

Control Number: 43535



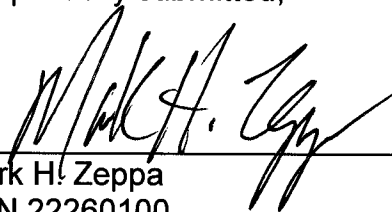
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House Bill (HB) 1600 and Senate Bill (SB) 567 83<sup>rd</sup> Legislature, Regular Session, transferred the functions relating to the economic regulation of water and sewer utilities from the TCEQ to the PUC effective September 1, 2014.



Respectfully submitted,



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ATTORNEY FOR PARKER CREEK ESTATES,  
LP

### **I. REQUEST FOR DISCLOSURE**

Pursuant to Texas Rule of Civil Procedure 194, 1 TAC 155.31, and the scheduling orders issued on January 6, 2004 and February 24, 2004 by the ALJ in this matter, you are requested to disclose, within 20 days of service of this request, the information or material described in Rule 194.2 (a), (b), (c), (e), (f), (h), and (i).

RESPONSE: Parker Creek's response to this RFI was previously given in response to the same RFI propounded by Royse City. No change has occurred.

### **II. INTERROGATORIES**

Interrogatory No. 1: For each person Parker Creek expects to call as a fact witness at the evidentiary hearing in this matter, please provide: (a) the person's name and business address and telephone number; and (b) a brief description of the testimony Parker Creek expects that person to provide.

RESPONSE: Parker Creek's response to this RFI was previously given in response to the same RFI propounded by Royse City. No change has occurred.

Interrogatory No. 2: For each expert not listed in the response to the Request for Disclosure whom Parker Creek has consulted and whose mental impressions and opinions have been reviewed by an expert Parker Creek expects to testify in this matter, please provide: (a) the consulting expert's name and business address and telephone number; (b) the facts known by the expert that relate to or form the basis of the expert's mental impressions and opinions formed or made in connection with this matter, regardless of when and how the factual information was acquired; (c) the expert's mental

impressions and opinions formed or made in connection with this matter and any methods used to derive them; and (d) a curriculum vitae or other detailed description of the expert's qualifications.

RESPONSE: None at this time. Updated resume for Robert Wright, PE.

Interrogatory No. 3: Please describe in detail Parker Creek's position regarding the adequacy of water and sewer utility service currently provided to the areas requested by City of Royse City, City of Fate, Parker Creek, and Verandah Communities, L.P. in their respective water and sewer Certificate of Convenience and Necessity ("CCN") applications, including, if known, a description of whether people currently reside in the requested areas that receive water and/or sewer utility service, identification of each of those people, and identification of the water and/or sewer utility service provider for each of those people. Please distinguish between water and sewer in your response.

RESPONSE:

Royse City's CCN (excluding Verandah and Parker Creek CCNs) - There may be some need around the immediate fringe of the city. There is no need for either water or sewer in the outer ETJ or most of the proposed service area. There are no growth or service requests. There are no facilities or plans for facilities at city expense. Private extension of service would be prohibitively expensive. One large development between Verandah and Parker Creek (Provident Realty) has stated it does not want Royse City's CCN and may agree to protest as witnesses for these protestants. Its property is larger. It will be filing its own TPDES permit. to compete with NTMWD. Royse City and Fate are not needed for water or sewer service in Verandah's or Parker Creek's property which have alternate self-service available from utility systems undergoing TCEQ permitting.

Fate -- same as Royse City above. It has growth competition with Blackland WSC over water service.

Verandah Communities, LP – The development group applied for a CCN and TPDES to start the process while its companion fresh water supply district was created. The intent has been to obtain the permits, CCN and construct the facilities and transfer them to the district. The district will then sell state-approved bonds to reimburse the developers in part as permitted by the Water Code. Transfer of the CCN and TPDES will be subject to TCEQ approval, terms and conditions. This is a common development practice. The development will have its own sewer system and its own TCEQ-approved water system.

Parker Creek Estates, LP. – Same as Verandah Communities, LP above. The development group applied for a CCN and TPDES to start the process while its companion water district was created. In this case, a municipal utility district was chosen; however, the Verandah FWSD may be expanded if needed. Parker Creek will have its own water and sewer systems. The sewer system, like the Verandah system, will be capable of being expanded to handle more regional waste if desired or needed with

modular construction and the appropriate TPDES adjustment.

