regarding possible changes in approach/strategy on motion to dismiss; work on changing same; work with staff on finalizing motion for filing, including reviews and edits to same; confer with counsel for directors regarding same; finalize and file motion; send email to opposing counsel regarding same and scheduling.	4.20
12/23/19	LRK	Finalize, edit and prepare for filing motion to dismiss, draft letter to the court to be	6.00

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
TOMA Integrity Litigation
I.D.3870-1-JEF

January 16, 2020
Invoice: 97506700

Date	Atty	Description Of Services Rendered	Hours
		filed with motion to dismiss, read and review answer to determine if it needs to be modified, email copy to litigation sub-committee and other defense counsel, review declaration.	
12/23/19	LRK	No Charge - Finalize, edit and prepare for filing motion to dismiss, draft letter to the court to be filed with motion to dismiss, read and review answer to determine if it needs to be modified, email copy to litigation sub-committee and other defense counsel, review declaration.	1.20
12/23/19	KWM	Review Final Versions of Defendant Windermere Oaks Water Supply Corporation's and its Directors' Joint Motion to Dismiss Under Rule 91a' First Amended Joint Brief in Support of Their Pleas to the Jurisdiction; and First Amended Joint Motion for Summary Judgment; and Correspondence to the court.	.70
12/30/19	JEF	Review email from opposing counsel regarding motions; email with counsel for directors regarding motions.	.30
12/31/19	JEF	Work on strategies relating to director defenses, and possible impact on entity defenses, including conference with counsel for directors regarding same; review motion and proposed order regarding scheduling, and prepare reply to same; work on alternate litigation strategies.	.80

TOTAL PROFESSIONAL SERVICES

\$ 32,434.50

SUMMARY OF PROFESSIONAL SERVICES

Name	Staff Level	Rate	Hours	Amount	N/C Hr	N/C \$
Jose E de la Fuente	Principal	300.00	39.20	11,760.00	.00	.00
J Troupe Brewer	Associate	.00	.00	.00	.80	216.00
Lindsay R Killeen	Associate	235.00	78.30	18,400.50	22.20	5,217.00
Hannah E Ging	Paralegal	130.00	.60	78.00	.00	.00
Karen W Mallios	Litigation	135.00	15.40	2,079.00	.00	.00
Audrey A Cooper	Paralegal	130.00	.90	117.00	.00	.00
TOTALS			134.40	\$ 32,434.50	23.00	\$ 5,433.00

DISBURSEMENTS

Date	Description	Amount
12/05/19	Lanier Parking Inc. Check # - 000037775 Lanier Parking Inc., Parking, November 2019 Parking Validations for 816 Congress Garage, 12/5/2019	75.00
12/06/19	Kim Tindall & Associ Check # - 000037837 Kim Tindall & Associates, LLC, Citation of Service, Certified Copy of J. Gimenez Transcript, 12/6/2019	900.77
	Color Prints	1.00

Lloyd Gosselink Rochelle & Townsend, P.C.

Windermere Oaks Water Supply Corporation
TOMA Integrity Litigation
I.D.3870-1-JEF

January 16, 2020
Invoice: 97506700

Date	Description	Amount
12/31/19	GL Grp 0014237/00007 Voucher # - 000000000 December 2019 Secretary of State Web Inquiries, Research	3.00

TOTAL DISBURSEMENTS **\$ 979.77**

TOTAL THIS INVOICE **\$ 33,414.27**

ENOCH KEVER PLLC

Bridgepoint Plaza
 5918 W. Courtyard Dr., Suite 500
 Austin, TX 78730
 (512) 615-1210
 Tax I.D. Number: 27-4508316

November 30, 2019

Joseph J. Gimenez III
 Windemere Oaks Water Supply Corporation
 345 Coventry Road
 Spicewood, Texas 78669

Invoice No.: 10352
 Client No.: 19062
 Matter No.: 00001
 Bill Through: 11/30/2019

