

Exhibit 1
FIRST AMENDED SCOPE OF WORK
Additional Phase 2 Tasks
Study Commission on Region C Water Supply
TWDB Contract 0904830918

SB3 Section 4.04 Charge 1: Review the water supply alternatives available to the Region C Regional Water Planning Area, including obtaining additional water supply from Wright Patman Lake, Toledo Bend Reservoir, Lake Texoma, Lake O' the Pines, other existing and proposed reservoirs, and groundwater;

Wright Patman Lake

- 1.1. Estimate what volume of water is available from Wright Patman after giving consideration to existing water rights holders, anticipated local needs over the term of a contract period, unexpected local need and retained local surplus supply for drought protection. This will be accomplished through discussions with Texarkana, Riverbend Water Resources, International Paper, other local entities to verify the estimated 57,500 AFY in future local needs. The 2006 Region D demand projections will be used as a baseline and updated if needed (projections for the 2011 Region D Regional Water Plan have not changed from the 2006 RWP). An initial meeting with current stakeholders will be part of this task.
- 1.2. Estimate how much water is available from existing water rights holders for sale or contract. Identify which parties would be selling or contracting water. This will be accomplished through discussions with Texarkana, Riverbend Water Resources, International Paper, and other local entities to determine what amount of water would be available from the existing contracts that are not currently being utilized. Questions to be answered include: Is Texarkana willing to sell part of the rights that it already has committed to International Paper? Will International Paper allow the sub-contracting of their existing contracted water rights? Are there discharge implications to International Paper due to these water rights being utilized? What other implications are present with the use of already contracted water rights? What will the costs of the contracts be? How is the money divided? Will all local water needs still be met? An initial meeting with current stakeholders will be part of this task.
- 1.3. Determine what operating level of Wright Patman is reasonable due to the White Oak Creek Wildlife Management Area (WOCWMA) and determine how operations could be modified. This will be accomplished through discussions with Texarkana, Texas Parks and Wildlife Department, and the United States Army Corp of Engineers. Questions to be answered from discussions and previous literature review include: Is the elevation of 228.64 reasonable for water supply and operations of WOCWMA? Is an elevation of 230 the maximum elevation without impacting or slightly impacting the WOCWMA? Could Wright Patman be operated at an elevation of 235-240? What would the impacts and implications be for the higher elevation (mitigation, Congressional approval, cost, levees and structures, etc.)? Obtain letter from the TWDB verifying what the maximum elevation suggested by the TPWD to allow for the management of WOCWMA. Obtain USACE estimates for the mitigation impacts (what ratio will be utilized) if the WOCWMA is impacted. An initial meeting with TPWD and USACE is planned as part of this task.
- 1.4. Estimate what is the expected yield of Wright Patman under the most reasonably achievable operating scenarios. This task will include reviewing the 2003 USACE report on the yield of Wright Patman and performing additional yield modeling scenarios elevations recommended in Tasks 1.1 – 1.3. The additional yield analysis will be performed utilizing the approved water availability model (WAM) from the Region D Water Planning Group. Additionally, discussions with Texarkana, TPWD, USACE, and others will be part of this task.
- 1.5. Estimate for each operating scenario considered what additional information must be gathered to allow consideration of this strategy as a reasonably equivalent alternative to Marvin Nichols. Estimate what amount is equivalent to Marvin Nichols (620,000 AFY or 480,000 AFY). Questions to be answered include: Should the 120,000 AFY for local use be included in the amount of water that is equivalent to Marvin Nichols? What are the implications of these equivalent alternatives (amount of yield available, associated costs for pipeline, mitigation acreage, mitigation cost, etc)? What other alternatives are available in conjunction with Wright

Patman (Lake O' the Pines)? How do the combination of those alternatives compare to the equivalent to Marvin Nichols?

- 1.6. Prepare cost estimates for Wright Patman conveyance (pipeline, intake structure and pump station, permitting, etc.) Costs for EIS, water rights, IBT, congressional approval, pipeline, intake pump station, etc. will also be estimated. The existing Region C and D cost estimates will be utilized as a baseline and updated using the current TWDB approved costing procedures used in the development of the 2011 regional water plans.