Interrogatory No. 4: Please describe in detail Parker Creek's position regarding the need for additional water and/or sewer utility service to the areas requested by City of Royse City, City of Fate, Parker Creek, and Verandah Communities, L.P., including, but not limited to, identification of any person or entity who has requested service from each entity in its requested area(s), identification of the name(s), address(es), and phone number(s) of each person or entity, description of the population in the proposed area(s) sought by each entity in its application(s), and description of the water and sewer utility service currently available to each identified person. Please distinguish between water and sewer in your response.

RESPONSE:

Royse City – No one w or s

Fate – No one w or s

Verandah Communities, LP – Verandah Communities, LP: 1500 LUE's w & s

Parker Creek Estates, LP – Parker Creek Estates, LP: 1200 LUE's w & s

Interrogatory No. 5: Please describe in detail the position of Parker Creek regarding the effect of the proposed water and sewer CCNs and amended CCNs requested by City of Royse City, City of Fate, Parker Creek, and Verandah Communities, L.P. on the water and sewer CCN applicants in this matter, or on any retail public utility of the same kind already serving the areas proximate to those areas requested to be served by the water and sewer CCN applicants in this matter. Please distinguish between water and sewer in your response.

RESPONSE: (each answer includes water and sewer)

Royse City – Royse City only seeks a CCN to extend land use controls over an area it is denied under the Local Government Code. Royse City claims to be a Home Rule City when it is not in order to expand its ETJ and land controls. Royse City wants to exclude urban growth in its rural community, which it cannot legally do. Allowing other utilities to provide service would keep it from having the monopoly it seeks in order to control growth. There has never been a successful municipal rate appeal by a developer to the TCEQ or its predecessor agencies because they have no appeal rights over city extension charges.. Royse City knows this. There is no need for Royse City's service but it wants a land grab to stop future competition from other existing or future new utilities. Royse City does not have the water from North Texas Municipal Water District to honor its contractual commitments to BHP WSC today; yet, it wants to double its service area. It does not have

the sewer treatment capacity because its plant is maxed out and is operating in violation of its permit. It proposed plant is proposed and may not be built. Its TPDES permit will be going to the Texas Supreme Court before issuance.

Fate – Fate also wants to engage in a territorial land grab. As Royse City's neighbor, it is merely an act of self-survival. "Eat or be eaten." However, these cities are eating other people's property as if it were theirs. They have no rights or obligations to serve outside of their corporate limits. They have no service requests to serve. They do not need a CCN except for their corporate limits, the immediate area around the corporate limits (1/4 mile) buffer zone and any areas they can show a service request for. They should have to play by the same rules as other utility types. There is no statutory bias for municipalities in the Water Code. Fate is tied to the same limited NTMWD water supply. It cannot serve the larger service area it asks for if it builds out because NTMWD cannot deliver the water. It does not have the sewer treatment capacity because its plant is maxed out. It proposed plant is proposed and may not be built.

Verandah - Granting the CCN will allow the developer to proceed with water and sewer system as planned and facilitate the sales of the bonds needed to build the best type of utility system the area can support. Without the lower cost long term financing of the tax exempt district bonds, there will not be as much money available to invest in utility infrastructure. More must go to financing cost. Bondholders want to have the comfort of a CCN over the property even though a political subdivision does not technically need one. The water and sewer CCN will keep Royse City and/or Fate from encroaching.

Parker Creek Estates – Same general answer as for Verandah.

Interrogatory No. 6: Please describe in detail Parker Creek's position regarding the ability of City of Royse City, City of Fate, Parker Creek, and Verandah Communities, L.P. to provide continuous and adequate water and/or sewer utility service to the areas requested by each of those entities in their respective CCN applications. Please distinguish between water and sewer in your response.

**RESPONSE:**

Royse City – w or s – cannot do it. Does not have the actual (versus contractual) water supply from NTMWD or the sewer treatment capacity. Does not have the utility system to distribute services nor the finances to build it. It will deny service to individuals through high extension cost in the proposed area. Only developers with very deep pockets could ever hope to get service.

Fate – w or s – cannot do it. Does not have the actual (versus contractual) water supply from NTMWD or the sewer treatment capacity. Does not have the utility system to distribute services nor the finances to build it. It will deny service to individuals through high extension cost in the proposed area. Only developers with very deep pockets could

ever hope to get service.