Re: Land Sale Litigation

Balance of invoice dated: 10/31/2019	\$3,956.46
Net Balance Forward	\$3,956.46

PROFESSIONAL SERVICES

11/01/2019	SLO	Confer with clients regarding status of the case; draft amended answer; confer with Bob Mebane regarding deposition preparation; confer with Lindsay Killeen regarding potential additional defenses.	1.00 hrs
11/01/2019	LL	Proofread and finalize amended plea to the jurisdiction and amended answer; file same.	0.80 hrs
11/01/2019	PKL	Review and revise amended answer.	0.10 hrs
11/03/2019	SLO	Review Plaintiffs' First Amended Petition.	1.00 hrs
11/04/2019	SLO	Conference with defense counsel regarding Plaintiffs' First Amended Petition.	0.50 hrs
11/04/2019	LL	Review all filings; review deadlines.	0.50 hrs
11/06/2019	SLO	Conference call with defense counsel regarding plaintiffs' amended petition.	0.60 hrs
11/07/2019	SLO	Review opposing counsel's lengthy emails and Joe de la Fuente's response regarding emails; confer with defense counsel.	0.40 hrs
11/08/2019	SLO	Review and analyze briefs in support of pleas to the jurisdiction, motions for summary judgment, and Plaintiffs' Second Amended Petition.	1.00 hrs
11/11/2019	SLO	Review summary judgment/brief filings and attached evidence; review and analyze Second Amended Petition; confer with clients regarding same.	2.40 hrs
11/12/2019	SLO	Review and analyze Second Amended Petition; confer with defense counsel regarding discovery requests; confer with Dana Martin regarding notice of deposition.	1.30 hrs
11/12/2019	LL	Review notices of intent to take oral deposition.	0.20 hrs
11/13/2019	SLO	Review Plaintiffs' new discovery requests; conference call with defense counsel.	1.00 hrs

Windermere WS Directors
Client Number 19062

Page 2

11/13/2019	LL	Review several new discovery filings and calculate deadlines.	0.40 hrs
11/14/2019	SLO	Multiple conferences with opposing counsel and defense counsel regarding deposition of Dana Martin.	1.00 hrs
11/15/2019	SLO	Draft motion to quash and for protective order related to Dana Martin's deposition; confer with Molly Mitchell regarding same.	0.80 hrs
11/15/2019	LL	Proofread motion to quash; draft exhibits for same; finalize and file motion to quash.	0.70 hrs
11/16/2019	SLO	Confer with opposing counsel and defense counsel regarding discovery issues; confer with WOWSC counsel regarding potential representation of recently-named individual director defendants.	0.50 hrs
11/18/2019	SLO	Meeting with Bob Mebane to prepare for deposition; confer with Dana Martin; confer with Joe Gimenez; review WOWSC and Friendship Home's document production ahead of depositions.	4.20 hrs
11/18/2019	LL	Review and download Friendship production and other discovery filings.	0.30 hrs
11/19/2019	SLO	Participate in deposition of Joe Gimenez; confer with Bob Mebane regarding his deposition.	7.30 hrs
11/20/2019	SLO	Prepare for deposition with Bob Mebane; defend Bob Mebane's deposition; debrief with Bob Mebane.	7.80 hrs
11/21/2019	SLO	Confer with Kathryn Allen regarding service of process; confer with defense counsel regarding next steps.	0.30 hrs
11/21/2019	LL	Review amended petition and calculate deadline for answer for newly named defendants and deadline for TRCP 91a motion to dismiss.	0.20 hrs
11/22/2019	SLO	Confer with defense counsel regarding notices of depositions; confer with opposing counsel regarding same.	0.50 hrs
11/22/2019	LL	Review second notice of deposition of Dana Martin; discuss same with Shelby O'Brien; calculate deadlines for motion to quash.	0.50 hrs
11/25/2019	SLO	Call with defense counsel; review Kathryn Allen's email regarding discovery.	0.40 hrs
11/26/2019	SLO	Review discovery requests to Dana Martin and confer with Molly Mitchell regarding documents produced; conference with defense counsel.	0.60 hrs
11/26/2019	LL	Review newly filed discovery; organize all discovery.	0.30 hrs
11/27/2019	SLO	Review new deposition notices; confer with defense counsel regarding depositions.	0.40 hrs
11/27/2019	LL	Review amended notice of deposition of WOWSC Corporate Representative.	0.10 hrs

