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RATEPAYERS APPEAL OF THE DECISION BY WINDERMERE OAKS WATER SUPPLY CORPORATION TO CHANGE WATER AND SEWER RATES	§ § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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**WINDERMERE OAKS WATER SUPPLY CORPORATION RESPONSE TO
RATEPAYERS' FOURTH REQUEST FOR INFORMATION**

Windermere Oaks Water Supply Corporation (WOWSC) files this Response to the Fourth Request for Information (RFI) filed by Ratepayers. The discovery request was received by WOWSC on November 4, 2022; 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 in a subsequent filing:

Voluminous CONFIDENTIAL Attachment Ratepayers 4-5 – Monthly Water Usage Reports
CONFIDENTIAL Attachment Ratepayers 4-9 – Legal Invoices
CONFIDENTIAL Attachment Ratepayers 4-13(p) – Membership and Equity Buy-In
CONFIDENTIAL Attachment Ratepayers 4-14(a) – Alternate Billing Agreements

Respectfully submitted,

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

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

RICHARD A. ARNETT II
State Bar No. 24131230
rarnett@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 November 18, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.



JAMIE MAULDIN

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-1:

Please reference the hearing testimony of Mike Nelson (Transcript Day 1 at pp. 198-9 & 204-5) that the appealed rates are not the rates that were generated by the TRWA model using Windermere's 2019 financial information. Explain the calculation and identify the financial data (including, without limitation, each component and dollar amount included in the revenue requirement) that was used to develop the appealed rates.

RESPONSE:

The TRWA spreadsheet generated the calculated base rates at roughly \$175.

The Board used the financial data and determined that, to add to the previous year's legal fee budget of roughly \$3,150 per month and to satisfy its obligations to law firms that totaled \$20,000 per month (\$250,000 in the year 2020), it required an extra \$16,000 per month.

Thus, because the Board could collect \$16,000 per month with a rate lower than \$175, it reduced the base rate to reflect the amount needed for ongoing legal fees. It should be noted that at this time the Board used the 253 member number in the TRWA spreadsheet.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-2:

Produce the worksheets and other documents (if any) that reflect the calculation (if any) by which Windermere determined the amount and structure of the appealed rates. This RFI requests, without limitation, the calculation(s), if any, made by the company to determine the exact amount of the appealed rates and how the increase would be allocated among its customers.

RESPONSE:

The TRWA spreadsheet calculated the appealed rates. Please refer to the TRWA analysis spreadsheet at Ex. WOWSC-07 at MN-2.

The increase would be applied to all WOWSC customers equally.

The company also asked James Smith, with the TRWA, to perform “what-if” rate scenario analysis that the Board discussed at its February 11, 2020, meeting.

Please see Attachment Ratepayers 4-2.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez



Windermere Oaks Water Supply Corporation

424 Coventry Rd
Spicewood, Texas 78669

2020 - 2021 Board of Directors:

Joe Gimenez, President
Patricia Gerino, Vice-President
Mike Nelson, Secretary/Treasurer
Rich Schaefer, Director
Dorothy Taylor, Director

Windermere Oaks Water Supply Corporation (WOWSC) Board meeting held Tuesday, February 11, 2020 at the Spicewood Community Center, 7901 Co Rd 404, Spicewood TX, 78669

2020 - 2021 Board Members Present: Patricia Gerino, Joe Gimenez, Mike Nelson, Rich Schaefer, Dorothy Taylor

Minutes

The meeting was called to order at 6:01PM by Joe Gimenez.

1. Comments from citizens and members who have signed sign-up sheet to speak (3-minute limit per person).¹
 - a. Joe Gimenez
 - i. Received letter from Patti Flunker on Executive Session agenda item 'Deliberations regarding the potential purchase, exchange, lease, or value of real property'
 1. Joe said there is No contract, no discussions, no marketing effort, nothing going on regarding sale of WOWSC property.
 2. Joe said the agenda item would help two new Board members, Patricia and Rich, to get up to speed on WOWSC's real estate
 3. Patti Flunker, Josie Fuller, and Danny Flunker have asked why WOWSC has not sold property to pay for legal bills
 4. Joe said that no action is planned to be taken on property after Executive session
 - b. Danny Flunker
 - i. On agenda item, Executive Session agenda item 'Deliberations regarding the potential purchase, exchange, lease, or value of real property', did not mention sale of WOWSC property.
 - ii. Handed out hard copy of an email from Gary Young from 2015 citing his assessment of issues with the WOWSC and explained why he would not run for the Board.
 - iii. Danny asked Joe to not turn-off recording equipment and to not touch equipment
 - c. Mikki Bertino
 - i. From Mikki's research of Burnet County records on lots 130 and 131, the records did not show a WOWSC easement on the lots' plats.
 - d. Patti Flunker
 - i. Glad to see an attorney is not present today
 - ii. Requested Board discuss with WOWSC's attorneys the Executive Session agenda item 'Deliberations regarding the potential purchase, exchange, lease, or value of real property.' Patti believes Texas Open Meeting Act Executive Session property discussion is specific to a third party.
2. Approval of Board Meeting minutes
 - a. January 23, 2020
 - b. February 1, 2020

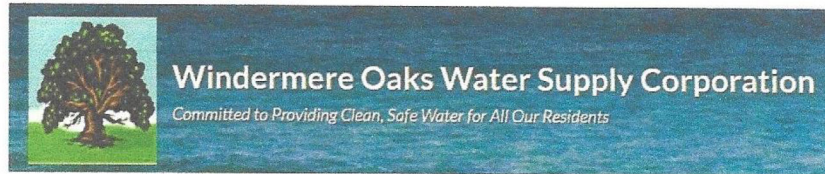
¹ The Board is not allowed to take action on any subject presented that is not on the agenda, nor is the Board required to provide a response; any substantive consideration and action by the Board will be conducted under a specific item on a future agenda at a regular meeting of the Board.

- c. Motion made and carried by all to approve the minutes for WOWSC Board Meetings held January 23, 2020 and February 1, 2020.

3. MANAGER'S REPORT –

- a. GENERATOR INSTALLATION PROGRESS –update on tests, propane tank installation and billings.
 - i. Installing propane tank underground outside the entrance gate. The hole is to be dug Wednesday and the tank installed underground on Thursday.
- b. PRE-TREATMENT FACILITY –Discussion of operator's findings on current clarifier and updates on pricing for new clarifier.
 - i. George's ongoing investigation for pre-treatment equipment is finding more options.
 - ii. A distributor believes he may have equipment that will work for WOWSC. This needs to be investigated and vetted.
 - iii. Recently, many new options are becoming available for water pre-treatment.
- c. TRWA ANALYSIS –Update on communications with TRWA regarding what-if rate scenarios.
 - i. James's initial analysis used WOWSC's Y2019 actual expenses
 - 1. WOWSC's Y2019 legal expense ~\$167,000 (which caused substantial part of rate increase of \$65.73 for 2020).
 - ii. At Board's request, James performed what-if scenarios for rates, keeping all expenses as they were in 2019, but changing the legal expenses to envision what rates might have been, or what might be in the future.
 - 1. At \$0, the impact is a reduction of ~ \$2 to the monthly base rate
 - a. From ~ \$91 to ~\$89
 - 2. At \$30,000, the impact is an increase of \$3 to the monthly base rate
 - a. From ~ \$91 to ~\$94
 - 3. At \$48,000, the impact is an increase of \$6 to the monthly base rate
 - a. From ~ \$91 to ~\$97
 - 4. At \$72,000, impact is an increase of \$10 to the monthly base rate
 - a. From ~ \$91 to ~\$101
 - 5. James did not provide a what if scenario impact for legal expenses of \$250,000
 - a. Rich's estimate is an increase of \$82 to the monthly base rate
 - i. From ~\$91 to ~\$173
- d. AUDIT –Update re communication with CPA regarding audit timing.
 - i. Joe and George have worked with accountant to perform tax-basis audit for approximately \$10,000
 - ii. Audit is being delayed until WOWSC can afford to pay for it
- e. REPLAT OF LOTS 130 & 131 –Documents from title company did not reflect water pipe location down center of replatted lots. Replat approved by WO POA. Owner requesting WOWSC or WO POA to cover the reallocation of the pipeline across nearly 220 feet along outside of new property line. POA Guidelines stipulate this is the owner's responsibility.
 - i. Original plats for Windermere Oaks (WO) proper properties have WOWSC easements
 - ii. Tennis Village was never a part of WO proper. Tennis Village original plats did not include WOWSC easements. It's not clear today where all WOWSC pipes in the Tennis Village are located.
 - iii. No known Tennis Village survey plat shows a WOWSC easement along the lot lines.
 - iv. George believes WOWSC's original covenants and deed restrictions have blanket easement statements that do not necessarily show in plats.
 - v. Request was made by the property owner for WOWSC or WO POA to pay for moving the water pipes.