Verandah - w or s – can do it. Does have the water supply from Cash WSC and ground water and its own sewer treatment capacity. Will construct its own self-contained utility systems to distribute services. It has the finances to build it. It will improve those finances with the sale of water district bonds. No attempt is being made to conduct a land grab for extra-legal land management functions. These applications are only for utility service purposes for the benefit only of the properties that need the service.

Parker Creek – w or s – can do it. Does have the water supply from Cash WSC and ground water and its own sewer treatment capacity. Will construct its own self-contained utility systems to distribute services. It has the finances to build it. It will improve those finances with the sale of water district bonds. No attempt is being made to conduct a land grab for extra-legal land management functions. These applications are only for utility service purposes for the benefit only of the properties that need the service

Interrogatory No. 7: Please describe in detail Parker Creek's managerial capability to provide continuous and adequate water and/or sewer utility service to its requested service areas and identify any Parker Creek employee and/or contractor who will be utilized for providing managerial functions and/or services. Please distinguish between water and sewer in your response.

**RESPONSE:**

As noted above, Parker Creek is the development company, which started the utilities as the predecessor to the planned water district, which will ultimately own and operate them. A board of directors elected by residents of the district will manage the district. As with similar districts in the region, it is currently anticipated that the district will initially contract with regional water supply corporation or other existing experienced utility purveyor to operate its plant on a daily basis and to perform customer services. As the district grows and the customer base builds out, the district may develop its own in-house staff and equipment to do this work itself. An example is Denton County Fresh Water Supply District No. 10 in its first Denton County service area retained Mustang SUD to operate its plant since Mustang had been the long-time utility provider in the region and had a well established and experienced crew operating all around the District. The Parker Creek developers are in discussions with neighboring utilities on this service as well as fire, police, EMT, etc. No final decisions have been made.

Until the district assumes control, Parker Creek will remain under the direct management of Donald and Phillip Huffines, the primary developers, and Fred Brown, PE, project manager. Mr. Clay E. Crawford, Esq. will be the General Counsel of the District. Ms. Angela Stepherson is his associate and local counsel for the district.

Interrogatory No. 8: Please describe in detail Parker Creek's position regarding the feasibility of obtaining water or sewer utility service from another retail public utility

adjacent to the areas City of Royse City, City of Fate, Parker Creek, and Verandah Communities, L.P. propose to serve in their respective CCN applications. Please distinguish between water and sewer in your response.

**RESPONSE:**

Royse City – w & s is available from Verandah & Parker Creek,  
– w only is available from BHP WSC, Blackland WSC, Cash WSC, and City of Greenville

Fate – w & s is available from Verandah & Parker Creek  
– w only is available from Blackland WSC & Cash WSC

Verandah – No timely alternate service, w or s, available in adequate quantities that are not tied to illegal land use restrictions imposed by Royse City

Parker Creek – No timely alternate service, w or s, available in adequate quantities that is not tied to illegal land use restrictions imposed by Royse City

Interrogatory No. 9: Please describe in detail Parker Creek's position regarding the effect granting City of Royse City, City of Fate, Parker Creek, and Verandah Communities, L.P. their respective CCN applications would have on the environmental integrity of the service areas requested by those entities. Please distinguish between water and sewer in your response.

**RESPONSE:** (answer includes w & s in each)

Royse City – Disastrous. Granting either CCN will place more load on a municipal sewer system that is already operating over permit. The City has not shown any plan for expanding the system to alleviate that problem except a contested regional plant that keeps being downsized because Royse City cannot fund its portion. Royse City does not have the finances for its share and its financing hinges on a false declaration of being a Home Rule Municipality. The CCN applications are land use control plans not sanctioned by the Water Code. Therefore, they will result in legally unsanctioned development regulation not permitted by law, which will have an unknown environmental impact.

Fate - Disastrous. Granting either CCN will place more load on a municipal sewer system that is already operating over permit. The City has not shown any plan for expanding the system to alleviate that problem except a contested regional plant that keeps being downsized because Royse City cannot fund its portion. Royse City does not have the finances for its share and its financing hinges on a false declaration of being a Home Rule Municipality. The CCN applications are land use control plans not sanctioned by the Water Code. Therefore, they will result in legally unsanctioned development regulation not permitted by law, which will have an unknown environmental impact.



Verandah – Minimal soil disruption only during construction. This will occur at the same time as subdivision construction. The water and sewer systems will be constructed to the highest state and federal environmental and safety standards. The WWTP will be built and operated according to the TPDES, which the applicant accepts without change or exception per the draft permit. Most water will be surface water piped from the Sabine River basin. Ground water will be very deep well and will have no environmental impact.

Parker Creek – Minimal soil disruption only during construction. This will occur at the same time as subdivision construction. The water and sewer systems will be constructed to the highest state and federal environmental and safety standards. The WWTP will be built and operated according to the TPDES, which the applicant accepts without change or exception per the draft permit. . Most water will be surface water piped from the Sabine River basin. Ground water will be very deep well and will have no environmental impact.

Interrogatory No. 10: Please describe in detail Parker Creek's position regarding the probable improvement in service or lowering of cost to consumers in the areas requested by City of Royse City, City of Fate, Parker Creek, and Verandah Communities, L.P. should their applications be granted, including the rates they plan to charge those consumers. In your response, please include a description of historical water service reliability and historical water quality data in Parker Creek's proposed service areas, and describe current and projected costs to consumers in Parker Creek's proposed service areas. Also, please distinguish between water and sewer in your response.

RESPONSE:

Royse City and Fate – Parker Creek does not believe that there are any existing customers in their requested service areas but cannot attested under oath that this is absolutely true. There may be some isolated extensions outside of existing service boundaries into the requested areas. However the answer will assume there are none.

There is no state-approved central water or sewer service in any of these four proposed service areas. Any residents there today are relying on on-site facilities, i.e., private water wells, cisterns, septic tanks, aerobic systems, cess pools, etc. Any central service would be an improvement where there is a need for central service. Where there is no need because no land is being developed or commercial construction being done, no CCN is required or should be issued.

There is no water or sewer system at this time on the Parker Creek property. No historical data can be given because none exists. The water supply interconnection to Cash WSC has not yet been constructed. Historic water data can be obtained by reviewing the TCEQ files on Cash WSC. The sewer plant will not be constructed by law until the TPDES is finalized.

Costs – Final rates have not yet been established. For planning purposes it has been

determined that a minimum cash flow of \$25.00 per month for water and \$25.00 per month for sewer per LUE (residential living unit equivalent) will be needed to recover projected operation and maintenance costs over the TCEQ's 5-year financial planning horizon. This will result in a positive cash flow in the third year as the customer base grows. The developer must meet debt service obligations in the initial years, which is a known cost of business. See attached financial projections.

Interrogatory No. 11: Please describe the proximity of the proposed areas sought in the applications filed by City of Royse City, City of Fate, Parker Creek, and Verandah Communities, L.P. to any existing facilities currently operated by Parker Creek and any other retail public utility, if known, and to any water and/or sewer facilities Parker Creek proposes to construct. Please distinguish between water and sewer in your response.

RESPONSE:

Parker Creek has no existing water or sewer facilities. The applicant proposes to construct a wastewater treatment plant and water pump station and ground storage facilities within the requested water and sewer CCN of Royse City. However, Royse City does not have any facilities in this area. It's nearest facilities are several miles away, near the city limits and an intervening school.

Interrogatory No. 12: Please identify and describe, including amount and type, any and all costs that will be passed to potential customers in the proposed Parker Creek water and sewer CCN areas if Parker Creek becomes the water and/or sewer utility service provider for those areas, including, but not limited to, any and all initial and long-term facility costs. Please distinguish between water and sewer in your response.

RESPONSE:

As a investor-owned utility, Parker Creek can only charge those costs set forth in proposed tariff in the CCN application. Subsequent transfer of the CCN will be subject to terms and conditions set by the TCEQ at that time. The transferee will be a district whose board will set the rates; however, at this time, no change in rates is anticipated.

Interrogatory No. 13: If Parker Creek proposes to construct a new stand alone water and/or sewer system to serve any of the areas requested in its applications, please provide a detailed analysis of all the costs necessary for the first five years to construct, operate, and maintain those facilities and indicate whether plans and specifications have been submitted for review by the Commission. Also, distinguish between water and sewer in your response.

RESPONSE: See attached schedules referenced in No. 10.

Interrogatory No. 14: Please describe the financial stability of Parker Creek, including, if

applicable, the adequacy of Parker Creek's debt-equity ratio and cash flow for debt service coverage.

RESPONSE:

Parker Creek is a subsidiary of Huffines and Partners, Inc., a major North Texas land development company head quartered in Dallas. Lead by Donald and Phillip Huffines, this development group has been innovators in bringing affordable urban communities with the amenities of much more expensive developments to more rural areas north of Dallas. Parker Creek and Verandah are only 2 of 5 such developments ongoing at this time.

In addition to the development group's financial resources, Parker Creek will have either Parker Creek Estates Municipal Utility District (application pending at the TCEQ) or Verandah FWSD covering the property. The county commissioners court have been supportive of this development and have been willing to support the creating of a district if needed. The district will have its own financing powers under the Water Code, depending what type of district is created under which chapter.

Interrogatory No. 15: Please estimate the time it would take for Parker Creek to provide water and sewer utility service to the entire Parker Creek proposed areas in compliance with all applicable Commission rules and statutes, and please describe the time it would take Parker Creek to provide water and sewer utility service to any person requesting service in any outlying portions of the areas requested by Parker Creek in its applications. Please distinguish between water and sewer in your response.

RESPONSE:

No one expects to develop the entire project at one time so this answer is merely a hypothetical. The build out will be in phases.

Water service. Water service could be brought to the property within 6 months of the later of the granting of the CCN and the approval of the TCEQ plans and specs for the water systems. The extension of distribution lines to any given point would be the construction time to reach that point. This should take less than 6 months. Since no lot will be sold or demand created except as phased development occurs, customer service demand will be tied closely with utility system growth.

Sewer service. The first phase lease plant is anticipated to be available on site within 6 months of the granting of the TPDES. Construction of the initial collection and discharge system is expected to take 6 - 9 months. Because of phased lot sales, no isolated service demands are expected.

Interrogatory No. 16: Do you contend that the City of Royse City, City of Fate, or Verandah Communities, L.P. water and/or sewer CCN applications should not be granted by the Texas Commission on Environmental Quality? Please state the basis for your contention. Please distinguish between water and sewer in your response.

RESPONSE:

Royse City and Fate should not be given a water or sewer CCN as requested for the reasons stated above. Their applications should be reduced to the immediate areas of their current city limits and where they have actual written service requests. Verandah should be give its CCN. It has a need to serve a given property and the means to do so.

Interrogatory No. 17: On a large scale map, please identify the locations of Parker Creek's proposed water and sewer CCN area(s), the water and sewer CCN areas requested in the City of Royse City, City of Fate, and Verandah Communities, L.P. water and sewer CCN applications, and Parker Creek's current water and sewer service areas. Please identify the name of the applicant and certificate number for each CCN area identified on the map. Also, please distinguish between water and sewer CCNs in your response.

RESPONSE:

Map is available at Mark Zeppa' office.

Interrogatory No. 18: Please describe whether granting Parker Creek's water and/or sewer CCN applications would promote the Commission's policy goal of regionalization.

RESPONSE:

Parker Creek is currently under common management and indirect management as Verandah Communities, LP. It is very likely it will be under common operation by the same contract operator. Both systems will have a common source of regional wholesale water supply – Cash WSC and will use the Cash WSC system to wheel that water to their respective service areas. See RG-357, page 5.

### **III. REQUESTS FOR PRODUCTION**

Request for Production No. 1: Please provide a copy of the report from the most recent inspection by the TCEQ region office on any Parker Creek public water system facility that may be used to provide water utility service to the area Parker Creek requests to serve in its water CCN amendment application and a copy of any notice of violation issued to Parker Creek and Parker Creek's response to the notice of violation.

RESPONSE:

No system exists; therefore, no inspection has been done.

Request for Production No. 2: Please provide any and all documents relating to TCEQ, County and/or all other regulatory agency approvals required for Parker Creek's existing

and proposed water and sewer utility service facilities. Please distinguish between water and sewer in your response.

RESPONSE:

No system exists. There is a TPDES application pending. The documentation in this application is voluminous and is on file at the TCEQ Water Quality Division. There have been no final water plans prepared and submitted. "What if" engineering drawings are found in the Pate Engineering work papers available for inspection in Mark Zeppa's office at 10:00 am on March 30 as agreed by counsel.

Request for Production No. 3: Please provide any and all documents sent between City of Fate, City of Royse City, Parker Creek, and Verandah Communities, L.P. regarding the proposed areas sought in each entity's water and/or sewer CCN applications. Please distinguish between water and sewer in your response.

RESPONSE:

Documents will be made available in Mark Zeppa's office at 10:00 am March 30 as agreed by counsel.

Request for Production No. 4: Please provide Parker Creek's latest audit report or financial information for the past fiscal year and current balance sheet information.

RESPONSE:

No audited financial statements.

Request for Production No. 5: Please provide any and all documents from any person or entity requesting service from you in the proposed areas sought in the Parker Creek applications and your response. Please distinguish between water and sewer in your response.

RESPONSE:

The CCN applicant is the developer who owns the property and who is creating the demand for service. No other written document is needed.

Request for Production No. 6: Please provide any and all maps showing the location or locations of those persons requesting service in the proposed areas sought in the Parker Creek CCN applications. Please distinguish between water and sewer in your response.

RESPONSE:

One owner developer - one CCN application for the same property.

Request for Production No. 7: Please provide any and all estimates of the capital costs for Parker Creek to provide water and sewer utility service to the proposed areas sought in the Parker Creek CCN applications. Please distinguish between water and sewer in your response.

RESPONSE:

See Conceptual Cost Estimate from Pate Engineers

Request for Production No. 8: Please provide any and all existing capital asset acquisition budgets for Parker Creek. Please distinguish between water and sewer in your response.

RESPONSE:

Documents will be made available in Mark Zeppa's office at 10:00 am March 30 as agreed by counsel.

Request for Production No. 9: Please provide any and all documents that contain or discuss the method and terms of financing the capital acquisition costs for Parker Creek.

RESPONSE:

Documents will be made available in Mark Zeppa's office at 10:00 am March 30 as agreed by counsel.

Request for Production No. 10: Please provide any and all maps that illustrate the location of all water and sewer treatment facilities currently in place in or within two miles of the proposed water and sewer utility service areas in the Parker Creek CCN applications. Please distinguish between water and sewer in your response.

RESPONSE:

Documents will be made available in Mark Zeppa's office at 10:00 am March 30 as agreed by counsel.

Request for Production No. 11: Please provide any and all maps that illustrate the location(s) within the water and/or sewer service areas requested in Parker Creek's CCN applications where Parker Creek currently provides water and/or sewer service.

RESPONSE:

No service currently provided

Request for Production No. 12: Please provide any and all colored maps that illustrate the water and/or sewer service areas requested in Parker Creek's CCN applications and any overlap of those areas with service areas requested by City of Royse City, City of Fate, and Verandah Communities, L.P. in this proceeding.

RESPONSE:

Documents will be made available in Mark Zeppa's office at 10:00 am March 30 as agreed by counsel.

Request for Production No. 13: Please provide a copy of any and all complaints Parker Creek has received in the past five years related to Parker Creek's water or sewer utility service, operations, or management. Please distinguish between water and sewer in your response.

RESPONSE:

No service being provided; therefore, no complaints.

Request for Production No. 14: Please provide a copy of any and all requests or applications for loans or grants made by Parker Creek.

RESPONSE:

No utility loan or grant applications have been made. Only financing sought to date has been development related. This information is proprietary and confidential. It contains privileged business trade secrets not released to anyone except select members of upper management. It will be made available only under strict confidential agreements and not made part of the public record.

Request for Production No. 15: Please produce copies of any and all water and/or sewer agreements, either wholesale and/or retail, between Parker Creek and the City of Royse City, City of Fate, Verandah Communities, L.P. or any other utility to provide water and/or sewer service.

RESPONSE:

Documents will be made available in Mark Zeppa's office at 10:00 am March 30 as agreed by counsel.

Request for Production No. 16: Please produce copies of any and all documents identified in your responses to Interrogatory Nos. one (1) through eighteen (18) listed above or used to assist you in responding to Interrogatory Nos. one (1) through eighteen (18) listed above.

Documents will be made available in Mark Zeppa's office at 10:00 am March 30 as agreed by counsel.

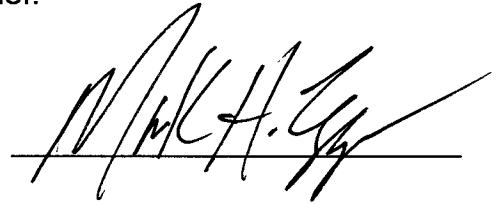


STATE OF TEXAS

COUNTY OF TRAVIS

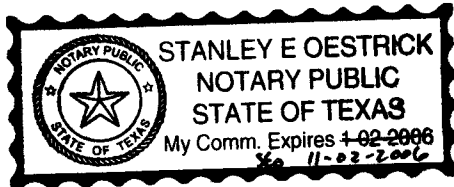
AFFIDAVIT

I, Mark H. Zeppa, counsel for the applicant, Parker Creek Estates, LP, certify that I did prepare the foregoing answers to the Executive Directors RFI's in consultation with representatives of the applicant and its consultant and that the information is true and correct to the best of my personal knowledge and belief.



SWORN AND SUBSCRIBED TO under oath by Mark H. Zeppa before the undersigned notary public on the 29<sup>TH</sup> day of March , 2004.

SEAL



Stanley E. Oestrick  
Notary Public in and for the State of Texas

Name: STANLEY E. OESTRICK

Commission expires: 11-02-2006

**CERTIFICATE OF SERVICE**

I hereby certify that on this 29th day of March, 2004, a true and correct copy of the foregoing Parker Creek Estates LP's Answers to Executive Director's Request for Disclosure, First Interrogatories and First Requests for Production were sent by first class mail, hand delivery and/or facsimile to all persons on the attached mailing list.

  
\_\_\_\_\_  
Mark Zeppa

Kerry E. Russell  
Angela K. Moorman  
Russell, Moorman & Rodriguez, L.L.P.  
Texas Heritage Plaza  
102 West Morrow Street, Suite 103  
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Representing: City of Royse City

TCEQ Docket Clerk  
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Texas Commission on Environmental Quality  
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Austin, Texas 78711-3087  
Fax: (512) 239-3311

Skip Newsom  
Fisher & Newsom, P.C.  
3724 Jefferson Street, Suite 210  
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Representing: City of Fate

Susan E. Potts  
David J. Klein  
Potts & Reilly, L.L.P.  
401 West 15<sup>th</sup> Street, Suite 850  
Austin, Texas 78701  
Tel.: (512) 469-7474  
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Representing: Honorable Dean M.  
Gandy

Leonard H. Dougal  
Jackson Walker, L.L.P.  
100 Congress Avenue, Suite 1100  
Austin, Texas 78701

Representing: Blackland Water Supply  
Corporation

Tel.: (512) 236-2000  
Fax: (512) 236-2002

Geoffrey P. Kirshbaum, Staff Attorney  
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Fax: (512) 239-0606

Representing: the Executive  
Director of the TCEQ

Blas J. Coy, Jr., Public Interest Counsel  
Counsel of the  
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MC-103, P.O. Box 13087  
Austin, Texas 78711-3087  
Tel.: (512) 239-6361  
Fax: (512) 239-6377

Representing: the Public Interest

## **ROBERT L. WRIGHT, P.E., R.P.L.S.**

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**Position** Vice President

**Professional Qualifications** State of Texas License No. 35510  
Registered Professional Land Surveyor No. 3917

Mr. Wright has over 33 years experience in the design and development of municipal, commercial, industrial and institutional facilities as well as residential subdivisions. As Vice President of Pate Engineers, Inc., Mr. Wright serves as Chief Design and Quality Control Engineer for the Dallas office. In this function, he oversees all design efforts as to technical performance to ensure compliance with all appropriate governmental agency requirements and sound engineering practices.

During his years of service, Mr. Wright has served as Project Manager and Principal-in-Charge for numerous projects. Some of these projects include:

### **DRAINAGE IMPROVEMENTS AND STUDIES**

- Halifax Street Box Culvert; Dallas, Texas
- McKamy Branch Channel Improvements; Plano, Texas
- Furneaux Creek Channel Improvements; Carrollton, Texas
- Richards Branch Channel Improvements; Dallas, Texas

### **MAJOR WATER AND SEWER SYSTEMS**

- Central Expressway Water and Sewer Relocations; Dallas, Texas
- Plantation Resort Water and Sewer Extensions; Frisco, Texas
- Coit Road Waterline Extension; Plano, Texas
- South Creek Water and Sewer Extensions; Mesquite, Texas
- White Rock Creek Sewer Extension; Dallas, Texas

### **ROADWAYS AND STREETS**

- Sylvan Avenue; Dallas, Texas
- Windrock Road; Dallas, Texas
- North Cooper Street; Arlington, Texas
- Regal Row; Dallas, Texas
- Noel Road; Dallas, Texas

**RESIDENTIAL DEVELOPMENTS**

- Bent Trail Addition; Dallas, Texas
- Nob Hill Addition; Carrollton, Texas
- Plantation Resort; Frisco, Texas
- Deerfield Addition; Plano, Texas
- Valley Creek Addition; Mesquite, Texas

**MEDICAL FACILITIES**

- Memphis Medical Center; Memphis, Tennessee
- Fort Worth Osteopathic Hospital; Fort Worth, Texas
- Veterans Administration Nursing Center; Temple, Texas
- St. Joseph's Regional Health Center; Hot Springs, Arkansas
- Texas A&M University Large Animal Hospital; College Station, Texas
- Children's Medical Center; Dallas, Texas

