



Control Number: 42854



Item Number: 93

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83<sup>rd</sup>  
Legislature, Regular Session, transferred the functions  
relating to the economic regulation of water and sewer  
utilities from the TCEQ to the PUC effective  
September 1, 2014.

A-181-7

35903-C



42854

RECEIVED

JACKSON WALKER L.L.P.  
ATTORNEYS & COUNSELORS

Leonard Dougal  
(512) 236-2233 (Direct Dial)  
(512) 391-2112 (Direct Fax)  
ldougal@jw.com

PUBLIC UTILITY COMMISSION  
FILING CLERK

2007 SEP 18 PM 2:53

November 26, 2007

**VIA HAND DELIVERY**

Mr. Doug Holcomb, P.E., Section Manager (MC-153)  
Texas Commission on Environmental Quality  
Utilities and District Section, Water Supply Division  
12100 Park 35 Circle, Bldg. F, 3rd Floor  
Austin, Texas 78753

RECEIVED  
NOV 27 2007  
TEXAS COMMISSION  
ON  
ENVIRONMENTAL QUALITY

RE: Application to Amend Certificate of Convenience and Necessity Number 12087;  
Double Diamond Utilities Co.

Dear Mr. Holcomb:

Enclosed is an original and three copies of Double Diamond Utilities Co.'s Application to Amend its Certificate of Convenience and Necessity (CCN 12087). We also are submitting a \$100 check for the filing fee. Please return a filed stamped copy of each of the attached pages with our courier. Thank you.

Sincerely,

Leonard Dougal

LHD:dbp  
Enclosures

cc: Mr. Randy Gracy  
Double Diamond Companies  
10100 North Central Expressway, Suite 400  
Dallas, Texas 75231

RECEIVED  
TOEQ  
WATER SUPPLY DIV.  
2007 NOV 26 PM 4 22

93



**APPLICATION TO OBTAIN OR AMEND A WATER OR SEWER  
CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)**

RECEIVED  
TCEQ  
WATER SUPPLY DIV.  
2007 NOV 26 PM 4 23

RECEIVED  
NOV 27 2007  
TEXAS COMMISSION  
ON  
ENVIRONMENTAL QUALITY



**APPLICATION TO OBTAIN OR AMEND A WATER/SEWER  
CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)**

\*RN # 105247597

\*CN # 600696512

\* If known (See instructions)

**PURPOSE OF THIS APPLICATION**

OBTAIN       New Water CCN       New Sewer CCN  
 AMEND       Water CCN # 12087       Sewer CCN # \_\_\_\_\_

**1. APPLICANT INFORMATION**

Utility Name: DOUBLE DIAMOND UTILITIES COMPANY  
 Utility Address (city/state/zip) 10100 N. CENTRAL EXPWY., SUITE 600  
DALLAS, TX 75231  
 Utility Phone and Fax Number (214) 706-9600 Phone (214) 706-7829 Fax \_\_\_\_\_

Contact Person: Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title related to the applicant.

Name: RANDY GRACY Title: PRESIDENT  
 Address: 10100 N. CNTRL. EXPWY. 600 Telephone (214 )706-9600  
 City DALLAS St TX Zip 75231 Fax (214) 706-7829  
 E-mail: \_\_\_\_\_  
 County(ies) in which service is proposed GRAYSON

A. Check the appropriate box and provide information regarding the legal status of the applicant:

|                                     |  |
|-------------------------------------|--|
|                                     | Investor owned utility   |
| <input type="checkbox"/>            | Individual   |
| <input type="checkbox"/>            | Home or Property Owners Association  |
| <input checked="" type="checkbox"/> | For-profit corporation   |
|                                     |  |
| <input type="checkbox"/>            | Non-profit, member-owned, member-controlled cooperative corporation (Water Code Chapter 67, Water Supply or Sewer Service Corporation) |
| <input type="checkbox"/>            | Municipality   |
| <input type="checkbox"/>            | District   |
| <input type="checkbox"/>            | Other  |
|                                     | Please explain:  |
|                                     |  |
|                                     |  |

- B. If the applicant is a For-Profit Corporation: (SEE EXHIBIT 'A')
- i. Please provide a copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts. (See Note below).
  - ii. Please provide the corporation's charter number as recorded with the Office of the Texas Secretary of State. 0142717100.
  - iii. Please provide a listing of all affiliated interests and their respective percentages of ownership. (-----100% of ownership is held by Double Diamond Delaware Inc.)
  - iv. Provide a copy of the company's organizational chart, if available.
- C. If the applicant is a Water Code Chapter 67 water supply or sewer service corporation or other non-profit corporation: N/A
- i. Please provide a copy of the Articles of Incorporation and By-Laws.
  - ii. Please provide the corporation's charter number as recorded with the Office of the Texas Secretary of State.
  - iii. Identify all owners including name, address, title, telephone number, fax number, and percentage of ownership.

**2. LOCATION INFORMATION**

- A. Are there people already living in the proposed area?  
 YES \_\_\_\_\_ NO X  
 If YES, are any currently receiving utility service?  
 YES \_\_\_\_\_ NO \_\_\_\_\_, if YES, from Whom \_\_\_\_\_.

Demonstrate the Need for Service by providing the following:

- B. Have you received any requests for service in the requested service area?  
 YES X NO \_\_\_\_\_. If YES, provide the following:---SEE EXHIBIT B
- i. Describe the service area and circumstances driving the need for service in the requested area. Indicate the name(s) and address(es) of landowner(s), prospective landowner(s), tenant(s), or resident(s) that have requested service; and/or
  - ii. Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or
  - iii. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, filing wells, etc.); and/or
  - iv. Provide copies of any written applications or requests for service in the requested area; and/or
  - v. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area. If no, please justify the need for service in the proposed area.

- C. Is any portion of the proposed service area inside an incorporated city?  
 YES \_\_\_\_ NO X  
 If YES, within the city limits of: \_\_\_\_\_  
 Provide a copy of any franchise, permit, or consent granted by the city. If not available, please explain: \_\_\_\_\_

- D. Is any portion of the proposed service area inside another utility's CCN area?  
 YES X NO \_\_\_\_  
 If YES, has the current CCN holder agreed to decertify the proposed area?  
 YES \_\_\_\_\_ NO X  
 If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest. (SEE EXHIBIT 'C')

**3. MAP REQUIREMENTS:**

**Attach the following hard copy maps with each copy of the application:**

- A. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county. (SEE EXHIBIT 'D')
  
- B. A map showing only the proposed area by: (SEE EXHIBIT 'D')
  - i. metes and bounds survey certified by a licensed state or register professional land surveyor; or
  - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled); or
  - iii. following verifiable natural and man-made landmarks; or
  - iv. a copy of recorded plat map with metes and bounds.
  
- C. A written description of the proposed service area. (SEE EXHIBIT 'D')
  
- D. Provide separate and additional maps of the proposed area(s) to show the following:
  - i. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and
  - ii. any facilities, customers or area currently being served outside the applicant's certificated area(s). (SEE EXHIBIT E)

**4. NEW SYSTEM INFORMATION OR UTILITIES REQUESTING A CCN FOR THE FIRST TIME**

- A. Please provide the following information:
  - i. a list of all public drinking water supply systems or sewer systems within a 2 mile radius of the proposed system;
  - ii. copies of written requests seeking to obtain service from each of the public drinking water supply systems or sewer systems listed in #4.A.i above or documentation that it is not economically feasible to obtain service from them;
  - iii. copies of written responses from each system or evidence that they did not reply; and
  - iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit.
  
- B. Were your requests for service denied?
  - i. If yes, go to 4.C.
  - ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each system that granted your request for service.
  
- C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
- D. Date of plat approval, if required: \_\_\_\_\_  
Approved by: \_\_\_\_\_
  
- E. Date Plans & Specifications submitted for approval \_\_\_\_\_ Log No. \_\_\_\_\_  
Attach copy of approval letter if available.
  
- F. Date construction is scheduled to commence \_\_\_\_\_



E. If this application is for a water CCN only, please explain how sewer service is provided:

DDUhas been granted a sewer CCN for most of the proposed water CCN area.

F. If this application is for a sewer CCN only, please explain how water service is provided:

N/A

G. Effect of Granting a Certificate Amendment. (SEE EXHIBIT 'I')

Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:

- i. the applicant,
- ii. any retail public utility of the same kind already serving the proximate area; and
- iii. any landowner(s) in the requested area.

H. Do you currently purchase or plan to purchase water or sewer treatment capacity from another source?

i. No X (skip the rest of this question and go to #6)

ii. Water

Yes \_\_\_\_\_

Purchased on a ( )regular - ( )seasonal - ( )emergency basis?

| Source | % of total supply |
|--------|-------------------|
|        |                   |
|        |                   |

iii. Sewer treatment capacity

iv. Yes \_\_\_\_\_

v. Purchased on a ( )regular - ( )seasonal - ( )emergency basis

| Source | % of total treatment |
|--------|----------------------|
|        |                      |
|        |                      |

vi. Provide a certified copy of the most current water or sewer treatment capacity purchase agreement or contract.

I. Ability to Provide Adequate Service. (SEE EXHIBIT J)

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:

- i. the current and projected density, and
- ii. the land use of the requested area.

J Effect on the Land. (SEE EXHIBIT K)

Explain the effect on the land to be included in the certificated area.



**6. FINANCIAL INFORMATION  
(SEE EXHIBIT 'L')**

- A. For new systems and for applicants with existing CCNs who are constructing a new stand alone system:
- i. the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
  - ii. Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates should correlate to the projected growth in connections, shown on the projected profit and loss statement.
  - iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.
- B. For existing systems:
- i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).
  - ii. Attach a proposed rate schedule or tariff.  
★ NOTE: An existing system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application.
- C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.
- D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.

**7. NOTICE REQUIREMENTS (SEE EXHIBIT M)**

- A. All proposed notice forms must be completed and submitted with the application. However, do not mail or publish them until you receive written approval from the Commission to do so.
- B. The Commission cannot grant a CCN until proper notice of the application has been given. Commission rules do not allow a waiver of these notice requirements.
- C. It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.
- D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application to use in preparing your proposed notices. (These notice forms are also available in Spanish upon request.)
- E. After reviewing and, if necessary, modifying the proposed notice, the Commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully and note any additional neighboring utilities which may be included in the

acceptance letter.

F. Notice For Publication:

The applicant shall publish the notice in a newspaper having general circulation in the county or counties where a certificate of convenience and necessity is being requested, once each week for two consecutive weeks beginning with the week after the notice is received from the Commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the Commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.