Lake O' the Pines

- 1.7. Estimate what volume of water is available from Lake O' the Pines including permitted water that has not been contracted below 228.5 feet msl. This will be accomplished through discussions with Northeast Texas Municipal Water District (NETMWD).
- 1.8. Determine if there are any other considerations for existing water rights holders (including contracts that may not be fully utilized), anticipated local needs over the term of a contract period, unexpected local need, and retained local surplus supply for drought protection. This will be accomplished through discussions with NETMWD and possible other entities that are currently contracting for water with NETMWD.
- 1.9. Prepare cost estimates for Lake O' the Pines conveyance (pipeline, intake structure and pump station, permitting, etc.) A question to be answered: Does the USACE already own the property to the top of the flood pool? This will be accomplished through discussions with the USACE. Costs for EIS, water rights, IBT, congressional approval, pipeline, intake pump station, etc. will be estimated. The existing Region C and D cost estimates will be utilized as a baseline and updated using the current TWDB approved costing procedures used in the development of the 2011 regional water plans.
- 1.10. Determine if there is additional flood storage over the elevation of 228.5 feet that could be reallocated to water supply. This will be accomplished through additional discussions with NETMWD and the USACE.
- 1.11. Determine if congressional approval is needed and describe the process involved. Above 228.5 congressional approval will be needed if more than 50,000 AFY is requested for reallocation. If under 50,000 AFY, the local USACE can approve the reallocation. The process to be followed is in the TWDB report on the reallocation of flood flows.

SB3 Section 4.04 Charge 2B: In connection with the review in (Charge) 1, analyze the socioeconomic effect on the area where the water supply is located that would result from the use of the water to meet the water needs of the Region C Regional Water Planning Area, including in connection with the Region C use of water from Wright Patman Lake, the effect on water availability in that lake and the effect on industries relying on that water availability.

2B.1. Questions to be answered include: What industries rely on water from Wright Patman Lake? Which industries, if any, will be affected, e.g. International Paper, if that water is used by Region C?

Exhibit 2
FIRST AMENDED EXHIBIT C
TASK AND EXPENSE BUDGETS

TASK BUDGET

TASK	DESCRIPTION	Phase I	Phase II	TOTAL
1	Water Supply Alternatives	\$311,671.00	\$0.00	\$311,671.00
2	Socioeconomic Impact Analysis	\$128,329.00	\$0.00	\$128,329.00
3A	Administrative Phase I	\$ 15,000.00	\$0.00	\$15,000.00
3B	Administrative Phase II	\$0.00	\$ 45,000.00	\$45,000.00
4	Wright Patman Tasks (Phase 2, Scope Items 1.1 – 1.6)	\$0.00	\$53,660.00	\$53,660.00
5	Lake O' the Pines Tasks (Phase 2, Scope Items 1.7 – 1.11)	\$0.00	\$37,540.00	\$37,540.00
6	Industry Effects (Phase 2, Scope Item 2B.1)	\$0.00	\$5,000.00	\$5,000.00
Total		\$455,000.00	\$141,200.00	\$596,200.00

EXPENSE BUDGET

CATEGORY	Phase I	Phase II	Admin	TOTAL
Salaries & Wages ¹	\$71,260.00	\$30,470	\$0.00	\$101,730.00
Fringe ²	\$21,642.00	\$9,254	\$0.00	\$30,896.00
Travel	\$15,000.00	\$2,500	\$0.00	\$17,500.00
Other Expenses ³	\$3,000.00	\$0.00	\$51,618.00	\$54,618.00
Subcontract Services	\$220,000.00	\$3,400	\$0.00	\$223,400.00
Overhead ⁴	\$90,735.00	\$38,797	\$0.00	\$129,532.00
Commission Member Travel ⁵	\$0.00	\$0.00	\$8,382.00	\$8,382.00
Profit	\$18,363.00	\$11,779	\$0.00	\$30,142.00
TOTAL	\$440,000.00	\$96,200.00	\$60,000.00	\$596,200.00

¹ Salaries and Wages is defined as the cost of salaries of engineers, draftsmen, stenographers, surveymen, clerks, laborers, etc., for time directly chargeable to this contract.

² Fringe is defined as the cost of social security contributions, unemployment, excise, and payroll taxes, employment compensation insurance, retirement benefits, medical and insurance benefits, sick leave, vacation, and holiday pay applicable thereto.

³ Other Expenses is defined to include expendable supplies, communications, reproduction, postage, and costs of publishing legal notices.

⁴ Overhead is defined as the costs incurred in maintaining a place of business and performing professional services similar to those specified in this contract. These costs shall include the following:

- Indirect salaries, including that portion of the salary of principals and executives that is allocable to general supervision;
- Indirect salary fringe benefits;
- Accounting and legal services related to normal management and business operations;
- Travel costs incurred in the normal course of overall administration of the business;
- Equipment rental;
- Depreciation of furniture, fixtures, equipment, and vehicles;
- Dues, subscriptions, and fees associated with trade, business, technical, and professional organizations;
- Other insurance;
- Rent and utilities; and
- Repairs and maintenance of furniture, fixtures.

⁵ Commission Member Travel Expenses is defined as eligible travel expenses incurred by Study Commission members that cannot be reimbursed by any other entity, political subdivision, etc.