



Windermere Oaks Water Supply Corporation

Committed to Providing Clean, Safe Water for All Our Residents

February 16, 2022

Dear WOWSC Member,

Lots of great news for our neighborhood water company, the Windermere Oaks Water Supply Corporation (WOWSC), and its customers. Here goes:

- Members have a new, more convenient way to pay their bills. It's the PayStar online payment module for instant online pay using credit or debit cards. There's a small processing fee involved, but at least 30 members each month are already using it and seem to like it. Try it at www.wowsc.org/bill-payment
- All state and federal water quality tests, administered and monitored by the Texas Commission on Environmental Quality (TCEQ), continued to pass muster with regulators. Perfect again in 2021.
- Similarly, TCEQ inspections of WOWSC water and wastewater plants uncovered nothing – no violations in 2021.
- A new 125,000-gallon storage tank will be installed in the next few months. Once running, we will take our current 125,000-gallon tank offline and convert it into a clarifier tank. Our manager found a nearby water system that will give us tens of thousands of dollars' worth of equipment for conversion. We're saving a lot this way.
- Our two conservation projects succeeded in 2021 to reduce water we pull from the lake. We used only 47 acre-feet of water in 2021 compared to 68 acre-feet in 2020. We're more efficient now and that saves money every year going forward. In case you're wondering, there's 326,000 gallons in one acre-foot.
- The company earned regulatory approval for some zebra-mussel filter systems we want to try. We've been doing various tests to gauge the zebra-mussel problem and we will start with some small test solutions. As always, keeping costs down is our main goal.
- **Legal matter one – Winding down.** We raised rates in March 2020 to pay for the expensive litigation which three members caused when they sued the corporation and eight board directors. Then their ally "ratepayer representatives" lodged yet another costly legal battle at the Public Utility Commission because of the necessary rate increases. The rate protest proceedings have finished, and we are waiting on judgments at the Public Utility Commission. Regardless of who "wins," everyone loses. Rates will likely increase to pay for the legal expenses incurred to defend the WOWSC in this rate appeal, as allowed by Texas law.

- **Legal matter two – WOWSC winning!** Thankfully, insurance coverage may finally kick in soon. We had to sue the insurance company to get them to pay what they should. In early February, we received a very favorable ruling, that WOWSC’s filing for insurance coverage for claims made in the pending lawsuit was *correct*, and the insurer was *wrong* to deny our claim for coverage and must cover the WOWSC claim and pay its defense costs. This could result in our insurer paying off a significant portion of WOWSC’s outstanding legal obligations. Not sure when, or how much – there is an appeals process – but we are optimistic. This first ruling was entirely in our favor. This could allow the company to decrease your water bills at some point sooner than we thought.
- **Legal matter three – Mostly won, nearly over.** In May 2021, the WOWSC won successful defense against claims in the lawsuit which caused rates to increase. This unequivocal win – a “TAKE NOTHING” order – shut down much of the case and has dramatically reduced monthly legal billings. **Remember that this lawsuit was not filed by the company.** The company had to defend eight current and former Board members. The ruling dismissed and cleared all the claims against seven of the eight of any further court proceedings. A trial for matters related to the eighth Board member starts August 22. State law requires the company to pay for the legal defense of innocent volunteer Board members. That is the case here. It would not have happened if the company had not been sued.

Our Board president is working on a video presentation of the operations report he will give at the March 19 annual meeting. We will send out notice of that video when ready, hopefully the first week of March. All the information above will be given in more detail.

Sincerely,

WOWSC Board



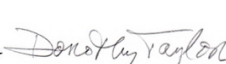
Joe Gimenez



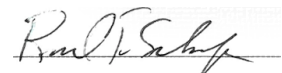
Patricia Gerino



Mike Nelson



Dorothy Taylor



Rich Schaefer