- vi. ~200 ft of 4" pipe at \$10 to \$15 per ft.: ~\$2,000 to \$3,000
 - vii. WO POA restrictions state that owners are responsible for costs associated with easements when moving property lines (replatting)
 - viii. Joe recommends a WOWSC attorney meet with a WO POA attorney to discuss this with the Title Company and owner.
 - ix. Replat was done in 2017
4. SUBCOMMITTEE APPOINTMENTS –Review, discuss and take any appropriate action regarding assignments to subcommittees, including but not limited to Legal, Budget, Operations, Administrative, and Finances.
- a. Legal sub-committee:
 - i. Members: Joe and Mike
 - b. Budget sub-committee:
 - i. Members: Mike
 - c. Dispersal field at airport: grass runway
 - i. Members: Patricia asked Rich to join
 - d. Pre-treatment facility upgrade:
 - e. Finances: Loan, line of credit at bank
 - i. Members: Joe, Joe asked Patricia to join
 - f. Administrative: resolutions, By-Laws, Tariffs
 - i. Members: Dorothy
 - g. Committees are limited to two Board members per committee
 - h. Tabled further discussion for today
 - i. Formalize sub-committee assignments at future WOWSC Board Meetings
5. TREASURER'S REPORT
- a. Review of January financial statements if available.
 - i. WOWSC has not yet received our January financial report. It's a very busy time of the year for our bookkeepers (accountants).
 - b. Review legal budget billing worksheet and summarize payment plan proposals. Take action as necessary
 - i. Mike's cash flow analysis found ~\$10,000 more in monthly revenue than monthly cost of goods sold and standard monthly expenses
 - 1. Mike to send Patricia, Dorothy, Rich the cash flow analysis for legal payments
 - ii. WOWSC has not yet received a check from LCRA for the water reduction projects
 - iii. Need to pay down legal invoices
 - 1. December 2019 legal invoices: \$62.1K
 - 2. January 2020 legal invoices: \$59.6K
6. TARIFF REVISION – Review, discuss and take any appropriate action including voting regarding updating of the Tariff to include the new rates approved at the February 1, 2020 Annual Board meeting.
- a. Joe read resolution regarding 'NOTICE OF RATE/TARIFF CHANGES EFFECTIVE MARCH 23, 2020
 - b. Motion made and carried by all approving an amendment to the resolution to include a rate review no later than September 2020.
 - c. Motion made and carried by all to approve the amended resolution



DATE: February 11, 2020

TO: ALL WINDERMERE OAKS WSC MEMBERS & CUSTOMERS

RE: NOTICE OF RATE/TARIFF CHANGES EFFECTIVE MARCH 23, 2020

At its February 1, 2020 Annual Board meeting, the Board of Directors of WOWSC voted unanimously to increase water and wastewater utility rates and revise our Tariff accordingly. The new rates will be in effect beginning for utility service between March 23 through the April 2020 reading, and will be reflected on bills you receive in late April/early May. The rate changes are detailed below.

The amount of the rate increase was determined through an analysis of the Corporation's 2019 operating expenses by the Texas Rural Water Association. The rate analysis considered all the operating expenses we incurred, including \$169,000 in legal fees. This historically high amount reflected legal defense costs incurred due in large part to two lawsuits brought against WOWSC by TOMA Integrity, Inc. and by Rene Ffrench, John Richard Dial, and Stuart Bruce Sorgen. The Board also committed to revisiting these rates again in September. If the legal battles continue, or if other operational expenses arise, the Board may need to increase rates again. The Board also committed to reducing rates once the suits against it are dropped, settled, or decided in its favor.

The following sections of the Tariff, modified:

Section G. Rates and Service Fees

7. Monthly Charges

a.---Base Rate / Service Availability Charge

(1) Water Service

The minimum water Service Availability Charge
(5/8" x 3/4" & 3/4" meter) shall be \$90.39

(2) Sewer Service

The minimum sewer Service Availability Charge
(5/8" x 3/4" & 3/4" meter) shall be \$66.41

OLD RATES:

Section G. Rates and Service Fees

7. Monthly Charges

a.---Base Rate / Service Availability Charge

(1) Water Service

The minimum water Service Availability Charge
(5/8" x 3/4" & 3/4" meter) shall be \$50.95

(2) Sewer Service

The minimum sewer Service Availability Charge
(5/8" x 3/4" & 3/4" meter) shall be \$40.12

The above new rates become effective MARCH 23, 2020

The Windermere Oaks Water Supply Corporation achieved perfect results for water quality in 2019 from the Texas Commission on Environmental Quality. The legal expenses we are incurring to defend our corporation far exceed the expenses necessary to continue to provide clean drinking water and to effectively treat our effluent. It is our hope that once the legal expenses subside, we can lower these rates to a level reflective of those costs *without* ongoing litigation. If you have any questions, please email WindermereWater@gmail.com or call (830) 613-8137 and someone will get back to you. A copy of the revised tariff will be filed with the Water Utilities Division, Public Utility Commission of Texas, PO Box 13326, Austin, Texas 78711-3326.

From the Board of Directors of Windermere Oaks Water Supply Corporation.

Windermere Oaks Water Supply Corporation
424 Coventry Rd. Spicewood, Texas 78669
Billing Questions: (830) 598-7511 Ext 1
Water or Sewer Emergency: Phone (830) 598-7511 Ext 2

1

i.

7. MEMBER COMMUNICATIONS -- Review, discuss and take any appropriate action on necessary member communications to give members 30-day notice of rate change before the March 23 meter reading and offer information on legal matters.
 - a. Notify members 30 days or more in advance of a rate increase
 - b. Expect to read meters March 23rd.
 - c. Plan to communicate rate increase to WOWSC Members before February 22nd
 - d. Motion made and carried by all to mail WOWSC Members the rate increase notification this week
8. Executive Session under Texas Government Code § 551.071(1) and (2) and § 551.072 regarding:
 - a. Jay Grissom Letter to WOWSC advising of intent to take issues to small claims court.
 - b. Ffrench, et al., Intervenor-plaintiffs and Double F Hangar Operations, LLC, et al. v. Friendship Homes & Hangars, LLC, Windermere Oaks WSC, et al., Cause No. 48292, 33rd Jud. Dist., Burnet County Dist. Ct.
 - c. Deliberations regarding the potential purchase, exchange, lease, or value of real property
 - i. Entered Executive Session: 7:02PM
 - ii. Exited Executive Session: 7:50PM
 - iii. Board meeting resumed: 7:55PM
9. Consideration and possible action on items discussed in Executive Session.
 - a. Initial claim made for \$12,000 by Jay Grissom for replacement of two industrial grinder pumps allegedly due to WOWSC sewer valve failures that affected Grissom and his neighbor's grinder pumps' ability to send wastewater to the system. Grissom's house is his second home and he was not able to take action to remedy. His neighbor who lives full time in neighborhood was able to shut off overflowing grinder pump. George had originally communicated to Grissom that a single pump would be sufficient and that a replacement should be ~\$1300. Grissom shared replacement bills of ~\$5,000. Board avoided small claims court through negotiation with Grissom and settled on a \$1500 no fault settlement payment. (During this part of meeting, member Josephine "Josie" Fuller moved her chair to within a few feet of the Board table, claiming that she wanted to hear better, but also said something to the effect that she wanted Board members "to look her in the eyes" when discussing this matter and some Board members felt threatened by this action. She made various outbursts disrupting subsequent parts of the meeting.)
 - i. Motion made and carried by Patricia, Mike, Rich, and Dorothy to approve the \$1500 no fault settlement with Grissom, authorize legal council to affectuate the no fault settlement, and for treasurer to make payment.
 1. Joe abstained from voting on the motion
 - b. Members have requested frequent communication on WOWSC issues
 - i. Motion made and carried by all for legal subcommittee, Joe and Mike, to work with attorneys on Member communication regarding the defense of lawsuits and the impact on rates and operation
10. New business and discussion and possible action on agenda for next meeting.
 - a. Financials
 - b. Meeting minutes review and approval
 - c. Manager's report
 - i. Replat issue for lots 130 & 131
 - ii. Generator installation
 - d. Executive session
 - e. Legal fees payment schedule
 - f. Credentials committee
 - g. Sub-committees discussion
11. Set date, time, and place for next meeting.
 - a. Tuesday, March 17th, at 6:00PM or Thursday, March 19th, at 6:00PM at the Spicewood Community Center
12. Motion made and carried by all to adjourn at 8:07PM



Submitted by: Mike Nelson

APPROVED BY WOWSC Board on May 19, 2020

Billing Questions: (830) 598-7511 Ext 1

Water or Sewer Emergency: Phone (830) 598-7511 Ext 2

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-3:

Please identify (by category and dollar amount) each cost Windermere determined was or should be attributed to the minimum charges (or base rate) for water and wastewater service, respectively, in connection with its approval of the appealed rates and explain the basis (if any) for each such determination.

RESPONSE:

Please refer to the TRWA spreadsheet columns for fixed and variable costs at Ex. WOWSC-07 at MN-2.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-4:

Please identify (by category and dollar amount) each cost Windermere determined was or should be attributed to volumetric charges for water and wastewater service, respectively, in connection with its approval of the appealed rates and explain the basis (if any) for each such determination.

RESPONSE:

The actual costs incurred throughout the 2019 year of operations were the basis for each such determination. Please refer to the TRWA analysis spreadsheet at Ex. WOWSC-07 at MN-2.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-5:

Produce all studies and/or analyses conducted at any time pertaining to the characteristics of Windermere's customers through December 31, 2019. This request includes, by way of illustration, information generated in an effort to assess customer service needs and service classifications.

RESPONSE:

Each month, WOWSC produces an end of month service report that includes customer water usage.

See Voluminous Confidential Attachment Ratepayers 4-5.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

**Ratepayers Attachment 4-5 is
CONFIDENTIAL and voluminous
(being provided in subsequent filing)**

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-6:

If Windermere contends the appealed rates were set within a range of reasonable cost values, describe in detail the bases (if any) for such contention and produce all calculations, studies and other materials Windermere contends support such contention.

RESPONSE:

To enter values into the TRWA spreadsheet, WOWSC used the December 2019 year-end cost values included in its End of Month accounting report.

See Attachment Ratepayers 4-6.

WOWSC also projected 2020 legal fees based on the November and December 2019 legal fees. November and December 2019 were the first months of depositions by the plaintiffs with the case, and it was rational to assume that more discovery and depositions would be held in 2020.

See Ex. WOWSC-07 at Workpaper MN-1.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

**Windermere Oaks WSC
Summary of Income/Expense
December 31, 2019**

Income		\$ 43,398.04
Expenses		<u>(79,227.69)</u>
Net Income/(Loss)		\$ (35,829.65)
Bank Account Balances		
Checking		\$ 48,712.43
MM+		60,299.43
Capital Expenditure Reserve		<u>41,982.58</u>
Total:		\$ 150,994.44
WWTP Loan Balance		\$ 224,546.24
Debt to service coverage ratio:	2019	2018
Net operating income	41,158.66	77,951.54
Debt service	37,419.39	37,419.39
DSCR	1.10	2.08
Debt to capital ratio:		
Debt	224,546.24	262,623.74
Total capital	1,444,903.66	1,441,822.50
Debt to capital	0.16	0.18
Days cash on hand:		
Cash on hand	150,994.44	168,541.66
Budgeted annual expense less depreciation	394,215	331,490
Days cash on hand	139.80 *	185.58

* Assumption here is that no additional income will be received through the end of the year.

**Capital Expenditures Reserves
December 31, 2019**

Project	Budget	Paid to Date	Balance	Comments
Tennis Village Lift Station	53,000.00	9,888.34		
Tennis Village Lift Station Final	7,666.52			BOD approved 8/30/17
1st Draw Water Mmgt. Pumps and tanks		27,416.52		
2nd Draw Water Mmgt.		12,500.00		
3rd Draw Water Mmgt		10,000.00		
Total Expenses	60,666.52	59,804.86	861.66	

Beginning C/E Reserve Income Balance			41,982.58
Monthly Transfers from Checking (01/31/19)			
Expenses (2017/2018)			
Barge Damage Expenses/Tranfers			-
Grand Total Reserve Income Balance			41,982.58

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01/10/20

Cash Basis

Windermere Oaks W.S.C.

Balance Sheet

As of December 31, 2019

	Dec 31, 19
ASSETS	
Current Assets	
Checking/Savings	
10200 Cash in Bank-2100725	48,712.43
10205 · Capital Expenditures Reserve	41,982.58
10400 · MM/Contingency Funds-128546	60,299.43
Total Checking/Savings	150,994.44
Total Current Assets	150,994.44
Fixed Assets	
15402 · Water Plant Generator (New Generator)	35,680.00
15401 · Tennis Village Lift Station (Replace Lift Station)	59,804.86
15000 · Furniture & Fixtures	2,572.62
15100 · Equipment	109,418.15
15200 · Fence	19,017.66
15300 · Water Treatment Facility	191,994.20
15310 · 2004 Water Plant Expansion	6,500.00
15340 · 3-Phase Electrical Upgrade	8,699.00
15350 · 2004 Water Storage Tank	70,649.95
15400 · Improvements	34,888.96
15500 · Building	3,377.58
15600 · Sewer Plant	125,233.87
15650 · Barge Replacement	652.27
15700 · Hydrotank Foundation	9,599.19
15750 · Boat	4,000.00
15800 · Decant Lagoon	18,475.51
15850 · 2014 WW Treatment Plant (Expenditures for WWTP)	788,648.35
15851 · Total Land	
16800 · Lot 253	6,403.75
16900 · Land	54,705.69
Total 15851 · Total Land	61,109.44
15900 · Sewer Plant Bldg new	18,277.70
15950 · 2007 Water Treatment Plant	679,210.33
17000 · Accumulated Depreciation	-848,935.83
Total Fixed Assets	1,398,873.81
Other Assets	
19300 · Standby Fees Delinquent	6,008.00
Total Other Assets	6,008.00
TOTAL ASSETS	1,555,876.25
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
25000 · Water & Sewer Taxes Payable	3,529.84
Total Other Current Liabilities	3,529.84
Total Current Liabilities	3,529.84
Long Term Liabilities	
27500 · Membership Fees Refundabl	107,442.75
27750 · Loan ABT WWTP April 4 2014 (This is first loan for WWTP)	224,546.24
Total Long Term Liabilities	331,988.99
Total Liabilities	335,518.83
Equity	
39005 · Retained Earnings	1,179,198.76
Net Income	41,158.66