G. Notice To Neighboring Utilities:

- i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
- ii. For applications for the issuance of a **NEW** certificate of public convenience and necessity, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within **five (5) miles** of the requested service area.
- iii. For applications for the **AMENDMENT** of certificate of public convenience and necessity, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within **two (2) miles** of the requested service area.

H. Notice to Customers

Investor Owned Utilities (IOUs) that are currently providing service without a certificate must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application.

I. The Commission may require the applicant to deliver notice to other affected persons or agencies.

**Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the Commission. Wait until you receive written authorization to do so. This will occur after the Commission has reviewed the notices for completeness, and your application has been accepted for filing.**

OATH

State of Texas

I, Raymond Cooney, being duly sworn, file this application as President of Double Arrow Utilities Co (indicate relationship to Applicant, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the maps filed with this application, and have complied with all the requirements contained in this application; and, that all such statements made and matters set forth therein are true and correct. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Texas Commission on Environmental Quality.

I further represent that the application form has not been changed, altered or amended from its original form available only from the Commission.

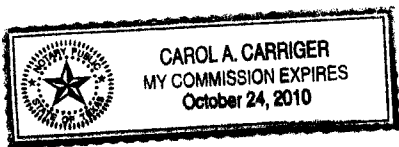
I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants for service within its certificated service area.

Raymond Cooney  
AFFIANT  
(Applicant's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this 20<sup>th</sup> day of November, 2007.

SEAL



Carol A. Carriger  
NOTARY PUBLIC

Certificate of Account Status - Letter of Good Standing

1c

Page 1 of 1



**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**  
SUSAN COMBS · COMPTROLLER · AUSTIN, TEXAS 78774

October 23, 2007

**CERTIFICATE OF ACCOUNT STATUS**

THE STATE OF TEXAS  
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO  
HEREBY CERTIFY that according to the records of this office

**DOUBLE DIAMOND UTILITIES CO**

is, as of this date, in good standing with this office having no franchise  
tax reports or payments due at this time. This certificate is valid through  
the date that the next franchise tax report will be due November 15, 2007.

This certificate does not make a representation as to the status of the  
corporation's Certificate of Authority, if any, with the Texas Secretary of  
State.

This certificate is valid for the purpose of conversion when the converted  
entity is subject to franchise tax as required by law. This certificate is  
not valid for the purpose of dissolution, merger, or withdrawal.

GIVEN UNDER MY HAND AND  
SEAL OF OFFICE in the City of  
Austin, this 23rd day of  
October 2007 A.D.

A handwritten signature in cursive script that reads "Susan Combs".

Susan Combs  
Texas Comptroller

Taxpayer number: 17526845999  
File number: 0142717100

Form 05-304 (Rev. 02-03/14)

## EXHIBIT B

### Response to Section 2.B.

- i. Describe the service area and circumstances driving the need for service in the requested area. Indicate the name(s) and address(es) of landowner(s), prospective landowner(s), tenant(s) or resident(s) that have requested service; and/or

*The service area is currently owned and leased by Double Diamond Inc. (DDI) and consists of approximately 1,377 acres of land adjacent to Lake Texoma known as Rock Creek Resort. DDI has platted Right-of-Way for the first phase of Rock Creek Blvd. Phase I (approximately 1.3 miles), a 180 lots single family residential subdivision named Muirfield Addition at Rock Creek Resort, and a 296 lot single family residential subdivision names Pronghorn Addition at Rock Creek Resort. Rock Creek resort has over 170 landowners who have signed contracts to purchase lots within the two platted subdivisions as well as numerous others individuals interested in purchasing land within the development.*

- ii. Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or

*Rock Creek Blvd. Phase I was approved by Grayson County and filed for record 4340 in Volume 19, Page 5 Plat Records Grayson County. Muirfield Addition at Rock Creek Resort was approved by Grayson County and filed for record 10279 in Volume 19, Page 37 Plat Records Grayson County. Pronghorn Addition at Rock Creek Resort was approved by Grayson County and filed for record 10280 in Volume 19, Page 40 Plat Records Grayson County. The streets for these subdivisions as well as a golf course are currently under construction. Plats for these subdivisions as well as the latest Master Plan for the Resort which shows the marina, ships store, and hotel are provided in Attachment 1.*

- iii. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, failing wells, etc.); and/or

*It is not practical or feasible for each residential lot owner to drill their own water well. A centralized water system, such as that proposed, is environmentally superior to individual wells.*

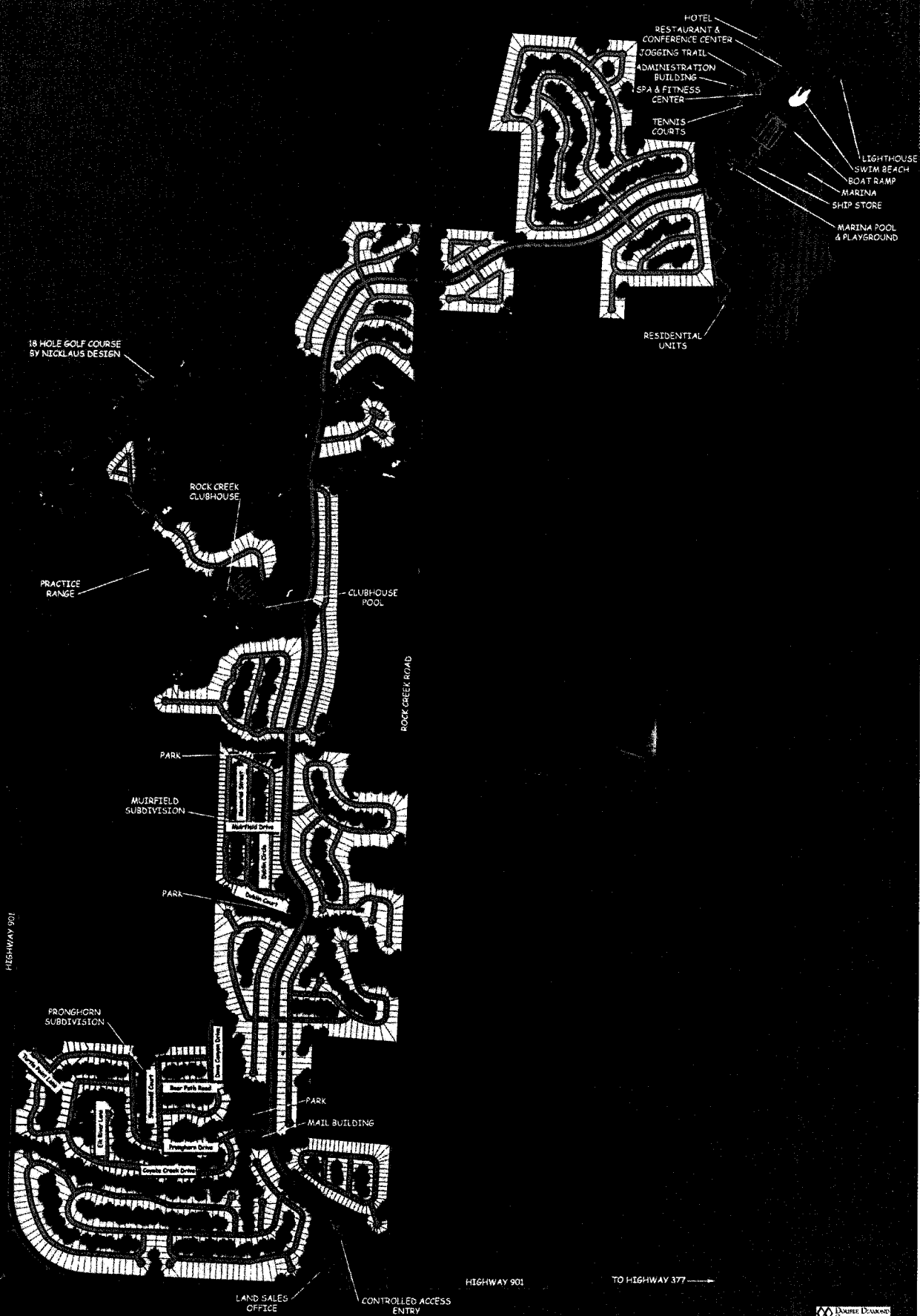
- iv. Provide copies of any written applications or requests for service in the requested area; and/or

*None.*

- v. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area.

*None.*

**Exhibit B – Attachment 1**





## EXHIBIT C

### **Response to Section 2.D.:**

*Decertification of the area is in the public interest so as to preclude discrimination against the area, and its future customers, in rates and service by Northwest Grayson County WCID No. 1 ("District"). The subject area is currently in the water CCN of the District, but outside the District's corporate boundaries. As such, the residents of the area have no vote, or voice, whatsoever in the District's service policies, board composition, or rates. Residents of the area are not, and will not be, eligible to serve on the Board of the District. Further, the District may seek to discriminate against the area in terms of rates or service, given the area is located "out-of-district." Granting the proposed CCN amendment will give the TCEQ original jurisdiction over the rates and services provided to the area and ensure that the customers in the area will be treated uniformly with other customers of the applicant utility.*

**Northwest Grayson  
WCID #1  
CCN Service Area**

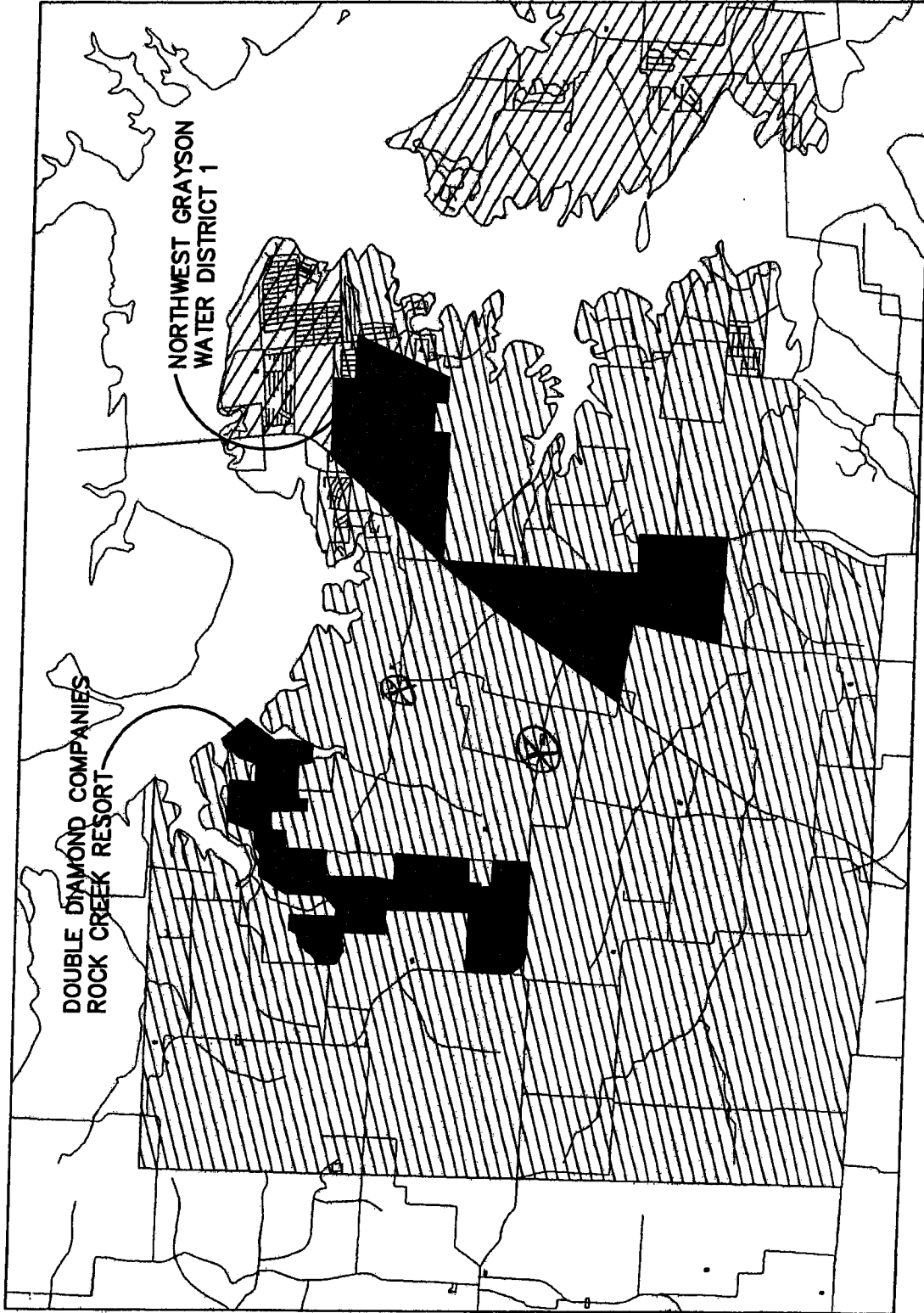
Northwest\_Grayson  
Tecon



1 inch equals 1.00 miles



Map Created by GTUA  
May 2005 for illustration  
Purposes Only



**\*\* PROPERTY DESCRIPTION \*\***

*All that certain tract or parcel of land situated in the A.T. Gayle Survey, Abstract Number 445, the Thomas Toby Survey, Abstract Number 1239, the Thomas Toby Survey, Abstract Number 1240, the Dionisio Yglesia Survey, Abstract Number 1393 and the John Murphy Survey, Abstract Number 799 County of Grayson, State of Texas, said tract being all of a 605.081 acre tract as described in Deed to Double Diamond Inc., filed 18 July 2005, and Recorded in Volume 3893 Page 767, and all of a 336.200 acre tract as described in Deed to Double Diamond Inc., filed 18 July 2005, and Recorded in Volume 3893 Page 753, and all of a 88.678 acre tract as described in Deed to Double Diamond Inc., filed 18 July 2005, and Recorded in Volume 3893 Page 742, and all of a 31.129 acre tract as described in Deed to Double Diamond Inc., filed 18 July 2005, and Recorded in Volume 3893 Page 762, and all of a 10.000 acre tract as described in Deed to Double Diamond Inc., filed 03 August 2005, and Recorded in Volume 3904 Page 711, and all of a 96.051 acre tract as described in Deed to Double Diamond Inc., filed 18 July 2005, and Recorded in Volume 3893 Page 748, and all of a 72.987 acre tract as described in Deed to Double Diamond Inc., filed 12 December 2005, and Recorded in Volume 3974 Page 75, and all of a 0.785 acre tract as described in Deed to Double Diamond Inc., filed 03 August 2005, and Recorded in Volume 3904 Page 707, and all of a 86.50 Lease Tract A, and all of a 50.02 acre Lease Tract B, said leases filed in Volume 2135 Page 84 of the Deed Records of the County of Grayson, State of Texas, and being more fully described as follows:*

*Beginning for the southeast corner of the tract being described herein at a set survey mark nail with a washer marked Cox 4577, said nail being the southeast corner of said 605.081 acre tract, and the southwest corner of a tract as described in Deed to Jerry L. Rich, et ux, Millie Ann Rich filed 17 December 1968, and Recorded in Volume 1122 Page 816 of said Deed Records, said nail also being on the north Right-of-Way line of Farm-to-Market Road Number 901 as described in Deed to The State of Texas, filed 20 July 1962, and Recorded in Volume 959 Page 364 of said Deed Records, said nail also being in the center line of Rock Creek Road (asphalt surfaced public road);*

*Thence: With the south line of said 605.081 acre tract, and with the north ROW line of FM 901, the following 12 (Twelve) calls;*

- 1. North 87 degrees 53 minutes 00 seconds West, a distance of 26.00 feet to a set 1½ inch Steel Square Tubing with a plastic cap marked Cox 4577 for a corner;*
- 2. South 02 degrees 29 minutes 58 seconds West, a distance of 22.37 feet to a set 1½ inch Steel Square Tubing with a plastic cap marked Cox 4577 for a corner;*
- 3. South 72 degrees 33 minutes 58 seconds West, a distance of 135.35 feet to a found State of Texas Concrete Monument for a corner;*

4. South 89 degrees 43 minutes 39 seconds West, a distance of 599.99 feet to a found State of Texas Concrete Monument for the start of a curve to the right, with a radius of 11,409.16 feet, central angle of 02 degrees 27 minutes 13 seconds;
5. With said curve to the right an Chord Bearing on North 89 degrees 04 minutes 04 seconds West, a distance of 488.55 feet, for an Arc Length of 488.59 feet to a found State of Texas Concrete Monument for the end of said curve;
6. North 87 degrees 49 minutes 08 seconds West, a distance of 1282.39 feet to a found State of Texas Concrete Monument for a corner
7. North 87 degrees 28 minutes 38 seconds West, a distance of 1614.96 feet to a found State of Texas Concrete Monument for the start of a curve to the right, with a radius of 1086.78 feet, central angle of 89 degrees 45 minutes 12 seconds;
8. With said curve to the right, an Chord Bearing of North 42 degrees 56 minutes 51 seconds West, a distance of 1533.63 feet, for an Arc Length of 1702.43 feet to a found concrete Monument for the end of said curve;
9. North 00 degrees 00 minutes 04 seconds East, a distance of 289.71 feet to a found State of Texas concrete Monument for corner;
10. North 01 degrees 55 minutes 49 seconds East, a distance of 800.42 feet to a found State of Texas Concrete Monument for a corner;
11. North 03 degrees 49 minutes 29 seconds East, a distance of 300.09 feet to a found State of Texas Concrete Monument for a corner;
12. North 01 degrees 58 minutes 11 seconds East, a distance of 768.94 feet to a found 1½ inch Steel Rebar for the northwest corner of said Pockrus 455.739 acre tract, and the southwest corner of a 234.49 acre tract as described in Tract 2 in Deed to R.L. Huffhines et ux, Hazel Lucille Huffhines, filed 25 October 1994, and Recorded in Volume 2364 Page 370 of said Deed Records;

Thence: With a north line of said 605.081 acre, and with an old wire fence line, the following 5 (five) calls;

1. South 85 degrees 41 minutes 44 seconds East, a distance of 450.75 feet for a corner;
2. South 85 degrees 57 minutes 37 seconds East, a distance of 493.10 feet for a corner;
3. South 86 degrees 58 minutes 29 seconds East, a distance of 588.48 feet for a corner;
4. South 88 degrees 14 minutes 48 seconds East, a distance of 595.43 feet for a corner;
5. North 88 degrees 58 minutes 26 seconds East, a distance of 474.09 feet to a found 1½ inch Steel rebar for an ell corner of said Pockrus tract, and the southeast corner of said Huffhines tract;

Thence: North 03 degrees 38 minutes 43 seconds East, with the east line of said Huffhines tract, a distance of 1063.03 feet to a wood fence corner post for a corner;

Thence: North 01 degrees 05 minutes 09 seconds East, with the east line of said

*Huffhines tract, a distance of 836.03 feet to a wood fence corner post for a corner on the north line of said Gayle Survey, and the south line of said Toby Survey;*

*Thence: North 01 degrees 34 minutes 16 seconds East, with the east line of said Huffhines tract, a distance of 2009.95 feet to a found 1\2 inch Steel Rebar at the base of a wood fence corner post for a corner;*

*Thence: North 01 degrees 57 minutes 32 seconds East, with the east line of said Huffhines tract, a distance of 635.73 feet to a found 1\2 inch Steel Rebar at the base of a wood fence corner post on the south line of said 336.200 acre tract;*

*Thence: North 88 degrees 22 minutes 23 seconds West, with the south line of said 336.200 acre tract, a distance of 1332.85 feet to a set 1\2 inch Steel Square Tubing for the southwest corner of said 336.200 acre tract, and the southeast corner of a tract as described in Deed to Dale Bush, filed 02 August 1979 and Recorded in Volume 1483 Page 404 of said Deed Records;*

*Thence: North 02 degrees 01 minutes 28 seconds East, with the east line of said Bush tract, and along an old wire fence line, a distance of 2352.01 feet to a set 1\2 inch Steel Square Tubing in the center line of a Branch of Rock Creek;*

*Thence: With the center line of a Branch of Rock Creek, the following 36 Calls;*

- 1. North 74 degrees 01 Minutes 57 Seconds West, a distance of 29.87 feet;*
- 2. North 49 degrees 09 Minutes 02 Seconds West, a distance of 92.44 feet;*
- 3. South 14 degrees 59 Minutes 56 Seconds West, a distance of 48.95 feet;*
- 4. South 40 degrees 44 Minutes 51 Seconds East, a distance of 53.77 feet;*
- 5. South 79 degrees 29 Minutes 51 Seconds West, a distance of 71.97 feet;*
- 6. North 06 degrees 53 Minutes 10 Seconds West, a distance of 40.87 feet;*
- 7. South 54 degrees 11 Minutes 40 Seconds West, a distance of 101.09 feet;*
- 8. North 54 degrees 09 Minutes 24 Seconds West, a distance of 48.43 feet;*
- 9. South 33 degrees 27 Minutes 49 Seconds West, a distance of 102.51 feet;*
- 10. North 68 degrees 21 Minutes 19 Seconds West, a distance of 29.76 feet;*
- 11. South 86 degrees 38 Minutes 07 Seconds West, a distance of 69.30 feet;*
- 12. North 19 degrees 00 Minutes 40 Seconds West, a distance of 25.78 feet;*
- 13. North 03 degrees 18 Minutes 33 Seconds West, a distance of 86.12 feet;*
- 14. South 35 degrees 23 Minutes 44 Seconds West, a distance of 88.54 feet;*
- 15. North 59 degrees 50 Minutes 31 Seconds West, a distance of 85.10 feet;*
- 16. South 48 degrees 13 Minutes 52 Seconds West, a distance of 117.91 feet;*
- 17. North 33 degrees 39 Minutes 07 Seconds West, a distance of 152.93 feet;*
- 18. South 58 degrees 30 Minutes 27 Seconds West, a distance of 43.20 feet;*
- 19. North 44 degrees 07 Minutes 30 Seconds West, a distance of 64.01 feet;*
- 20. South 19 degrees 11 Minutes 05 Seconds West, a distance of 38.38 feet;*
- 21. North 48 degrees 41 Minutes 01 Seconds West, a distance of 94.39 feet;*
- 22. North 66 degrees 49 Minutes 44 Seconds West, a distance of 58.56 feet;*
- 23. North 28 degrees 13 Minutes 56 Seconds West, a distance of 33.29 feet;*

24. North 85 degrees 09 Minutes 41 Seconds West, a distance of 37.54 feet;
25. North 58 degrees 05 Minutes 34 Seconds West, a distance of 57.51 feet;
26. North 05 degrees 43 Minutes 17 Seconds West, a distance of 72.96 feet;
27. South 52 degrees 46 Minutes 59 Seconds West, a distance of 47.14 feet;
28. North 52 degrees 01 Minutes 43 Seconds West, a distance of 51.04 feet;
29. South 33 degrees 48 minutes 09 seconds East, a distance of 38.77 feet;
30. North 76 degrees 54 Minutes 16 Seconds West, a distance of 67.21 feet;
31. North 26 degrees 53 Minutes 59 Seconds East, a distance of 50.13 feet;
32. North 80 degrees 18 Minutes 30 Seconds West, a distance of 62.03 feet;
33. North 57 degrees 59 Minutes 21 Seconds West, a distance of 75.63 feet;
34. North 80 degrees 24 Minutes 06 Seconds West, a distance of 23.27 feet;
35. South 53 degrees 28 Minutes 56 Seconds West, a distance of 31.28 feet;
36. North 64 degrees 49 Minutes 15 Seconds West, a distance of 6.11 feet to a set 1½ inch Steel Square Tubing for a corner;

*Thence: North 02 degrees 44 minutes 01 seconds East, with the west line of said Thomas Toby Surveys, a distance of 868.56 feet to a found Pipe for a corner, and the southeast corner of a tract as described in Deed to Carolyn Jo Sprecher, filed 13 July 1992 and Recorded in Volume 2221 Page 359 of said Deed Records, said pipe also being at a turn in Burrows Chapel Road;*

*Thence: North 54 degrees 45 minutes 30 seconds East, along and near an old wire fence line, a distance of 293.46 feet to a set 1½ inch Steel Square Tubing for a corner in Fosters Spring Branch;*

*Thence: With the center line of said Fosters Spring Branch, the following 43 calls;*

1. North 45 degrees 41 minutes 28 seconds East, a distance of 33.86 feet;
2. North 81 degrees 23 Minutes 01 Seconds East, a distance of 17.50 feet;
3. North 28 degrees 47 Minutes 24 Seconds East, a distance of 88.77 feet;
4. North 89 degrees 43 Minutes 07 Seconds East, a distance of 46.28 feet;
5. North 30 degrees 01 Minutes 38 Seconds East, a distance of 57.74 feet;
6. North 56 degrees 27 Minutes 31 Seconds East, a distance of 41.98 feet;
7. North 48 degrees 13 Minutes 12 Seconds East, a distance of 72.89 feet;
8. North 42 degrees 04 Minutes 25 Seconds East, a distance of 47.23 feet;
9. North 22 degrees 21 Minutes 26 Seconds East, a distance of 40.47 feet;
10. North 73 degrees 09 Minutes 56 Seconds East, a distance of 36.26 feet;
11. North 34 degrees 54 Minutes 06 Seconds East, a distance of 64.69 feet;
12. North 43 degrees 00 Minutes 04 Seconds East, a distance of 54.65 feet;
13. North 12 degrees 17 Minutes 00 Seconds East, a distance of 56.50 feet;
14. North 39 degrees 59 Minutes 46 Seconds East, a distance of 134.64 feet;
15. North 66 degrees 22 Minutes 07 Seconds East, a distance of 101.83 feet;
16. North 07 degrees 34 Minutes 59 Seconds East, a distance of 37.30 feet;
17. North 35 degrees 28 Minutes 41 Seconds East, a distance of 78.70 feet;
18. North 47 degrees 46 Minutes 59 Seconds East, a distance of 39.18 feet;
19. North 31 degrees 38 Minutes 17 Seconds West, a distance of 48.70 feet;

20. North 69 degrees 27 Minutes 13 Seconds East, a distance of 73.85 feet;
21. North 77 degrees 33 Minutes 56 Seconds East, a distance of 38.33 feet;
22. North 28 degrees 08 Minutes 33 Seconds West, a distance of 68.03 feet;
23. North 72 degrees 55 Minutes 45 Seconds East, a distance of 79.59 feet;
24. South 85 degrees 43 Minutes 39 Seconds East, a distance of 70.61 feet;
25. North 14 degrees 32 Minutes 42 Seconds East, a distance of 79.22 feet;
26. North 81 degrees 57 Minutes 14 Seconds East, a distance of 75.44 feet;
27. South 60 degrees 54 Minutes 39 Seconds East, a distance of 37.61 feet;
28. North 65 degrees 28 Minutes 04 Seconds East, a distance of 91.83 feet;
29. South 82 degrees 08 Minutes 01 Seconds East, a distance of 86.60 feet;
30. South 13 degrees 06 Minutes 03 Seconds East, a distance of 46.89 feet;
31. South 49 degrees 17 Minutes 10 Seconds East, a distance of 67.03 feet;
32. North 79 degrees 49 Minutes 04 Seconds East, a distance of 41.08 feet;
33. North 64 degrees 40 Minutes 51 Seconds East, a distance of 50.92 feet;
34. North 07 degrees 44 Minutes 19 Seconds East, a distance of 71.64 feet;
35. South 54 degrees 25 Minutes 50 Seconds East, a distance of 39.89 feet;
36. North 39 degrees 21 Minutes 28 Seconds East, a distance of 83.71 feet;
37. North 41 degrees 39 Minutes 26 Seconds East, a distance of 57.81 feet;
38. North 20 degrees 28 Minutes 19 Seconds East, a distance of 95.49 feet;
39. North 05 degrees 24 Minutes 15 Seconds East, a distance of 40.42 feet;
40. North 41 degrees 08 Minutes 59 Seconds East, a distance of 80.25 feet;
41. North 13 degrees 34 Minutes 27 Seconds East, a distance of 82.37 feet;
42. North 30 degrees 06 Minutes 22 Seconds East, a distance of 65.71 feet;
43. North 42 degrees 27 minutes 24 seconds East, a distance of 44.89 feet to corner a tract (LAKE TEXOMA) as described in Deed to The United State of America, and Recorded in Volume 440 Page 252 of said Deed Records;

*Thence: South 88 degrees 25 minutes 41 seconds East, and with a line of said USA tract, a distance of 316.96 feet to a found 2 inch Iron Bar for a corner of said Hill tract, and USA tract;*

*Thence: With a south line of said USA tract, the following 6 (six) calls;*

1. South 03 degrees 17 minutes 47 seconds West, a distance of 1795.31 feet to a USA Monument;
2. South 87 degrees 34 minutes 14 seconds East, a distance of 21.86 feet to a USA Monument;
3. South 02 degrees 25 minutes 46 seconds West, a distance of 691.42 feet to a USA Monument;
4. South 87 degrees 34 minutes 14 seconds East, a distance of 639.66 feet to a USA Monument;
5. North 47 degrees 59 minutes 20 seconds East, a distance of 1005.91 feet to a USA Monument;
6. North 02 degrees 18 minutes 19 seconds East, and passing at 730.84 feet a found USA Concrete Monument, and continuing on said course for a total distance of 899.16 feet to a set 1½ inch Steel Square Tubing in the center line of

*a Branch of Rock Creek, said tubing being the southwest corner of said 88.678 acre tract;*

*Thence: North 02 degrees 50 minutes 51 seconds East, with the line of said USA tract, a distance of 1182.37 (1229.84') feet to a Corp-of-Engineers Concrete Monument for a corner;*

*Thence: North 29 degrees 26 minutes 27 seconds East, with the east line of said USA tract, and with an old wire fence line, a distance of 1637.25 feet to a found Corp-of-Engineers Concrete Monument for the northwest corner of said 88.678 acre Tract;*

*Thence: South 87 degrees 49 minutes 24 seconds East, and with a line of said USA tract, a distance of 1101.10 feet to a found Corp-of-Engineers Concrete Monument for a corner in Rock Creek Road;*

*Thence: South 02 degrees 49 minutes 03 seconds West, a distance of 28.22 feet to a found 1½ inch Steel Rebar for the northwest corner of said 31.129 acre tract;*

*Thence: South 87 degrees 27 minutes 46 seconds East, a distance of 441.40 feet for a corner;*

*Thence: South 86 degrees 25 minutes 48 seconds East, with the north line of said 31.129 acre tract, a distance of 706.33 feet to a found 1½ inch Steel Tubing for the southwest corner of said 96.051 acre tract;*

*Thence: North 02 degrees 28 minutes 46 seconds East, a distance of 1341.87 feet to a found 1½ inch Steel Square Tubing for a corner;*

*Thence: North 88 degrees 32 minutes 06 seconds West, a distance of 455.46 feet to a found Corps-of-Engineers Concrete Monument for a corner of said 96.051 acre tract;*

*Thence: North 13 degrees 09 minutes 48 seconds East, a distance of 1424.30 feet to a USA Monument for a corner;*

*Thence: South 86 degrees 54 minutes 48 seconds East, with a south line of said USA tract, a distance of 1749.54 feet to a found Corps-of-Engineers concrete monument for a corner of said USA tract;*

*Thence: South 03 degrees 38 minutes 42 seconds West, and a line of said U.S.A. tract, a distance of 1318.97 feet to a found Corps-of-Engineers concrete monument for a corner of said U.S.A. tract;*

*Thence: South 88 degrees 00 minutes 55 seconds East, with the north line of said 72.987 acre tract, and a line of said USA tract, a distance of 910.89 feet for*



a corner;

*Thence: South 87 degrees 59 minutes 47 seconds East, a distance of 129.97 feet for a corner;*

*Thence: North 19 degrees 55 minutes 34 seconds East, a distance of 1135.00 feet for a corner;*

*Thence: North 41 degrees 23 minutes 04 seconds East, a distance of 961.00 feet for a corner;*

*Thence: North 56 degrees 55 minutes 16 seconds East, a distance of 311.48 feet for a corner;*

*Thence: South 39 degrees 13 minutes 53 seconds East, a distance of 1561.31 feet for a corner;*

*Thence: South 36 degrees 49 minutes 40 seconds West, a distance of 1801.49 feet for a corner;*

*Thence: South 04 degrees 19 minutes 21 seconds East, a distance of 839.79 feet for a corner;*

*Thence: South 12 degrees 08 minutes 02 seconds West, a distance of 1119.82 feet for a corner;*

*Thence: South 89 degrees 45 minutes 04 seconds West, a distance of 850.00 feet for a corner;*

*Thence: North 06 degrees 22 minutes 55 seconds West, a distance of 460.59 feet to a found Corps-of-Engineers Concrete Monument corner;*

*Thence: North 87 degrees 13 minutes 35 seconds West, with the south line of said 72.987 acre tract, a distance of 1208.70 feet to a found Corps-of-Engineers Concrete Monument for an ell corner of said USA tract;*

*Thence: South 06 degrees 34 minutes 18 seconds West, with the west line of said U.S.A. tract, a distance of 400.98 feet to a Pipe Fence corner Post for the occupied northeast corner of a tract as described in Deed to MP Interests, filed 20 March 1997, and Recorded in Volume 2531 Page 140 of said Deed Records;*

*Thence: North 81 degrees 21 minutes 43 seconds West, with the south line of said 72.987 acre tract, and the north line of said MP tract, a distance of 319.68 feet to an 8 inch Black Jack Tree for a corner;*

*Thence: North 09 degrees 40 minutes 15 seconds West, with a wire fence line, a*

distance of 129.79 feet to a Twin Black Jack Tree for a corner;

Thence: North 03 degrees 07 minutes 03 seconds East, with the west line of said 72.987 acre tract, and on the east line of a 31.129 acre tract as described in Deed to MP Interests LTD, filed 21 October 1999, and Recorded in Volume 2851 Page 116 of said Deed Records, a distance of 628.62 feet to a found 1½ inch steel square tubing for the northeast corner of said 31.129 acre tract, and the southeast corner of a tract as described in Deed to Double Diamond Inc., filed 18 July 2005, and Recorded in Volume 3893 Page 748 of said Deed Records;

*Thence: North 88 degrees 59 minutes 59 seconds West, with the south line of said 10 acre tract, a distance of 197.11 feet for a corner;*

*Thence: South 76 degrees 25 minutes 23 seconds West, a distance of 30.79 feet for a corner;*

*Thence: North 87 degrees 25 minutes 40 seconds West, a distance of 945.67 feet for a corner;*

*Thence: South 02 degrees 42 minutes 36 seconds West, a distance of 773.69 feet for a corner;*

*Thence: North 87 degrees 31 minutes 30 seconds West, a distance of 1180.81 feet for a corner in Rock Creek Road;*

*Thence: South 01 degrees 37 minutes 59 seconds West, and in Rock Creek Road, a distance of 277.30 feet for a corner;*

*Thence: South 01 degrees 34 minutes 25 seconds West, and in Rock Creek Road, a distance of 1081.75 feet for a corner;*

*Thence: South 02 degrees 00 minutes 57 seconds West, and in Rock Creek Road, a distance of 974.10 feet to a found Railroad Spike for a corner;*

*Thence: North 87 degrees 42 minutes 52 seconds West, with a fence part of the way, a distance of 1146.60 feet to a found 1½ inch Steel Square Tubing for a corner;*

*Thence: South 00 degrees 28 minutes 49 seconds East, a distance of 1116.19 feet to a Wood Fence corner Post for a corner;*

*Thence: South 01 degrees 33 minutes 34 seconds West, a distance of 397.62 feet to a Pipe Fence corner Post for a corner;*

*Thence: South 01 degrees 42 minutes 32 seconds West, a distance of 400.66 feet to a found 1½ inch Steel Tubing for a corner;*

*Thence: South 03 degrees 39 minutes 54 seconds East, a distance of 504.96 feet to a found 3/4 inch Steel Rod for a corner;*

*Thence: South 08 degrees 10 minutes 15 seconds West, a distance of 459.38 feet to a found 1/2 inch Steel Rebar for a corner;*

*Thence: South 14 degrees 33 minutes 17 seconds West, a distance of 488.73 feet to a found 1/2 inch Steel Rebar for a corner;*

*Thence: South 02 degrees 31 minutes 00 seconds West, a distance of 424.17 feet to a found 1/2 inch Steel Rebar for a corner;*

*Thence: South 84 degrees 55 minutes 43 seconds East, a distance of 1201.71 feet to a set survey mark nail with a washer marked CLSC 4577 for a corner in the center line of said Rock Creek Road;*

*Thence: South 01 degrees 56 minutes 07 seconds West, in Rock Creek Road, a distance of 2176.47 feet to a set survey mark nail with a washer marked CLSC 4577 for a corner;*

*Thence: South 02 degrees 54 minutes 02 seconds West, and in Rock Creek Road, a distance of 1766.31 feet to a found Railroad Spike for a corner;*

*Thence: North 85 degrees 26 minutes 54 seconds West, a distance of 1170.99 feet to a set 1/2 inch Steel Square Tubing for a corner;*

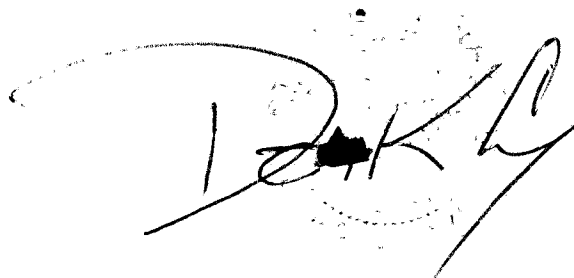
*Thence: South 01 degrees 50 minutes 30 seconds West, a distance of 745.63 feet to a set 1/2 inch Steel Square Tubing for a corner;*

*Thence: North 85 degrees 27 minutes 51 seconds West, a distance of 180.40 feet to a set 1/2 inch Steel Square Tubing for a corner;*

*Thence: South 01 degrees 50 minutes 30 seconds West, a distance of 645.63 feet to a set 1/2 inch Steel Square Tubing for a corner;*

*Thence: South 85 degrees 27 minutes 51 seconds East, a distance of 1342.46 feet to a found Railroad Spike for a corner, and in Rock Creek Road;*

*Thence: South 02 degrees 08 minutes 29 seconds West, and in Rock Creek Road, a distance of 1876.22 feet to the POINT OF BEGINNING and containing 1376.97 acres of land.*

A handwritten signature in black ink, appearing to be "D. K. H.", is written over a faint circular stamp or seal. The signature is stylized and slanted.

## EXHIBIT E

### Response to Section 3.D.

D. Provide separate and additional maps of the proposed area(s) to show the following:

- i. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and

*A master water utility plan is provided in Attachment 1.*

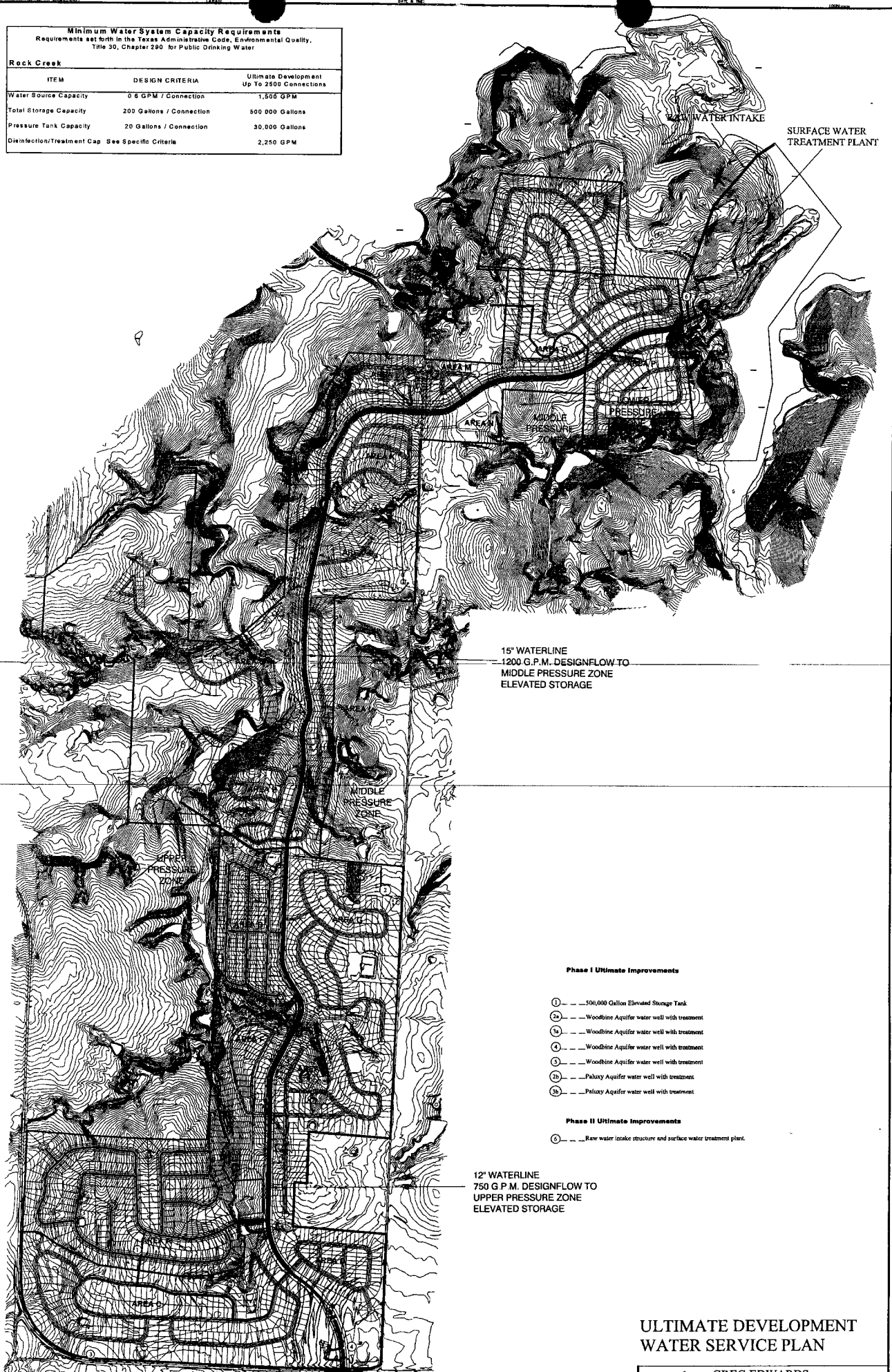
- ii. any facilities, customers or area currently being served outside the applicant's certificated area(s); and

*The Paw Paw Creek Well (PWS 0910122) is the only facility owned by DDU that is outside of its service area (CCN 12087). There are no customers, nor any areas being served by DDU that are outside of this CCN service area.*

**Exhibit E – Attachment 1**

**Minimum Water System Capacity Requirements**  
 Requirements set forth in the Texas Administrative Code, Environmental Quality,  
 Title 30, Chapter 200 for Public Drinking Water

| Rock Creek                 |                          |  |
|----------------------------|--------------------------|--|
| ITEM                       | DESIGN CRITERIA          | Ultimate Development<br>Up To 2500 Connections |
| Water Source Capacity      | 0.6 GPM / Connection     | 1,500 GPM                                      |
| Total Storage Capacity     | 200 Gallons / Connection | 500,000 Gallons                                |
| Pressure Tank Capacity     | 20 Gallons / Connection  | 30,000 Gallons                                 |
| Disinfection/Treatment Cap | See Specific Criteria    | 2,250 GPM                                      |



**ULTIMATE DEVELOPMENT  
 WATER SERVICE PLAN**

## EXHIBIT F

- iii. Date of last inspection: The Retreat – July 19, 2007; The Cliffs – August 3, 2007; White Bluff – August 24, 2006
- iv. Attach a copy of the most recent inspection report letter. See Attachment 1
- v. For each system deficiency listed in the inspection report letter, attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates.
- v. Listed Deficiencies

**THE RETREAT** – Failure to make available sanitary control easements – copies of sanitary control easements were obtained and placed in the on site water files in the Utility Managers' office – copies were also mailed to TCEQ region office

Failure to post legible sign at each production, treatment, storage facility – signs were already at the location in question but on one of the fences and not the second. A sign like the existing one will be placed on the second fence, this also was sent to TCEQ office along with picture showing existing conditions

Failure to inspect the ground and pressure storage tanks – tanks are only 3 years old. Tank inspection reports have been filled out and filed in on site water files and also mailed to TCEQ region office.

Failure to use the approved customer service inspection certificate – certificate that was being used was very slightly different – form was downloaded off TCEQ web site and immediately put into use in the builders packets given out to persons applying for water and sewer service – this was also sent to TCEQ region office.

Failure to update monitoring plan – monitoring plan was updated and placed back into on site water file – also included in submission to TCEQ.

**THE CLIFFS** – no violation at last inspection of August 3, 2007

**WHITE BLUFF** – Failure to keep plant operations manual – Manual was compiled and placed in on site water files in Utility Managers office – also sent to TCEQ regional office.

Failure to provide proper floor vent screen on ground storage tank at plant 1 – screen was replaced and pictures taken, filed in water files on site and sent to TCEQ.

Failure to meet agency's minimum water system capacity requirements – 20 gallons per connection for pressure storage – calculated existing connections (564) gave us a total of 11,280 gallons needed and we had 12,000 existing, so this alleged violation was contested. But, with the total being close and with our anticipated growth, a plan was put in place and sent to TCEQ to add a 20,000 gallon pressure tank to the system. The tank was ordered and placed on line, chlorinated and placed in service.

Failure to provide emergency power to deliver water under the loss of normal power supply – pricing for a generator has been obtained and a generator ordered. The anticipated delivery date of the generator is the first of February 2008.

*Failure to inspect water tanks at least annually* – inspection forms were provided by the TCEQ and have been utilized since the inspection to document tank (ground and pressure) inspections. Forms filed in on site water file and sent to TCEQ office.



**EXHIBIT F – Attachment 1**

Kathleen Hartnett White, *Chairman*  
Larry R. Soward, *Commissioner*  
H. S. Buddy Garcia, *Commissioner*  
Glenn Shankle, *Executive Director*



**FILE**

*H. Shearouse*  
*Z. Lyles*

## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

August 30, 2007

**CERTIFIED MAIL # 91 3408 2133 3930 9662 7032**  
**RETURN RECEIPT REQUESTED**

Randy Gracy  
President  
Double Diamond Utilities Co.  
10100 N. Central Expy, Ste 600  
Dallas, TX 75231

Re: Notice of Violation for the Comprehensive Compliance Investigation at:  
The Retreat Water Supply, South of Muirfield Rd off of FM 1434, Johnson County, Texas  
TCEQ ID No.: 1260127

Dear Mr. Gracy:

On July 19, 2007, Ms. Sandra Calderon-Garcia of the Texas Commission on Environmental Quality (TCEQ), D/FW Region Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for public water supplies. Enclosed is a summary which lists the investigation findings. In addition, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by December 3, 2007 a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations. In the listing of alleged violations, we have cited applicable requirements, including TCEQ rules.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violation(s) documented in this notice. Should you choose to do so, you must notify the D/FW Region Office within 10 days from the date of this letter. At that time, Mr. Charles Marshall, PWS Work Leader will schedule a violation review meeting to be conducted (*within 21 days from the date of this letter OR specified date at specific time*). However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

If you or members of your staff have any questions, please feel free to contact Ms. Sandra Calderon-Garcia the D/FW Region Office at (817)588-5820.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Marshall".

Charles Marshall  
PWS Work Leader  
D/FW Region Office

CLM/scg

Enclosure: Summary of Investigation Findings

REPLY TO: REGION 4-DALLAS/FORT WORTH • 2309 GRAVEL DR. • FORT WORTH, TEXAS 76118-6951 • 817-588-5800 • FAX 817-588-5700

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • Internet address: [www.tceq.state.tx.us](http://www.tceq.state.tx.us)

printed on recycled paper using soy-based ink

## Summary of Investigation Findings

THE RETREAT WATER SUPPLY  
7725 FM 1434  
CLEBURNE, JOHNSON COUNTY, TX 76033  
Additional ID(s): 1260127

Investigation # 572592  
Investigation Date: 07/19/2007

### OUTSTANDING ALLEGED VIOLATIONS

Track No: 283983 Compliance Due Date: 12/03/2007

30 TAC Chapter 290.41(c)(1)(F)

**Alleged Violation:**

Investigation: 572592

Comment Date: 08/16/2007

Failure to make available sanitary control easements for Wells #1 (G1260127A) and #2 (G1260127B) at the time of inspection, or executive director approval for a substitute authorized in §290.41(c)(1)(F)(iv). A sanitary easement, or approved substitute, covering all property within 150 feet of each well location must be secured from adjacent landowners and recorded at the county courthouse to ensure that hazards will not develop in each well area. Residential type wells within the easement must be constructed to public water well standards. A copy of the recorded document must be submitted for our records.

§290.41(c)(1)(F) A sanitary control easement or sanitary control easements covering land within 150 feet of the well, or executive director approval for a substitute authorized by this subsection, shall be obtained. [§290.41(c)(1)(F)(i)] The sanitary control easement(s) secured shall provide that none of the pollution hazards covered in subparagraphs (A) - (E) of this paragraph, or any facilities that might create a danger of pollution to the water to be produced from the well, will be located thereon. [§290.41(c)(1)(F)(ii)] For the purpose of a sanitary control easement, an improperly constructed water well is one which fails to meet the surface and subsurface construction standards for public water supply wells. Residential type wells within a sanitary control easement must be constructed to public water well standards. [§290.41(c)(1)(F)(iii)] A copy of the recorded sanitary control easement(s) shall be included with plans and specifications submitted to the executive director for review. [§290.41(c)(1)(F)(iv)] With the approval of the executive director, the public water system may submit any of the following as a substitute for obtaining, recording, and submitting a copy of the recorded sanitary control easement(s) covering land within 150 feet of the well: [§290.41(c)(1)(F)(iv)(I)] a copy of the recorded deed and map demonstrating that the public water system owns all real property within 150 feet of the well; [§290.41(c)(1)(F)(iv)(II)] a copy of the recorded deed and map demonstrating that the public water system owns a portion of real property within 150 feet of the well, and a copy of the sanitary control easement(s) that the public water system has obtained, recorded, and submitted to the executive director applicable to the remaining portion of real property within 150 feet of the well not owned by the public water system; or [§290.41(c)(1)(F)(iv)(III)] for a political subdivision, a copy of an ordinance or land use restriction adopted and enforced by the political subdivision which provides an equivalent or higher level of sanitary protection to the well as a sanitary control easement. [§290.41(c)(1)(F)(v)] If the executive director approves a sanitary control easement substitute identified in clause (iv)(I) or (iv)(II) of this subparagraph for a public water system and the public water system conveys the property it owns within 150 feet of the well to another person or persons, the public water system must at that time obtain, record, and submit to the executive director a copy of the recorded sanitary control easement(s) applicable to the conveyed portion of the property within 150 feet of the well, unless the executive director approves a substitute identified in clause (iv) of this subparagraph.

**Recommended Corrective Action:** Submit a photocopy of the recorded sanitary control easements for Wells #1 (G1260127A) and #2 (G1260127B).

Track No: 283984 Compliance Due Date: 10/01/2007

**30 TAC Chapter 290.46(m)****Alleged Violation:**

Investigation: 572592

Comment Date: 08/16/2007

Failure to properly maintain well site #2.

§290.46(m) Maintenance and housekeeping. The maintenance and housekeeping practices used by a public water system shall ensure the good working condition and general appearance of the system's facilities and equipment. The grounds and facilities shall be maintained in a manner so as to minimize the possibility of the harboring of rodents, insects, and other disease vectors, and in such a way as to prevent other conditions that might cause the contamination of the water.

**Recommended Corrective Action:** Submit photographs demonstrating that well site #2 is properly maintained.

---

**Track No:** 283986      **Compliance Due Date:** 12/03/2007

**30 TAC Chapter 290.46(t)****Alleged Violation:**

Investigation: 572592

Comment Date: 08/16/2007

Failure to post a legible sign at each of its production, treatment, and storage facilities by each community system. The sign must be located in plain view of the public and must provide the name of the regulated entity and an emergency telephone number where a responsible official can be contacted.

§290.46(t) System ownership. All community water systems shall post a legible sign at each of its production, treatment, and storage facilities. The sign shall be located in plain view of the public and shall provide the name of the water supply and an emergency telephone number where a responsible official can be contacted.

**Recommended Corrective Action:** Submit photographs demonstrating that well site #2 has an ownership sign on display.

---

**Track No:** 283988      **Compliance Due Date:** 12/03/2007

**30 TAC Chapter 290.46(m)(1)****Alleged Violation:**

Investigation: 572592

Comment Date: 08/16/2007

Failure to inspect the 100,000 gallon ground storage tank and the 8,000 gallon pressure tank at least annually, to determine that the vents are in place and properly screened, the roof hatches closed and locked, flap valves and gaskets provide adequate protection against insects, rodents, and other vermin, and that the interior and exterior coating systems are continuing to provide adequate protection to all metal surfaces and that the tank remains in a watertight condition. The results of these inspections must be recorded and maintained for at least five years, per §290.46(f)(3)(D)(ii). The records must be available for review by Commission staff during annual sanitary surveys of the system.

§290.46(m)(1) Each of the system's ground, elevated, and pressure tanks shall be inspected annually by water system personnel or a contracted inspection service.

§290.46(m)(1)(A) Ground and elevated storage tank inspections must determine that the vents are in place and properly screened, the roof hatches closed and locked, flap valves and gasketing provide adequate protection against insects, rodents, and other vermin, the interior and exterior coating systems are continuing to provide adequate protection to all metal surfaces, and the tank remains in a watertight condition.

§290.46(m)(1)(B) Pressure tank inspections must determine that the pressure release device and pressure gauge are working properly, the air-water ratio is being maintained at the proper level, the exterior coating systems are continuing to provide adequate protection to all metal surfaces, and the tank remains in watertight condition. Pressure tanks provided with an inspection port must have the interior surface inspected every five years. §290.46(m)(1)(C) All tanks shall be inspected annually to

determine that instrumentation and controls are working properly.

**Recommended Corrective Action:** Submit most recent copies of annual tank inspection reports for the ground storage and pressure tank.

---

**Track No:** 283989      **Compliance Due Date:** 12/03/2007

**30 TAC Chapter 290.46(j)**

**Alleged Violation:**

Investigation: 572592

Comment Date: 08/16/2007

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Failure to use the approved customer service inspection certificate as it relates to §290.47(d) Appendix D: Customer Service Inspection Certificate without prior approval from the executive director.

§290.46(j) Customer service inspections. A customer service inspection certificate shall be completed prior to providing continuous water service to new construction, on any existing service either when the water purveyor has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction, or addition to the private water distribution facilities. Any customer service inspection certificate form which varies from the format found in §290.47(d) of this title (relating to Customer Service Inspection Certificate) must be approved by the executive director prior to being placed in use.

**Recommended Corrective Action:** Submit a recently completed Customer Service Inspection Certificate in accordance with 30 Texas Administrative Code §290.46(j).

---

**Track No:** 283990      **Compliance Due Date:** 12/03/2007

**30 TAC Chapter 290.121(a)**

**Alleged Violation:**

Investigation: 572592

Comment Date: 08/16/2007

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Failure by the regulated entity to develop and maintain an up to date system monitoring plan. The plan shall identify all bacteriological and chemical sampling locations, describe the sampling frequency, and specify the analytical procedures and laboratories to be used to comply with monitoring requirements. The completed plan must be retained at each water plant, and made available to agency personnel for review during succeeding sanitary surveys.

§290.121 Monitoring Plans Failure by the regulated entity to develop and maintain an up to date system monitoring plan. The plan shall identify all bacteriological and chemical sampling locations, describe the sampling frequency, and specify the analytical procedures and laboratories to be used to comply with monitoring requirements. The completed plan must be retained at each water plant, and made available to agency personnel for review during succeeding sanitary surveys.

**Recommended Corrective Action:** Submit documentation demonstrating that the system has compiled an updated Monitoring Plan, in accordance with §290.121.



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

**SITE SEARCH:**

please enter search ph

**SUBJECT INDEX**

> Air > Water >

> Search TCEQ Data

> Agency Organizatio

- Districts
  - Utilities
  - PWSs
  - Maps
  - Documents
  - Reports
- WUD Main**

## Public Water Systems Details/Data Sheet for CLIFFS THE (1820061)

- Affiliations
- Site Visits
- Documents
- Violations
- Sources
- Sold Source
- Entry Points
- Plants

### Responsible Party

Organization: **DOUBLE DIAMOND UTILITIES CO**

Address: **10100 N CENTRAL EXPY STE 600**

**DALLAS, TX 75231-4156**

Individual: **RANDY GRACY**

Job Title: **PRESIDENT**

Phone: **(214) 706-9801**

Occurrences were successfully retrieved.

### Customers

| Reference Number | Name                        | Role              |
|------------------|-----------------------------|-------------------|
| CN600672349      | DOUBLE DIAMOND UTILITIES CO | RESPONSIBLE PARTY |
| CN600804959      | YOUNG COUNTY BUTANE INC     | OWNER             |

### Properties

Utility CCN/Reg: **(12087) DOUBLE DIAMOND UTILITIES CO**

CR Regulated Entity Number: **RN101265213**

CCEDS Status: **ACTIVE NOE EXISTS**

Ownership Type: **PRIVATE**

System Type: **COMMUNITY**

County: **PALO PINTO (182)**

Region: **ARLINGTON (4)**

Monitoring Class: **SURFACE WATER**

Out of Season:

- Jan
- Feb
- Mar
- Apr
- May
- Jun
- Jul
- Aug
- Sep
- Oct
- Nov
- Dec

### Customer Groups

| Class       | Category         | Population Count | Connection Count | Meter Count |
|-------------|------------------|------------------|------------------|-------------|
| RESIDENTIAL | RESIDENTIAL AREA | 500              | 200              | 200         |

Customer Group occurrences retrieved.

### Capacity

**Total Storage:**

Total Storage: **0.200 MG**  
 Elevated Storage: **0.000 MG**  
 Pressure Tank Capacity: **0.01000 MG**

**Production:**

Total Production: **0.072 MGD**  
 Max Purchased Capacity: **0.000 MGD**  
 Emergency Production: **0.000 MGD**  
 Total Service Capacity: **0.000 MGD**  
 Service Pump Capacity: **0.720 MGD**  
 Emergency Service Capacity: **0.000 MGD**

**Consumption:**

Avg Daily Consumption: **0.068 MGD**  
 Max Daily Consumption: **0.000 MGD**

### Activity

Activity Status: **ACTIVE**

### Operator Grades

**Grade**

WATER GRADE C DISTRIBUTION

**Total**  
1



Occurrences retrieved.

### Site Visits

| Survey Date | Visit Type                | Deficiency Score | Inspector             |
|-------------|---------------------------|------------------|-----------------------|
| 04/26/2000  | SURVEY                    | 0                | <u>DAN LONG</u>       |
| 04/03/2001  | SURVEY                    | 7                | <u>TODD JONES</u>     |
| 12/03/2002  | SURVEY                    | 0                | <u>DAN LONG</u>       |
| 06/21/2004  | SURVEY                    | 12               | <u>BRANDON COOPER</u> |
| 07/21/2005  | SURVEY                    | 29               | <u>BRANDON COOPER</u> |
| 06/29/2006  | SURVEY                    | 28               | <u>BRANDON COOPER</u> |
|             | MD08/22/2006,RD09/12/2006 |                  |                       |
| 09/08/2006  | EVAL-RPADD                | 0                | <u>SALLY PARAMO</u>   |
| 08/03/2007  | CCI-RCVD                  | 0                | <u>DAN LONG</u>       |
|             | MD00/00/0000,RD09/03/2007 |                  |                       |



Kathleen Hartnett White, *Chairman*  
Larry R. Soward, *Commissioner*  
H. S. Buddy Garcia, *Commissioner*  
Glenn Shankle, *Executive Director*



**FILE**

WB Water  
NOV

JUL 20 2007  
JW

## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

July 13, 2007

**CERTIFIED MAIL 70042890000262445995**  
**RETURN RECEIPT REQUESTED**

Mr. Randy Gracy, President  
Double Diamond Utilities Co.  
16 White Bluff Drive  
Whitney, Texas 76692

Re: Unresolved Alleged Violations for the Comprehensive Compliance Investigation at:  
White Bluff Community Water System, Hill County  
TCEQ ID No.: PWS: 1090073, RN101233120,

Dear Mr. Gracy:

The Texas Commission on Environmental Quality (TCEQ) Waco Regional Office has previously requested that you submit compliance documentation for the alleged violations noted during the investigation of the above-referenced facility conducted on August 24, 2006. We have received acceptable compliance documentation from you for all of the alleged violations except those listed in the enclosed summary. Please be advised that you are responsible for correcting these remaining problems. These unresolved alleged violations will be placed in your file to be evaluated during any subsequent investigation.

If you or members of your staff have any questions, please feel free to contact Mr. Michael Angel in the Waco Regional Office at (254) 751-0335.

Sincerely,

Handwritten signature of Richard Monreal.

Richard Monreal  
Water and Waste Section Work Leader  
Waco Regional Office

RM/ma/ps

Enclosure: Summary of Unresolved Investigation Findings

REPLY TO: REGION 9 • 6801 SANGER AVE., STE. 2500 • WACO, TEXAS 76710-7826 • 254-751-0335 • FAX 254-772-9241

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • Internet address: [www.tceq.state.tx.us](http://www.tceq.state.tx.us)

printed on recycled paper using soy-based ink



## Summary of Investigation Findings

WHITE BLUFF COMMUNITY WATER SYSTEM

Investigation # 567074

, HILL COUNTY,

Investigation Date: 07/09/2007

Additional ID(s): 1090073

### OUTSTANDING ALLEGED VIOLATIONS

Track No: 255880 Compliance Due Date: No Date Entered

30 TAC Chapter 290.42(l)

**Alleged Violation:**

Investigation: 510304

Comment Date: 10/13/2006

Failure to keep a plant operations manual. A thorough plant operations manual must be compiled and kept up-to-date for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedures, with protocols to be utilized in the event of a natural or man-made catastrophe, as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency. It was noted during this investigation that the water system did not have a plant operations manual.

Investigation: 534597

Comment Date: 01/26/2007

Failure to keep a plant operations manual.

Investigation: 557216

Comment Date: 05/18/2007

Failure to keep a plant operations manual.

Investigation: 567074

Comment Date: 07/09/2007

Failure to keep a plant operations manual.

**Recommended Corrective Action:**

Track No: 255881 Compliance Due Date: No Date Entered

30 TAC Chapter 290.43(c)(1)

**Alleged Violation:**

Investigation: 510304

Comment Date: 10/13/2006

Failure to provide a proper roof vent screen on the ground storage tank at Plant 1. Vents shall be installed in strict accordance with current AWWA standards. The ground storage tank must be provided with a vent of the gooseneck or roof ventilator type, excluding turbine ventilators, be designed by the engineer based on the maximum outflow from the tank, designed to prevent possible entry of dust, birds, insects or any contaminants, with the opening protected by 16-mesh or finer corrosion resistant screening. It was noted during this investigation that there is a gap in the screen on the ground storage tank at plant 1.

Investigation: 534597

Comment Date: 01/26/2007

Failure to provide a proper roof vent screen on the ground storage tank at Plant 1.

Investigation: 557216

Comment Date: 05/18/2007

Failure to provide a proper roof vent screen on the ground storage tank at Plant 1.

Investigation: 567074

Comment Date: 07/09/2007

Failure to provide a proper roof vent screen on the ground storage tank at Plant 1.

**Recommended Corrective Action:**

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**Track No: 255884 Compliance Due Date: No Date Entered****30 TAC Chapter 290.45(b)(1)(D)(iv)****Alleged Violation:**

Investigation: 510304

Comment Date: 10/24/2006

Failure to meet this agency's minimum water system capacity requirements. These requirements include an elevated storage capacity of 100 gallons per connection or a pressure tank capacity of 20 gallons per connection. If pressure tanks are used, a maximum capacity of 30,000 gallons is sufficient for up to 2,500 connections. An elevated storage capacity of 100 gallons per connection is required for systems with more than 2,500 connections. Alternate methods of pressure maintenance may be proposed and will be approved if the criteria contained in subsection (g)(5) of this section are met. It was noted during this investigation that the system needs 12,020 gallons of pressure tank capacity for their 601 connections but has only 12,000 gallons of capacity.

Investigation: 534597

Comment Date: 01/26/2007

Failure to meet this agency's minimum water system capacity requirements.

Investigation: 557216

Comment Date: 05/18/2007

Failure to meet this agency's minimum water system capacity requirements.

Investigation: 567074

Comment Date: 07/12/2007

Failure to meet this agency's minimum water system capacity requirements. The compliance documentation submitted on 05/29/2007 addressed the violation for 'Failure to meet this agency's minimum water system capacity requirements.' The document stated that the system currently serves 558 active service connections and has at no time in the past served more than 563 active service connections. This information is consistent with the information gathered during the CCI conducted on 08/24/2006; however it does not take into account the 47 equivalent living units at the hotel served by the system. This brings the capacity requirement to between 605 and 610 equivalent connections and therefore the system is still non-compliant.

**Recommended Corrective Action:**

---

**Track No: 255955 Compliance Due Date: No Date Entered****30 TAC Chapter 290.45(b)(1)(D)(v)****Alleged Violation:**

Investigation: 510304

Comment Date: 10/16/2006

Failure to provide emergency power to deliver water at a rate of 0.35 gallons per minute per connection to the distribution system in the event of the loss of normal power supply. Emergency power is required for systems which serve more than 250 connections and do not meet the elevated storage requirement. Alternately, an emergency interconnection can be provided with another public water system that has emergency power and is able to supply at least 0.35 gallons per minute for each connection in the combined system. During the investigation it was noted that only Well 1 has emergency power. Well 1 has a pump rate of 120 gpm. The system requires a pump rate of 210.35 gpm for the 601 connections it serves to be complaint with the emergency power requirement. (0.35 gpm / Connection \* 601 connections = 210.35 gpm)

Investigation: 534597

Comment Date: 01/26/2007

Failure to provide emergency power to deliver water at a rate of 0.35 gallons per minute per connection to the distribution system in the event of the loss of normal power supply.

Investigation: 557216

Comment Date: 05/18/2007

Failure to provide emergency power to deliver water at a rate of 0.35 gallons per

minute per connection to the distribution system in the event of the loss of normal power supply.

Investigation: 567074

Comment Date: 07/09/2007

Failure to provide emergency power to deliver water at a rate of 0.35 gallons per minute per connection to the distribution system in the event of the loss of normal power supply.

**Recommended Corrective Action:**

Track No: 264866 Compliance Due Date: No Date Entered

30 TAC Chapter 290.46(m)(1)[G]

**Alleged Violation:**

Investigation: 534597

Comment Date: 02/27/2007

Failure to inspect the ground storage, elevated storage, and pressure tanks at least annually. Each of the system's ground, elevated, and pressure tanks shall be inspected annually by water system personnel or a contracted inspection service. It was noted during this investigation that none of the ground storage, elevated storage, and pressure tanks have been inspected since 2004.

Investigation: 557216

Comment Date: 05/18/2007

Failure to inspect the ground storage, elevated storage, and pressure tanks at least annually.

Investigation: 567074

Comment Date: 07/09/2007

Failure to inspect the ground storage, elevated storage, and pressure tanks at least annually.

**Recommended Corrective Action:**

EXHIBIT G

| <b>NAME</b>                     | <b>CLASS</b>                   | <b>LICENSE NUMBER</b> |
|---------------------------------|--------------------------------|-----------------------|
| <b>Shearouse, Harry L., III</b> | <b>WATEROL A</b>               | <b>WO0003353</b>      |
| <b>Russell, Michael</b>         | <b>WATEROL C -DISTRIBUTION</b> | <b>WD0004586</b>      |
| <b>Westbrooks, Lane D.</b>      | <b>WATEROL C - GROUND</b>      | <b>WG0009381</b>      |
| <b>Zint, Richard J., Jr.</b>    | <b>WATEROL C - GROUND</b>      | <b>WG0009091</b>      |

## EXHIBIT H

Attach an explanation listing the actions to be taken to make system improvements including proposed completion dates.

*The Cliffs – Sand Filtration – The sand filtration component of the water system at The Cliffs has reached 85% or greater of minimum standard capacity. Once this was recognized, planning was initiated to correct the deficiency. Layne Christensen, a firm with a good reputation and an equally good track record in Texas, was contracted with to provide a treatment option to produce the water needed by The Cliffs now and in the future. An engineering firm, Mehta West Brashear Group, LLC, was also chosen to work in conjunction with the Layne Christensen group to find and suggest the treatment technique and work on the submission of it to the TCEQ.*

*The treatment option chosen was Ultra Filtration in conjunction with our existing Reverse Osmosis/Sand Filtration systems. Additionally, planning is also underway to increase the square foot area of the sand filtration to work in conjunction with the UF and RO processes. A pilot study was conducted and a report will be submitted to the TCEQ.*

## EXHIBIT I

### Response to Section 5.G.

G. Effect of Granting of a Certificate of Amendment. Explain in detail the effect of the granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:

- i. the applicant;

*The applicant has been granted a CCN for sanitary sewer service in this area. Granting of a CCN for water in this area will allow them to develop both ground water and surface water supplies in and adjacent to the Rock Creek Resort and efficiently provide both water and sanitary sewer service to the requested area. The proposed water supply facilities will be spaced throughout the site and provide for redundant facilities near the source of the demand so that the ultimate energy and pumping costs associated with service should be minimized allowing an efficient and cost effective service. By combining both water and sanitary sewer services, the applicant will be able to more efficiently coordinate maintenance, operation, and administrative activities to provide cost effective service to the future residents and guests at Rock Creek Resort.*

- ii. any retail public utility of the same kind already serving the proximate area; and

*The current CCN holder's water supply sources are several miles East of the site and they do not appear to have the transmission capacity to provide service at this time. They have no retail sales customers within the subject request area and do not appear to have enough water supply to fully serve Rock Creek Resort's ultimate demand from their current facilities. The current CCN holder has no facilities in the requested area, and has never provided service to the requested area. Granting the DDU request should have no adverse impact on the CCN holder's current operation.*

- iii. any landowner(s) in the requested area.

*The landowner has been unable to obtain adequate information from the incumbent CCN holder related to the manner and cost of providing water service to landowner's development. Furthermore, the landowner has worked with applicant in the past in several developments, and has expressed confidence in the applicant's ability to provide continuous and adequate service to landowner's development.*

## EXHIBIT J

### Response to Section 5.I.

#### I. Ability to Provide Adequate Service:

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking the both of the following items into consideration:

- i. the current and projected density; and
- ii. the land use of the requested area.

*Attached as Attachment 1 is the current Master Plan that shows approximately 2200 single family residential lots, the sales center, golf course and clubhouse, hotel, restaurant and conference center, marina, ship store, spa, and residential units near the marina. At full build out there could be service demand equivalent of approximately 2500 single family connections. Because this is a resort community and lot ownership carries with it the privilege of membership to the resort community, lot sales do not necessarily correspond to house construction.*

*Sold lots remaining vacant for many years, second homes with irregular use, and corresponding irregular water and sanitary sewer service demands are challenges that any water purveyor will be faced with. DDU has experience servicing similar resort communities and works closely with the owners and developers to assure that facilities are in place and maintained in a timely manner to provide adequate service. With the financial backing of Double Diamond, DDU has been able to provide service to similar communities at very reasonable rates to its customers.*

**Exhibit J – Attachment 1**