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Mr. Gary Westbrook
General Manager
Post Oak Savannah Groundwater
Conservation District
310 East Avenue C
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RE: Applications Submitted by Alcoa USA Corp. as follows:

- 1. Application to Amend Alcoa's Existing 25,000 af/yr Simsboro Operating Permit No. POS-D&O- 0148**
- 2. Application for a Transport Permit for 25,000 af/yr produced from the Simsboro Formation**

Dear Gary:

Based upon the responses which were the result of discussions with ALCOA's team and are outlined below and which act as modification, supplement or amendment to the Application, our office believes that these Permit Applications are complete and may move forward for hearing. Specifically, the following items are noted in response to my previous comments.

Several points were made related to the end use and amounts of the water that were being requested, as well as clarification of end use within municipal and/or industrial.

ALCOA Response #1 -

As discussed, Alcoa requests authorization to use the water for four named purposes of use: municipal, industrial, manufacturing, and commercial. In all or most cases that are currently anticipated, it is likely to be appropriate to consider the commitment or use of treated water to be municipal use even if the use also could fall under one or more other named purposes, but having the explicit authorization to use the water for all four named purposes of use is the most conservative approach and provides the most flexibility. – ***Agreed and have no issue with this.***

With respect to amounts, it is impossible to know with certainty at this point how much water will be committed for use by purpose or purposes of use in each year, or actually used by purpose of use in each year. It is also impossible to know with certainty at this point the exact location of use, other than saying use will be within Milam, Williamson, Lee, Travis and Bell Counties. As water reservation or supply contracts are entered into, the total amount of water committed per year, the amounts committed by purpose or purposes of use, and the delivery points and areas of use, will become known and

continually be adjusted. A copy of each contract with municipalities, other water utilities, end users, etc. will be provided to the District as they are entered into, subject to maintaining confidentiality as required. – **Note: While I appreciate ultimately receiving the information related to contracts, end user, etc., I want to ensure the Applicant understands that we cannot ensure confidentiality. Ultimately, we DO want to know where the water goes, but not until Applicant is prepared to “go public” with information. Some redactions are allowed or an MOU would be sufficient.**

ALCOA Response #2-

As explained by Michael Irlbeck, EPCOR is much more than a pipeline operator; it is a wholesale water provider that supplies finished water to municipalities, other water utilities, end users, etc. Pursuant to contracts, EPCOR typically acquires the right to produce groundwater and ownership of the water once the water enters the well screen. The facilities that will be used to treat, transport, and deliver the water that is the subject of Alcoa’s applications are not yet defined with certainty and there is much information known by EPCOR that must be kept strictly confidential at this point, but the information provided in the LOI and Alcoa’s applications is by far more comprehensive and detailed than any previous application to the District involving transport of a significant amount of water for use outside the District. The phased project described in the LOI that involves the 130 Project is generally EPCOR’s and Alcoa’s current vision of the project to treat, transport, and deliver the water; the final project may be different. – **NOTE: Again, we cannot guarantee confidentiality but and to the extent this is an assurance that information will be provided to us once an actual agreement is in place, which it seems to be, I believe the matter is addressed and allows this to be considered administratively complete.**

ALCOA Response #3-

As discussed, Alcoa is not seeking any modification to its Historic Use Permit by these applications.

I believe this to be administratively complete.

ALCOA Response #4 -

As discussed, Alcoa seeks authorization to transport 25,000 af/yr for use outside the District within Williamson County and three counties that are adjacent to Williamson County: Lee, Travis and Bell Counties. Less than 25,000 af/yr will be transported for use outside the District if a portion of the 25,000 af/yr is committed for use and actually used in Milam County. However, Alcoa intends to keep the full 25,000 af/yr transport authorization in place to provide flexibility to, among other things, over time provide alternative supplies for any commitment made for use of a portion of the 25,000 af/yr within Milam County.

I believe this to comport with the Rules and intent thereto.

Overall, I believe the Responses supplement and/or amend the Applications such that they can be construed, from a legal perspective, as administratively complete and set for hearing. Having reviewed Mr. Young's email concerning the same, it appears from the technical standpoint, it is likewise so long as the Responses act as supplements and/or amendments to the Applications. Please let me know if you or Mr. Young have any questions or concerns.

Respectfully,



Barbara Boulware-Wells
General Counsel

cc: Steve Young, Intera