5:00 PM
01/10/20
Cash Basis

Windermere Oaks W.S.C.
Balance Sheet
As of December 31, 2019

	Dec 31, 19
Total Equity	1,220,357.42
TOTAL LIABILITIES & EQUITY	1,555,876.25

Windermere Oaks W.S.C.
Profit & Loss Budget Performance
December 2019

5:03 PM

01/10/20

Cash Basis

	Dec 19	Budget	Jan - Dec 19	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
40000 · Standby Fees					
40000-5 · Standby Fees - Water	4,098.40	1,375.00	20,730.74	16,500.00	16,500.00
40000-6 · Standby Fees - Sewer	4,098.40	1,375.00	20,730.74	16,500.00	16,500.00
Total 40000 · Standby Fees	8,196.80	2,750.00	41,461.48	33,000.00	33,000.00
40200 · Water & Sewer Services					
40200-5 · Water Services	17,287.35	17,916.66	228,199.16	215,000.00	215,000.00
40200-6 · Sewer Services	11,212.40	11,666.67	141,469.36	140,000.03	140,000.03
40200 · Water & Sewer Services - Other	0.00		-127.42		
Total 40200 · Water & Sewer Services	28,499.75	29,583.33	369,541.10	355,000.03	355,000.03
40300 · Late Charges					
40300-5 · Late Charges - Water	183.80	375.00	3,120.41	4,500.00	4,500.00
40300-6 · Late Charges - Sewer	124.35	250.00	1,972.01	3,000.00	3,000.00
Total 40300 · Late Charges	308.15	625.00	5,092.42	7,500.00	7,500.00
40400 · Membership Fees	0.00		-1,780.32		
40410 · Membership Transfer Fees					
40410-5 · Membership Transfer Fees-Water	0.00	12.50	-160.99	150.00	150.00
40410-6 · Membership Transfer Fees-Sewer	0.00	12.50	-161.01	150.00	150.00
40410 · Membership Transfer Fees - Other	0.00		120.75		
Total 40410 · Membership Transfer Fees	0.00	25.00	-201.25	300.00	300.00
40500 · Equity Buy-in Fees	4,600.00	2,300.00	50,600.00	27,600.00	27,600.00
40600 · Water & Sewer Taps					
40600-5 · Water Taps	862.50	431.25	10,350.00	5,175.00	5,175.00
40600-6 · Sewer Taps	862.50	431.25	10,350.00	5,175.00	5,175.00
Total 40600 · Water & Sewer Taps	1,725.00	862.50	20,700.00	10,350.00	10,350.00
42000 · Insurance Claim Settlements	0.00		59,855.84		
44000 · Regulatory Assessment fee refun					
44000-6 · Regulatory Assess Fee Ref-Sewer	0.00		-660.13		
44000-5 · Regulatory Assess Fee Ref - Wat	0.00		-1,046.69		
Total 44000 · Regulatory Assessment fee refun	0.00		-1,706.82		
46400 · Reconnect fee					
46400-5 · Reconnect Fee - Water	0.00	16.66	0.00	200.00	200.00
46400-6 · Reconnect Fee - Sewer	0.00	16.66	0.00	200.00	200.00
Total 46400 · Reconnect fee	0.00	33.32	0.00	400.00	400.00
49200 · Airport Irrigation Project	0.00		1,000.00		
Total Income	43,329.70	36,179.15	544,562.45	434,150.03	434,150.03
Cost of Goods Sold					
50000 · COS-Operator					
50000-5 · COS Operator - Water	6,475.00	6,682.84	76,346.25	80,194.00	80,194.00
50000-6 · COS Operator - Sewer	3,500.00	3,598.41	41,518.75	43,181.00	43,181.00

Windermere Oaks W.S.C.
Profit & Loss Budget Performance
December 2019

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01/10/20

Cash Basis

	Dec 19	Budget	Jan - Dec 19	YTD Budget	Annual Budget
Total 50000 · COS-Operator	9,975.00	10,281.25	117,865.00	123,375.00	123,375.00
57000 · COS-Chemicals					
57000-5 · COS Chemicals - Water	3,273.99	943.25	11,724.07	11,319.00	11,319.00
57000-6 · COS Chemicals - Sewer	311.17	19.25	311.17	231.00	231.00
Total 57000 · COS-Chemicals	3,585.16	962.50	12,035.24	11,550.00	11,550.00
57500 · COS-Electricity					
57500-5 · COS Electricity -Water	824.78	1,116.50	10,576.17	13,398.00	13,398.00
57500-6 · COS Electricity -Sewer	864.02	808.50	10,346.07	9,702.00	9,702.00
Total 57500 · COS-Electricity	1,688.80	1,925.00	20,922.24	23,100.00	23,100.00
58000 · COS-Sludge Removal					
58000-5 · COS-Sludge Removal - Water	277.50	345.00	972.50	4,140.00	4,140.00
58000-6 · COS-Sludge Removal - Sewer	0.00	405.00	1,390.00	4,860.00	4,860.00
Total 58000 · COS-Sludge Removal	277.50	750.00	2,362.50	9,000.00	9,000.00
58500 · LCRA - Raw Water Fee					
58500-5 · COS-LCRA Raw Water Fee - Water	952.13	600.00	4,780.29	7,200.00	7,200.00
58500-6 · COS-LCRA Raw Water Fee - Sewer	634.75	400.00	3,709.41	4,800.00	4,800.00
Total 58500 · LCRA - Raw Water Fee	1,586.88	1,000.00	8,489.70	12,000.00	12,000.00
59000 · COS-Lab Fees					
59000-5 · COS Lab Fees- Water	190.12	346.66	3,206.68	4,160.00	4,160.00
59000-6 · COS Lab Fees- Sewer	416.00		4,947.08		
59000 · COS-Lab Fees - Other	305.00		305.00		
Total 59000 · COS-Lab Fees	911.12	346.66	8,458.76	4,160.00	4,160.00
Total COGS	18,024.46	15,265.41	170,133.44	183,185.00	183,185.00
Gross Profit	25,305.24	20,913.74	374,429.01	250,965.03	250,965.03
Expense					
77600 · Website					
77600-5 · Website - Water	0.00	16.66	0.00	200.00	200.00
77600-6 · Website - Sewer	0.00	16.66	0.00	200.00	200.00
Total 77600 · Website	0.00	33.32	0.00	400.00	400.00
59610 · Install New Service Taps					
59610-5 · Install New Service Taps-Water	760.00	375.00	10,531.06	4,500.00	4,500.00
59610-6 · Install New Service Taps-Sewer	2,633.22	375.00	10,453.90	4,500.00	4,500.00
Total 59610 · Install New Service Taps	3,393.22	750.00	20,984.96	9,000.00	9,000.00
62000 · Bank Charges					
62000-5 · Bank Charges - Water	7.50	25.00	110.92	300.00	300.00
62000-6 · Bank Charges - Sewer	7.50	25.00	103.42	300.00	300.00
62000 · Bank Charges - Other	0.00		7.50		
Total 62000 · Bank Charges	15.00	50.00	221.84	600.00	600.00
62400 · Bookkeeping					
62400-6 · Bookkeeping - Sewer	429.04		2,081.54		