Windermere WS Directors
Client Number 19062

Page 3

Timekeeper Summary			
Timekeeper	Hours	Rate	Amount
Lindsey, Laci	4.00hrs	150.00	\$600.00
Lear, Paula K.	0.10hrs	300.00	\$30.00
O'Brien, Shelby	33.00hrs	300.00	\$9,900.00
Total fees for this matter			<u>\$10,530.00</u>
EXPENSES			
11/30/2019	Westlaw/Electronic Research		1.87
Total expenses for this matter			<u>\$1.87</u>
BILLING SUMMARY			
TOTAL FEES			\$10,530.00
TOTAL EXPENSES			\$1.87
TOTAL CHARGES FOR THIS INVOICE			<u>\$10,531.87</u>
NET BALANCE FORWARD			\$3,956.46
TOTAL BALANCE NOW DUE			<u><u>\$14,488.33</u></u>

ENOCH KEVER PLLC

Bridgepoint Plaza
 5918 W. Courtyard Dr., Suite 500
 Austin, TX 78730
 (512) 615-1210
 Tax I.D. Number: 27-4508316

December 31, 2019

Joseph J. Gimenez III
 Windermere Oaks Water Supply Corporation
 345 Coventry Road
 Spicewood, Texas 78669

Invoice No.: 10518
 Client No.: 19062
 Matter No.: 00001
 Bill Through: 12/31/2019

Re: Land Sale Litigation

Balance of invoice dated: 11/30/2019	\$14,488.33
Net Balance Forward	\$14,488.33

PROFESSIONAL SERVICES

12/02/2019	SLO	Confer with defense counsel regarding amended dispositive filing; confer with Dana Martin regarding scheduled deposition.	0.20 hrs
12/03/2019	SLO	Coordinate preparation for Dana Martin deposition.	0.20 hrs
12/04/2019	SLO	Review WOWSC's motion for protective order.	0.10 hrs
12/05/2019	SLO	Email clients update on status of case; confer with defense counsel regarding written discovery.	0.30 hrs
12/05/2019	LL	Review and confirm upcoming deadlines; draft second amended answer.	0.50 hrs
12/06/2019	SLO	Research and revise amended dispositive motion to dismiss.	3.70 hrs
12/07/2019	SLO	Research and revise amended dispositive motion to dismiss.	4.00 hrs
12/09/2019	SLO	Draft Second Amended Answer; prepare for Dana Martin deposition; review documents provided by client; call with WOWSC counsel regarding amended dispositive hearing.	4.00 hrs
12/09/2019	LL	Review new documents from client.	0.10 hrs
12/10/2019	SLO	Prepare for Dana Martin's deposition; defend Dana Martin's deposition.	8.50 hrs
12/11/2019	SLO	Telephone call with Bill Earnest and Lindsay Killeen regarding responses to requests for production; review WOWSC's production.	0.90 hrs
12/12/2019	SLO	Confer with co-counsel regarding amended answers; confer with defense counsel regarding potential claims; review and comment on Friendship Homes' responses to requests for production; review and edit responses to requests for disclosure; research additional defenses for assertion.	4.30 hrs
12/12/2019	LL	Revise and finalize original answer of newly named directors; file same; draft response to request for disclosure; revise same; review recent discovery filings; discuss discovery matters with Shelby O'Brien.	1.60 hrs

