

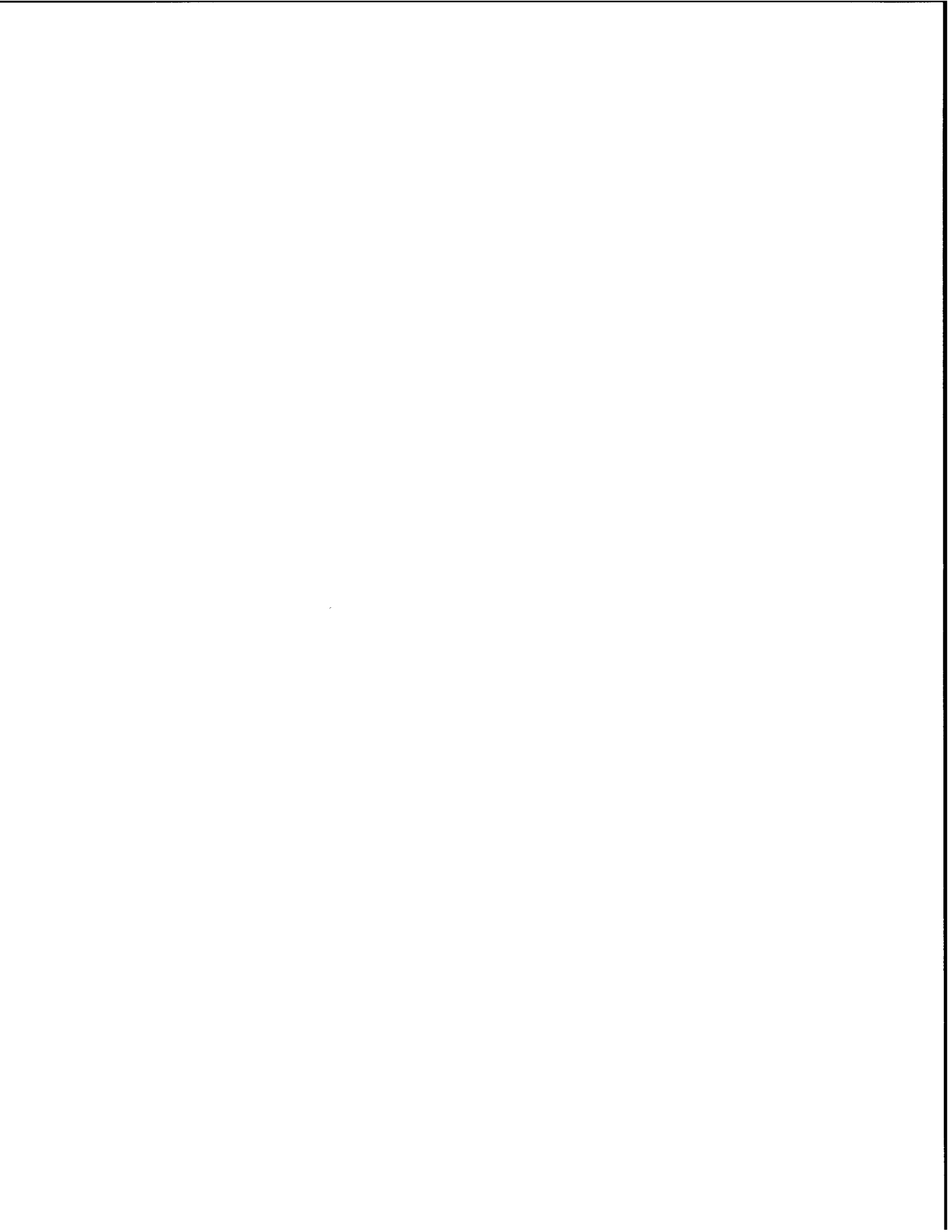


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Item Number: 2

Addendum StartPage: 0



Bryan W. Shaw, Ph.D., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

October 18, 2013

Mr. Randy Gracy, President
Double Diamond Utilities Co.
5495 Belt Line Rd., Ste. 200
Dallas, TX 75254

NOTICE OF DEFICIENCY

Re: Water Rate/Tariff Change Application for Double Diamond Utilities Co. ("The Retreat") in Grayson, Hill, Johnson, and Palo Pinto Counties, Certificate of Convenience and Necessity No. 12087; Application No. 37752-R

Sewer Rate/Tariff Change Application for Double Diamond Utilities Co. ("The Retreat") in Grayson, Hill, Johnson, and Palo Pinto Counties, Certificate of Convenience and Necessity No. 20705; Application No. 37753-R

CN: 600672349; RN: 101458115 (water); 101268886 (sewer)

Dear Mr. Gracy:

Your rate change applications received on October 15, 2013, have been assigned Application Nos. 37752-R and 37753-R, for water and sewer, respectively, but have not been accepted for filing. Please refer to these numbers in future correspondence.

Based on an administrative review of your applications, it appears some pages contain deficiencies. To continue processing the applications, you must complete and revise the following pages/portion of the applications:

Water

Please complete pages 6, 8, 9, 10, 12, and 16 of 41 of the application

Sewer

Please complete pages 18, 20, 21, 22, 24, and 28 of 41 of the application

Please indicate the Test Year on Section VI- A. Revenue Requirement on pages 12 and 24 for water and sewer, respectively.

Group your assets accordingly and complete the Depreciation Schedule on pages 8 and 20 for water and sewer, respectively.

Please note that attachments are acceptable but not in lieu of complete pages of the application. In addition, the fonts of your "Attachments" are illegible. Please provide legible copies of your Attachments.

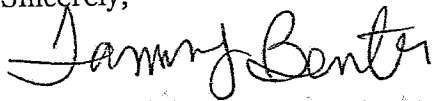
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Mr. Randy Gracy, President
Page 2
October 18, 2013

An original and three (3) copies of the completed pages of the applications, and other documents referenced above must be submitted to our office by **November 12, 2013**. If these items are not received by this date, the application will be returned for failure to prosecute.

If you have any further questions, please call Ms. Leila Guerrero at (512)239-2286, by email at Leila.Guerrero@tceq.texas.gov, by fax at (512) 239-0030, Ms. Mary Damron at (512)239-4667, by email at Mary.Damron@tceq.texas.gov or Mr. Brian Dickey at (512)239-0963, by email at Brian.Dickey@tceq.texas.gov. If you contact our office by correspondence, please include MC-153 in the address.

Sincerely,



Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division
Texas Commission on Environmental Quality

TB/LG/sd