Windermere Oaks W.S.C.
Profit & Loss Budget Performance
December 2019

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Cash Basis

	Dec 19	Budget	Jan - Dec 19	YTD Budget	Annual Budget
62400-5 · Bookkeeping - Water	429.04		2,081.54		
Total 62400 · Bookkeeping	858.08		4,163.08		
62500 · Accounting					
62500-5 · Accounting - Water	0.00	416.66	915.00	5,000.00	5,000.00
62500-6 · Accounting - Sewer	0.00	416.66	770.00	5,000.00	5,000.00
Total 62500 · Accounting	0.00	833.32	1,685.00	10,000.00	10,000.00
62600 · Billing Services					
62600-5 · Billing - Water	900.00	700.00	7,839.62	8,400.00	8,400.00
62600-6 · Billing - Sewer	900.00	700.00	7,839.61	8,400.00	8,400.00
Total 62600 · Billing Services	1,800.00	1,400.00	15,679.23	16,800.00	16,800.00
62800 · Total Contract Services					
62804-5 · Professional Engineer - Water	0.00	208.34	0.00	2,500.00	2,500.00
62804-6 · Professional Engineer - Sewer	0.00	291.66	3,069.00	3,500.00	3,500.00
62806-5 · Consulting Fees - Water	0.00	166.66	0.00	2,000.00	2,000.00
62806-6 · Consulting Fees - Sewer	0.00	83.34	0.00	1,000.00	1,000.00
Total 62800 · Total Contract Services	0.00	750.00	3,069.00	9,000.00	9,000.00
63000 · Legal/Appraisal					
63000-5 · Legal/Appraisal - Water	0.00	600.00	3,707.83	7,200.00	7,200.00
63000-6 · Legal/Appraisal - Sewer	0.00	600.00	3,702.82	7,200.00	7,200.00
63100-5 · Lawsuit 2017/18-Water (2017/18 Lawsuit)	22,812.28	983.34	79,586.41	11,800.00	11,800.00
63100-6 · Lawsuit 2017/18-Sewer	22,812.28	983.34	79,586.40	11,800.00	11,800.00
Total 63000 · Legal/Appraisal	45,624.56	3,166.68	166,583.46	38,000.00	38,000.00
63500 · Dues & Subscriptions					
63500-5 · Dues/Subscriptions - Water	0.00	77.09	89.23	925.00	925.00
63500-6 · Dues/Subscriptions - Sewer	0.00	77.09	89.22	925.00	925.00
63501 · CTWC Subscription	0.00	166.66	0.00	2,000.00	2,000.00
Total 63500 · Dues & Subscriptions	0.00	320.84	178.45	3,850.00	3,850.00
64000 · Regulatory System Fee					
64010-6 · TCEQ Annual Fee - Sewer	0.00	125.00	1,250.00	1,500.00	1,500.00
64020-5 · TCEQ Annual Water System Fee	565.95	62.50	565.95	750.00	750.00
Total 64000 · Regulatory System Fee	565.95	187.50	1,815.95	2,250.00	2,250.00
65500 · Insurance					
65500-5 · Insurance - Water	0.00	666.66	7,080.28	8,000.00	8,000.00
65500-6 · Insurance - Sewer	0.00	666.66	7,080.27	8,000.00	8,000.00
Total 65500 · Insurance	0.00	1,333.32	14,160.55	16,000.00	16,000.00
66000 · Office Supplies					
66000-5 · Office Supplies - Water	970.86	125.00	2,354.62	1,500.00	1,500.00
66000-6 · Office Supplies - Sewer	1,165.78	125.00	2,352.37	1,500.00	1,500.00
Total 66000 · Office Supplies	2,136.64	250.00	4,706.99	3,000.00	3,000.00
66500 · Telephone and Internet					
66500-5 · Telephone/Internet - Water	538.26	250.00	3,356.70	3,000.00	3,000.00

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Windermere Oaks W.S.C.
Profit & Loss Budget Performance
December 2019

	Dec 19	Budget	Jan - Dec 19	YTD Budget	Annual Budget
66500-6 · Telephone/Internet - Sewer	165.24	250.00	2,903.54	3,000.00	3,000.00
66500 · Telephone and Internet - Other	0.00		289.20		
Total 66500 · Telephone and Internet	703.50	500.00	6,549.44	6,000.00	6,000.00
67000 · Postage & Shipping Expense					
67000-5 · Postage & Shipping - Water	270.40	166.66	1,327.29	2,000.00	2,000.00
67000-6 · Postage & Shipping - Sewer	270.40	166.66	1,382.68	2,000.00	2,000.00
Total 67000 · Postage & Shipping Expense	540.80	333.32	2,709.97	4,000.00	4,000.00
68000 · Equipment Rental Expense	0.00	83.34	250.00	1,000.00	1,000.00
68500 · Repairs & Maintenance					
68500-5 · Repairs & Maintenance - Water	3,258.84	2,916.66	21,389.26	35,000.00	35,000.00
68500-6 · Repairs & Maintenance - Sewer	1,165.92	833.34	6,923.19	10,000.00	10,000.00
68522-5 · Barge Storm Damage 10/16/18 (Barge only storm damage)	0.00	500.00	42,747.78	6,000.00	6,000.00
Total 68500 · Repairs & Maintenance	4,424.76	4,250.00	71,060.23	51,000.00	51,000.00
68550 · Sludge Removal	0.00		90.00		
68600 · Repair Parts					
68600-5 · Repair Parts - Water	0.00	933.34	6,218.26	11,200.00	11,200.00
68600-6 · Repair Parts - Sewer	139.00	400.00	511.93	4,800.00	4,800.00
Total 68600 · Repair Parts	139.00	1,333.34	6,730.19	16,000.00	16,000.00
69000 · Printing Expense					
69000-5 · Printing Expense - Water	0.00	62.50	84.00	750.00	750.00
69000-6 · Printing Expense - Sewer	0.00	62.50	84.00	750.00	750.00
Total 69000 · Printing Expense	0.00	125.00	168.00	1,500.00	1,500.00
71500 · Interest Expense					
71500-5 · Interest Expense - Water	0.00	1,166.66	971.59	14,000.00	14,000.00
71500-6 · Interest Expense - Sewer	901.72		10,843.43		
Total 71500 · Interest Expense	901.72	1,166.66	11,815.02	14,000.00	14,000.00
72100 · Taxes-Property	0.00	3.34	0.00	40.00	40.00
77500 · Meetings/Conferences					
77500-5 · Meetings/Conferences-Water	50.00	104.16	837.50	1,250.00	1,250.00
77500-6 · Meetings/Conferences-Sewer	50.00	104.16	292.50	1,250.00	1,250.00
Total 77500 · Meetings/Conferences	100.00	208.32	1,130.00	2,500.00	2,500.00
Total Expense	61,203.23	17,078.30	333,751.36	204,940.00	204,940.00
Net Ordinary Income	-35,897.99	3,835.44	40,677.65	46,025.03	46,025.03
Other Income/Expense					
Other Income					
41000 · Interest Income	68.34		481.01		
Total Other Income	68.34		481.01		
Other Expense					
72500 · Depreciation Expense	0.00	4,666.66	0.00	56,000.00	56,000.00
Total Other Expense	0.00	4,666.66	0.00	56,000.00	56,000.00

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Cash Basis

Windermere Oaks W.S.C.
Profit & Loss Budget Performance
December 2019

	Dec 19	Budget	Jan - Dec 19	YTD Budget	Annual Budget
Net Other Income	68.34	-4,666.66	481.01	-56,000.00	-56,000.00
Net Income	<u>-35,829.65</u>	<u>-831.22</u>	<u>41,158.66</u>	<u>-9,974.97</u>	<u>-9,974.97</u>

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-7:

State the exact amount of outside legal costs the appealed rates were designed to recover and the period over which such recovery was expected to occur and explain the basis (if any) on which such amount was determined.

RESPONSE:

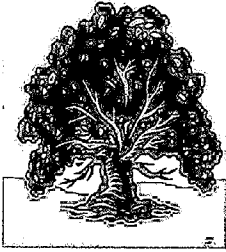
The Board set its 2020 budget in January and February 2020. At that time, the baseline legal fee amount was approximately \$38,000 (\$3,150 per month), which had also been the budgeted amount in 2018.

At its January 23, 2020, meeting, the Board increased its legal budget from \$110,000 to \$250,000.

See Attachment Ratepayers 4-7.

To pay the attorneys approximately \$20,000 per month, the Board needed an additional \$16,000 in additional income using the TRWA spreadsheet. The Board could not calculate a definitive period of recovery because WOWSC and its directors were the defendants in the case and could not unilaterally end the lawsuit.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez



Windermere Oaks Water Supply Corporation

424 Coventry Rd
Spicewood, Texas 78669

2019 - 2020 Board of Directors:
Joe Gimenez, President
Mike Nelson, Secretary/Treasurer
Patricia Gerino, Director
Dorothy Taylor, Director

Windermere Oaks Water Supply Corporation (WOWSC) meeting held Thursday, January 23, 2020 at the Spicewood Community Center, 7901 Co Rd 404, Spicewood TX, 78669

2019 - 2020 Board Members Present: Patricia Gerino, Joe Gimenez, Mike Nelson, Dorothy Taylor

Minutes

The meeting was called to order at 6:02PM by Joe Gimenez. A quorum was established with four Board Members present. Bill Earnest sold his airport hangar and is no longer a WOWSC member or WOWSC Board Member.

- 1) Comments from citizens and members who have signed sign-up sheet to speak (3-minute limit per person)
 - a) Rene Ffrench
 - i) Asked if WOWSC's Public Comment Policy is word for word as recommended by TRWA.
 - ii) Rates and assessments: Article 18 of USDA recommended by-laws
 - (1) Previous Board removed article 18
 - (2) Assessments are for shortfalls for water and sewage delivery and emergencies
 - (3) Believes an assessment is not appropriate for legal expenses
 - iii) Danny Flunker
 - (1) Bill Earnest has resigned for second time from WOWSC Board
 - (2) Board has not tried to sell remaining land
 - (3) Submitted a written request to add an agenda item to the upcoming Annual Member meeting for the plaintiff's (Rene Ffrench, John Richard Dial, Stuart Bruce Sorgen) suing WOWSC and WOWSC Board Members to present a ten-minute video regarding the current lawsuits.
- 2) Review, consider and take action to approve minutes of prior meetings:
 - a) December 14, 2019 and December 19, 2019 meeting minutes
 - i) Motion made and carried by all to approve both the December 14, 2019 and December 19, 2019 minutes
- 3) MANAGER'S REPORT –
 - a) MANAGER'S REPORT –
 - a. INSTALLATION OF GENERATOR – Update on timeline for completion of installation, including concrete slab, electrical work, possibility of service disruption and options to mitigate.
 - i. Generator was delivered and is in place on its concrete pad.
 - ii. Next step is to install the electrical switch.
 1. George is planning to rent a temporary generator to power the pumps during installation of the electrical switch to avoid a fall in water pressure.
 2. Proposal was made to send an alert to our community regarding the electrical switch installation
 3. Electrical switch installation is scheduled for next week
 - iii. Still need to install the propane tank
 - b. PRE-TREATMENT FACILITY – Update on any new bids and plans.
 - i. George to discuss water pre-treatment with the Walla Walla Washington water treatment plant
 - c. TRWA RATE ANALYSIS – Update on TRWA availability for rate analysis.

- i. George, Joe, and Mike met with James Smith of TRWA this week and provided James with WOWSC's Y2019 financials to use in his rate model analysis. James agreed to provide his rate analysis within a week.
- 4) TRWA MEMBERSHIP AND CONFERENCE ATTENDANCE – Consideration and possible action on TRWA 2020 Membership Dues Renewal Statement, including annual membership fees and voluntary contributions to Legal Defense Fund, Disaster Relief Fund, Building Fund, and Voluntary Foundation. Consideration and possible action on approval of Board member attendance at TRWA 2020 RuralWaterCon in San Antonio, March 25-27.
 - a) George provided Joe with the TRWA yearly membership dues bill of \$400. TRWA also requested donations to three voluntary funds of \$100 each and a defense fund donation of \$275.
 - i) Defense fund (\$275 donation requested) is for statewide legal issues
 - (1) George believes Municipalities do not pay sales tax on materials used in their WTP and WWTP.
 - (2) WOWSC pays sales tax on materials.
 - (3) TRWA has developed a legal program and for ~\$400 would represent WOWSC in a request to not pay sales tax on materials.
 - (a) If granted, sales tax on materials would not be paid moving forward.
 - (4) George to follow-up with TRWA on costs to represent WOWSC in a request to not pay sales tax on materials.
 - ii) Disaster Relief fund (\$100 donation requested) was established in Y2005
 - iii) Joe proposed WOWSC donate to both the Defense fund and Disaster Relief fund
 - iv) Dorothy requested additional information on all voluntary funds
 - v) Patricia and Mike agreed with donating \$100 to the Disaster Relief fund and for George to get additional information on the Defense fund and legal costs for representation to not pay sales tax on materials
 - vi) George mentioned that TXWARN also assists with disaster relief to all public and private Texas utilities
 - vii) Motion made and carried by all to approve the \$400 membership dues, \$100 Disaster Relief fund donation, and to further investigate the Defense fund donation and legal representation to not pay sales tax on materials
 - b) Joe may want to attend the Rural Water Conference.
 - i) Motion made and carried by all to approve Board members attendance at RuralWaterCon 2020
- 5) REPLACEMENT OF VACANCY -- Article 8, Section 9 of the WOWSC Bylaws state that “any vacancy occurring in the board of directors may be filled by affirmative vote of the remaining directors, though less than a quorum of the board. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.” Following the resignation of Board member Bill Earnest, the Board will consider and act upon filling the vacancy.
 - a) Bill Earnest found and recommended Rich Schaefer to take his place on the Board
 - b) Rich has a background in computers
 - c) Patricia knows Rich from working on the Spicewood Airport and Pilots Association Board of Directors where Rich is the treasurer.
 - d) Motion made and carried by all to accept Rich Schaefer as Board Director Place 2 for the remainder of the term ending at election 2021.
- 6) ANNUAL MEMBERS MEETING – Consideration of any items related to execution of annual members meeting on February 1, and action as needed.
 - a) Danny Flunker Submitted a written request to add an agenda item to the upcoming Annual Member meeting for the plaintiff's (Rene Ffrench, John Richard Dial, Stuart Bruce Sorgen) suing WOWSC and WOWSC Board Members to present a ten-minute video regarding the current lawsuits.
- 7) FINANCIAL REPORT – The Treasurer will provide overview of previous month's financial report and amend 2020 budget projections.
 - a) December Income: \$43.4K
 - i) December Water + Sewer revenue: \$28.5K
 - ii) Year to date (YTD) Water + Sewer revenue at \$369.5K of YTD budget \$325.4K
 - iii) YTD Equity Buy-in Fees revenue at \$50.6K versus annual budget \$27.6K
 - iv) YTD Water & Sewer Taps revenue at \$20.7K versus annual budget \$10.4K
 - b) December Expenses: \$79.2K