Windermere WS Directors
Client Number 19062

Page 2

12/12/2019	GEZ	Address and frame proper wording and handling of discovery responses and proper identification of witnesses on potentially collateral issues and provide recommendations to protect clients.	0.20 hrs
12/13/2019	SLO	Research potential defenses for directors; draft amended answer; draft and serve responses to requests for disclosure; confer with directors regarding indemnification forms.	3.40 hrs
12/13/2019	LL	Review and revise response to request for disclosure; finalize and serve same; save newly produced documents.	1.00 hrs
12/17/2019	SLO	Phone calls with clients.	0.70 hrs
12/17/2019	LL	Review rules governing 91a motion and TCPA motion; calculate deadlines for newly named directors and check deadline for original directors; discuss same with Shelby O'Brien.	0.40 hrs
12/18/2019	SLO	Multiple conferences with clients regarding case.	3.60 hrs
12/19/2019	SLO	Research and revise amended motion for summary judgment, amended brief in support of plea to the jurisdiction, and Rule 91a motion to dismiss; conference with defense counsel and client about issues in case.	5.30 hrs
12/20/2019	SLO	Confer with clients regarding amended dispositive filing; make final revisions to dispositive filing; confer with defense counsel regarding same.	2.00 hrs
12/20/2019	SLO	Review defense counsel's edits to amended dispositive filing; confer with Joe de la Fuente regarding same.	0.40 hrs
12/30/2019	SLO	Confer with client regarding deposition transcript and errata; email update to clients regarding status of case; review correspondence from opposing counsel; research viability of a motion to dismiss under the Texas Citizens Participation Act.	2.20 hrs
12/30/2019	LL	Review recent filings; review calendar of deadlines; communicate with court reporter regarding payment for deposition.	0.60 hrs
12/31/2019	SLO	Research viability of motion to dismiss under the Texas Citizens Participation Act; confer with Joe de la Fuente regarding same.	1.80 hrs

Timekeeper Summary

Timekeeper	Hours	Rate	Amount
Zausmer, Gary E.	0.20hrs	300.00	\$60.00
Lindsey, Laci	4.20hrs	150.00	\$630.00
O'Brien, Shelby	45.60hrs	300.00	\$13,680.00
Total fees for this matter			\$14,370.00

Windermere WS Directors
Client Number 19062

Page 3

EXPENSES

12/10/2019	Apple Spice - Lunch during Dana Martin deposition	51.92
12/31/2019	Kim Tindall & Associates (Invoice # 69355) - Court reporting services	891.73
12/31/2019	Westlaw/Electronic Research	63.52
	Total expenses for this matter	<hr/> \$1,007.17

BILLING SUMMARY

TOTAL FEES	\$14,370.00
TOTAL EXPENSES	\$1,007.17
TOTAL CHARGES FOR THIS INVOICE	<hr/> \$15,377.17
NET BALANCE FORWARD	\$14,488.33
TOTAL BALANCE NOW DUE	<hr/> \$29,865.50 <hr/>

**SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788**

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-20 State whether the WOWSC intends to pursue recovery of litigation expenses paid, advanced or reimbursed for each individual defendant in Cause No. 48292 as to whom it is finally determined that the person has not met the standard set forth in 8.101(a) or that indemnification is prohibited by Section 8.102.

RESPONSE: Ratepayers have agreed to withdraw this RFI.

**SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788**

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-21 If the answer to the preceding RFI was anything other than an unequivocal “yes” for each person as to whom it is finally determined that the person has not met the standard set forth in 8.101(a) or that indemnification is prohibited by Section 8.102, state the legal and factual bases (if any) on which the WOWSC contends it need not pursue such recovery.

RESPONSE: Ratepayers have agreed to withdraw this RFI.

**SOAH DOCKET NO. 473-20-4071.WS
PUC DOCKET NO. 50788**

**WINDERMERE OAKS WATER SUPPLY CORPORATION'S RESPONSE TO
RATEPAYERS REPRESENTATIVES THIRD REQUEST FOR INFORMATION**

Ratepayers 3-22 Provide the WOWSC's determination and calculation of the demand of \$250,000 in Case 1:21-CV-00258-RP (see exhibit B) and if this demand includes legal expenses from 2019 which the WOWSC included in the 2020 WOWSC rate increase.

RESPONSE: Ratepayers 3-22 is subject to a pending objection.

Prepared by:
Sponsored by: