

July 7, 2022

Dear Windermere Oaks Customers:

Lots of news regarding your Windermere Oaks Water Supply Corporation, so here goes:

- Receive Water Bills by Email You may now sign up to receive your bills via email. Online payments were
 enabled in November 2021, but we now have the capability of sending your bills directly to your email
 box. Due to state laws, you have to opt-in to this service. Look for a green "Bill Payment" button on
 https://wowsc.org to set up email delivery. Also see enclosed flier.
- Sixth Straight Year of Excellent Water Quality Reports The Consumer Confidence Report issued by the Texas Commission on Environmental Quality noted our perfect "no violations" compliance with Environmental Protection Agency regulations in 2021. We are pleased with the continuing effort of our manager and operating company to produce water which meets or exceeds state and federal water quality requirements. This is the sixth consecutive year with no violations. View or request a copy of the report at: https://wowsc.org/water-quality-report
- Hot Summer, Stage 1 of Drought Contingency Plan -- The Lower Colorado River Authority has announced that certain triggers have been met for the implementation of voluntary neighborhood water conservation. The WOWSC draws water from Lake Travis so members' compliance is requested. Please limit outside watering to twice per week, between 8 p.m. and 7 a.m. Watering days for residential addresses ending in ODD numbers are Monday and Thursday. Addresses ending in EVEN numbers should water only on Tuesday and Friday.
- New Customers, New Equipment, Larger Customer Base A 4-home barndominium community across from the Exeter gate requested water service from WOWSC and the Board approved its application in June. Their developer, by agreement, will pay all costs associated with constructing the waterline extension to the community, which we estimate to be \$365,000. Once complete, the developer will convey the new infrastructure to the WOWSC, and WOWSC will gain four new customers, including about \$23,460 in equity buy-in, membership and water tap fees before they begin monthly service. All told, the water company gains nearly \$400,000 in new infrastructure and future expected revenue all at no cost to the water company.

• New Storage Tank Installed – The water company has a brand new 125,000 gallon storage tank at the plant. Once the new tank is piped up, we will take the old storage tank offline and convert it to become a new clarifier. The current 30-year old clarifier needs servicing and its 33,000 gallon capacity has been hard pressed to keep pace with community growth. This completes another item on the company's five-year plan – from 2014.

• New Water Service Reliability Agreement – The water company worked out an 'emergency interconnection agreement' with Corix Utilities so that, if ever needed, the WOWSC could receive supplemental water from Corix's Ridge Harbor water plant. If stored water in Windermere gets low, the WOWSC can draw on the interconnection at a reasonable cost. It is like an insurance policy to ensure non-interrupted service to WOWSC members during this hot dry period.

• Legal Matters – Two cases aimed by members against the water company are proceeding. One case regarding the 2015 land sale is scheduled for trial on August 22nd in Burnet County Court. The second case at the Public Utility Commission is continuing at the Commissioners' request. The Commissioners remanded the case to the State Office of Administrative Hearings to better understand underlying facts regarding characteristics of WOWSC customers, and to determine whether—under those facts and applicable law—a single uniform rate is appropriate. They want the Administrative Law Judges to perform a complete analysis under the relevant statute as to whether the rates are just and reasonable. The WOWSC had hoped the Commission would deny and dismiss the rate appeal so as to reduce legal fees incurred to defend its rate structure.

• Still Hopeful on the Insurance Case – WOWSC brought suit against its insurance company and won in February. The insurance company appealed the judgment to the Fifth Circuit federal court because it may result in them paying \$300,000 or more to the WOWSC. A decision could be several more months ahead, but the WOWSC attorneys and Board are hopeful for this outcome. As discussed at the annual meeting in March, the Board would be able to consider reducing rates quickly if a positive ruling is confirmed at the Fifth Circuit.

That's all for now, and we will be sure to update as events warrant.

Sincerely,

WOWSC Board

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Mike Nelson

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