- i) \$45.6K legal fees paid in December
 - c) December Net Income: -\$35.8K
 - d) YTD Legal/Appraisal at \$166.6K of annual budget \$38.0K
 - i) \$128.6K of unplanned legal expenses
 - e) YTD Water + Sewer Repairs at \$28.3K of annual budget \$45.0K
 - f) YTD Net Income: \$41.2K
 - g) 2019 Metrics:
 - i) Debt to Service Coverage Ratio (DSCR): 1.10
 - ii) Debt to Capital Ratio: 0.16
 - iii) Days of Cash on Hand: 140 days
 - h) 2018 Metrics:
 - i) DSCR: 2.08
 - ii) Debt to Capital Ratio: 0.18
 - iii) Days of Cash on Hand: 186 days
 - i) Received in December \$62.1K in legal invoices
 - j) Proposal to increase legal budget from \$110K to \$250K as we've already been billed in January \$59.6K
 - k) Joe requested George summarize the extra hours he spent on the emergency temporary repairs to keep the water running and for the long-term repairs of the barge and water intake system.
 - l) Motion made and carried to amend Y2020 budget legal expenses from \$110K to \$250K
 - m) Motion made and carried by all to accept the December Financial Report
 - n) Tim Norden asked if our WOWSC Board had a preference regarding WOWSC's Y2019 financial audit using a modified cash basis method, GAAP method, or tax basis method. \$850 to complete and submit 990 tax form.
 - i) George took the action to request Tim learn the financial audit method other WTP & WWTP corporations use.
 - ii) Tabled item for future meeting.
 - o) Tim Norden provided George with a verbal quote of \$850 to complete and submit WOWSC's Y2019 990 tax form.
- 8) CONSIDERATION OF RATE INCREASE OR SPECIAL ASSESSMENT – In light of a total cost of over \$100,000 in upgrades to WOWSC utility infrastructure incurred in 2019 and budgeted for 2020, and in view of significant legal costs incurred in FY 2019 in defense of the corporation, in addition to unprecedented costs budgeted for FY 2020 regarding same, the Board will consider options for addressing the budgeted shortfall including a possible rate increase and/or approving a monthly assessment to member bills, as authorized by WOWSC's Tariff, Section G, Rates and Service Fees, #11 Assessments, which expressly provides: "if at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water or wastewater charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by Rural Development, so that the sum of such assessments and the amount collected from water and other sources is sufficient to fully pay all costs of the operation, maintenance, replacement and repayment on indebtedness for the year's operations."
- a) James Smith of TRWA ran through a couple of rate increase scenarios at this week's meeting
 - b) James to run a rate analysis using WOWSC's Y2019 financials in his model for review at our upcoming Annual Members meeting
 - c) Rate increase to be on the agenda of the Board meeting immediately following the Annual Members meeting
 - d) Joe stated rate increases have a 30-day notification requirement
 - e) April meter readings for May payments are targeted to include rate increase
 - f) Troupe Brewer communicated WOWSC's request to Lloyd Gosselink to spread invoice payments over several months

- g) Board believes the rate increase can be rolled back once all legal issues are fully resolved and all legal bills are paid
- 9) Executive Session under Texas Government Code § 551.071(1) and (2) regarding:
 - a) Jay Grissom Letter to WOWSC advising of intent to take issues to small claims court.
 - b) Ffrench, et al., Intervenor-plaintiffs and Double F Hangar Operations, LLC, et al. v. Friendship Homes & Hangars, LLC, Windermere Oaks WSC, et al., Cause No. 48292, 33rd Jud. Dist., Burnet County Dist. Ct.
 - i) Executive session started at 7:10PM
 - ii) Executive session ended at 8:04PM
 - iii) Open meeting reconvened at 8:05PM
- 10) Consideration and possible action on potential engagement of insurance coverage counsel
 - i) Motion made and carried by all to engage Lee Shidlofsky and Shidlofsky Law Firm as insurance council to provide insurance coverage advice and counsel
- 11) Consideration and possible action on items discussed in Executive Session.
 - a) None
- 12) New business and discussion and possible action on agenda for next meeting.
 - a) Y2020 Annual Members meeting
 - b) Saturday, Feb 1st, immediately following the WO POA Annual meeting at the Spicewood Community Center
 - i) Elect officers
 - ii) Rate increase or assessment
 - iii) Y2019 financial audit to use cash basis or tax basis method
 - c) Tuesday, Feb 11th, at 6:00PM at the Spicewood Community Center
 - i) Review previous Board Meetings' minutes
 - ii) Manager's report
 - iii) Review the January financial report
 - iv) Executive Session for legal issues
 - v) Budget discussion
 - vi) TRWA Defense fund donation and legal representation to not pay sales tax on materials
 - vii) COBANK loan application
- 13) Set date, time, and place for next meeting.
 - a) Saturday, February 1, immediately following the WO POA annual meeting at Spicewood Community Center
- 14) Motion made and carried to adjourn at 8:11PM



Submitted by: Mike Nelson

APPROVED BY WOWSC Board on February 11, 2020

Billing Questions: (830) 598-7511 Ext 1
 Water or Sewer Emergency: Phone (830) 598-7511 Ext 2

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-8:

State the amount of additional revenue Windermere has collected to date as a result of the increase reflected in the appealed rates for each month the appealed rates have been in effect.

RESPONSE:

Per month calculations and sewer only can be found on lines 40200 in each monthly P&L Budget Performance.

Below are the yearly totals:

2019: \$544,562.45 (before rates were changed). This amount averages to \$45,380 per month.

2020: \$677,040.28. This amount averages to \$56,420 per month.

2021: \$720,754.98. This amount averages to \$60,062 per month.

2022 – Through end of September 2022: \$539,271.27 (compared to \$537,452.66 through end of September 2021). This amount averages to \$59,919.

It is important to note that increased rates may not be the sole reason for the increase in revenue. Rather, the increase in revenue could also be attributed to volumetric increases. In 2020 and 2021, more people lived in Windermere due to covid-19 dynamics. Therefore, there was a significant increase in water consumption.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-9:

State the amount invoiced by each law firm providing outside legal services to Windermere for each matter/file for each month since January 1, 2020, through the present.

RESPONSE:

Please see Confidential Attachment Ratepayers 4-9.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

**Ratepayers Attachment 4-9 is
CONFIDENTIAL and is being
provided in subsequent filing**

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-10: State the amount Windermere has paid to each law firm for outside legal services for each matter/file in each month since January 1, 2020, through the present.

RESPONSE: \$695,044.73

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-11:

If Windermere contends its costs for outside legal services are costs of service, explain specifically each service and each customer or category of customer to whom each such service is provided.

RESPONSE:

Legal services benefit all customers as a General and Administrative cost of the business.

General and Administrative costs are generally recognized as costs of doing business. Per Black's Law Dictionary, General and Administrative Expense is defined as "Accounting for expenditures not directly associated with goods or services production. Money spent in operating a business for typical things, such as rent, salaries, telephone charges, and the like."

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-12:

Please describe the consideration (if any) Windermere gave prior to the approval of the appealed rates as to whether the appealed rates would recover its costs to provide services equitably from all who receive those services.

RESPONSE:

Since WOWSC only has one class of customers, the costs were incurred for service to all customers equitably. All customers received equitable services from legal representation of WOWSC and its Board of Directors.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-13: For each meter on the system at any time between January 1, 2019
– December 31, 2019;

- a. provide the customer's name and membership number and the address served by the water meter.
- b. provide the water usage each month for each customer and provide the amount charged for water service each month.
- c. provide the customer's name and membership number and the address served by wastewater service.
- d. provide the wastewater charges each month for each customer.
- e. identify each address served that was used (in whole or in part) for purposes of operating a business and describe the type of business, if any, that was operated.
- f. identify each address at which water was used for irrigation or other nonresidential purposes and state the amount of water so used in each month.
- g. identify each address at which the property is subject to a restrictive covenant or other restriction that prohibits its use or occupancy as a residence.
- h. identify each address at which service was or ever had been received through a shared meter and/or grinder pump. This request includes, without limitation, apartment houses, manufactured home rental communities, multiple use facilities, and condominiums, as well as "multiple connections."
- i. identify each address at which service was or ever had been received through a shared meter and/or grinder pump. This request includes, without limitation, apartment houses, manufactured home rental communities, multiple use facilities, and condominiums, as well as "multiple connections."
- j. at each service address occupied by one or more tenants, provide the usage and billing records for each month and explain how charges are allocated among the tenants.
- k. at an address having a "T-hanger," "bus hangar", or other improvement having multiple spaces suitable for use by one or more tenants, provide the usage and billing records for each month and identify who paid each bill.
- l. identify each customer who was billed gallonage charges for water service in excess of 2,001 gallons and state the amount consumed and the charge.

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

- m. identify each customer who was billed gallonage charges for wastewater service in excess of 10,000 gallons of water consumed, state the amount consumed and the charge.
- n. state the amount of water consumed by customers within each of the tiers set forth in the Tariff then in effect. For clarity, this request is directed to consumption by customers who were required to pay for service and does not inquire about usage by Windermere itself or any other non-revenue user.
- o. identify each user that consumed water from the system but was not charged the rate(s) set forth in the Tariff then in effect, in whole or in part, and state the amount consumed by each user and the revenue, if any, generated from such user.
- p. state whether each customer identified on Windermere's membership list paid a membership fee, an equity buy-in fee or both.
- q. Identify each customer and address for a meter on the system for which the meter or grinder pump (if applicable) was not located on the real estate designated to receive service.
- r. Identify each customer and address that receives or is designated to receive non-standard service or master-metered service and provide the usage and billing records for each such customer.

RESPONSE:

- a. WOWSC does not maintain the records in this way. See Confidential Attachment Ratepayers 4-5.
- b. See Confidential Attachment Ratepayers 4-5.
- c. WOWSC does not maintain the records in this way. See Confidential Attachment Ratepayers 4-5.
- d. See Confidential Attachment Ratepayers 4-5.
- e. The requested information does not exist in the company's records.
- f. The requested information does not exist in the company's records.
- g. The requested information does not exist in the company's records.
- h. The requested information does not exist in the company's records.
- i. The requested information does not exist in the company's records.
- j. The requested information does not exist in the company's records.
- k. The requested information does not exist in the company's records.
- l. See Confidential Attachment Ratepayers 4-5.

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

- m. See Confidential Attachment Ratepayers 4-5.
- n. See Confidential Attachment Ratepayers 4-5.
- o. The requested information does not exist in the company's records.
- p. See Confidential Attachment Ratepayers 4-13(p).
- q. The requested information does not exist in the company's records.
- r. The requested information does not exist in the company's records.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

**Ratepayers Attachment 4-13(p) is
CONFIDENTIAL and is being
provided in subsequent filing**

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-14: For each month between January 1, 2019 – December 31, 2019:

- a. identify each renter or lessee billed by Windermere and produce the Alternate Billing Agreement executed by the owner in connection with such billing.
- b. identify each customer that received no service and state whether such customer paid the base rate.
- c. identify each customer and address having a residential service connection.
- d. identify each customer and address having a commercial service connection.
- e. identify each customer and address having an industrial service connection.
- f. identify each customer and address for each property Windermere contends is a "residence," i.e., any structure which is being used for human habitation, or on which a business is conducted within a residence that does not require additional water.
- g. identify each customer and address for each property Windermere contends is a "commercial" facility, i.e., any structure or combination of structures at which any business, trade, occupation, profession or other activity is conducted. No records exist.

RESPONSE:

- a. Please see Confidential Attachment Ratepayers 4-14(a).
- b. All customers receive service from WOWSC. See Confidential Attachment Ratepayers 4-5.
- c. All customers have residential service connections. See Confidential Attachment Ratepayers 4-5.
- d. No customers have a commercial service connection.
- e. No customers have an industrial service connection.
- f. All customers reside in a "residence." WOWSC does not maintain the records in this way. See Confidential Attachment Ratepayers 4-5.
- g. WOWSC does not serve any "commercial" facilities.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

**Ratepayers Attachment 4-14(a) is
CONFIDENTIAL and is being
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WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-15: Admit that the document attached hereto as Exhibit A is a true and correct copy of an email from Troupe Brewer of Lloyd Gosselink, Windermere's general counsel, to John DeLuca of CoBank transmitting as an attachment an unsigned opinion letter prepared in connection with a loan to be made by CoBank to Windermere and that the opinion letter was signed and delivered to CoBank without revision shortly thereafter.

RESPONSE: Admit.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-16: Produce all opinion letters provided to CoBank or any other lender by Windermere or its counsel after January 1, 2019.

RESPONSE: WOWSC issued only one letter to CoBank or any other lender. This letter is referenced in Ratepayers 4-15 and attached to Ratepayers' Fourth RFI at Exhibit A.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-17:

Admit or Deny

In the link <https://www.youtube.com/watch?v=-8Xah0M1l20> (Windermere September 10, 2015, Board Meeting) included in Attachment JG-41 Page 2 of 2 Gimenez Rebuttal testimony beginning at 09:44 a Director states there are Spicewood Airport Hangars sharing sewer service.

RESPONSE:

Deny. It is unclear what the Director is referring to when she says that there are "hangars tied into each other."

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez

WOWSC'S RESPONSE TO RATEPAYERS FOURTH RFI

RATEPAYERS 4-18:

Admit or Deny

In the link <https://www.youtube.com/watch?v=-8Xah0M1l20> (Windermere September 10, 2015, Board Meeting) included in Attachment JG-41 Page 2 of 2 Gimenez Rebuttal testimony beginning at 16:50 - 17:27 Directors cite to a letter from Windermere Attorney Mark Zeppa stating categorially do not allow for sharing of utility service.

RESPONSE:

Admit. The link refers to an executive session of October 1, 2015, not September 10, 2015. However, there is a reference to a Mark Zeppa letter.

Prepared by: Joe Gimenez
Sponsored by: Joe Gimenez