**RETAIL/HOTEL FACILITIES**

- Dallas Galleria; Dallas, Texas
- Furneaux Creek Shopping Center; Carrollton, Texas
- Hyatt Regency Hotel; Austin, Texas
- Fairfield Inn; Dallas & Fort Worth, Texas

***Professional and  
Civic Affiliations***

American Society of Civil Engineers  
Chi Epsilon Honor Fraternity  
Tau Beta Pi Honor Fraternity

***Education***

Bachelor of Science, Civil Engineering  
Lamar State College of Technology (1969)

Master of Science, Civil Engineering  
University of Texas at Arlington (1973)

**PARKER CREEK ESTATES**  
**SEWER OPERATION AND MAINTENANCE COSTS**

	Year 1	Year 2	Year 3	Year 4	Year 5
Number of connections	100	250	450	700	950
<b>Income:</b>					
Gross Revenue	30,000	75,000	135,000	210,000	285,000
Fees	150,000	225,000	300,000	375,000	375,000
Other	2,500	6,250	11,250	17,500	23,750
<b>Gross Income</b>	<b>182,500</b>	<b>306,250</b>	<b>446,250</b>	<b>602,500</b>	<b>683,750</b>
<b>Expenses: General &amp; Administrative:</b>					
Salary Expense	10,000	12,000	14,000	16,000	18,000
Office Expense	3,000	3,090	3,183	3,278	3,377
Computer Expense					
Auto Expense					
Insurance Expense	10,000	11,000	12,000	13,000	14,000
Telephone Expense	1,800	1,800	1,800	1,800	1,800
Utilities Expense	1,200	1,300	1,400	1,500	1,600
Property Tax Expense	23,000	24,150	25,357	26,625	27,957
Professional Fees	30,000	31,500	33,075	34,729	36,465
Other	5,000	7,500	10,000	12,500	15,000
<b>Total General &amp; Administrative</b>	<b>84,000</b>	<b>92,340</b>	<b>100,815</b>	<b>109,432</b>	<b>118,199</b>
<b>Expenses: Operational</b>					
Salary Expense	24,000	26,400	28,800	31,200	33,600
Auto Expense					
Utilities Expense	12,000	18,000	24,000	30,000	36,000
Supply Expense					
Maintenance & Repair Expense	15,000	20,000	25,000	30,000	35,000
Other Expense	5,000	7,000	9,000	11,000	13,000
<b>Total Operational</b>	<b>57,000</b>	<b>71,400</b>	<b>86,800</b>	<b>102,230</b>	<b>117,600</b>
<b>Total Expenses</b>	<b>141,000</b>	<b>163,740</b>	<b>187,615</b>	<b>211,662</b>	<b>235,799</b>
<b>Net Income</b>	<b>41,500</b>	<b>142,510</b>	<b>258,635</b>	<b>390,838</b>	<b>447,951</b>
Debt Service	122,972	122,972	122,972	122,972	409,907
<b>Net</b>	<b>(81,472)</b>	<b>19,538</b>	<b>135,663</b>	<b>267,866</b>	<b>38,044</b>

**VERANDAH FWSD**

**SEWER OPERATION AND MAINTENANCE COSTS**

	Year 1	Year 2	Year 3	Year 4	Year 5
Number of connections	125	375	625	875	1125
<b>Income:</b>					
Gross Revenue	30,000	90,000	150,000	210,000	270,000
Fees	187,500	375,000	375,000	375,000	375,000
Other	3,125	9,375	15,625	21,875	28,125
<b>Gross Income</b>	<b>220,625</b>	<b>474,375</b>	<b>540,625</b>	<b>606,875</b>	<b>673,125</b>
<b>Expenses: General &amp; Administrative:</b>					
Salary Expense	10,000	12,000	14,000	16,000	18,000
Office Expense	3,000	3,090	3,183	3,278	3,377
Computer Expense					
Auto Expense					
Insurance Expense	10,000	11,000	12,000	13,000	14,000
Telephone Expense	1,800	1,800	1,800	1,800	1,800
Utilities Expense	1,200	1,300	1,400	1,500	1,600
Property Tax Expense	23,000	24,150	25,357	26,625	27,957
Professional Fees	10,000	12,000	14,000	16,000	18,000
Other	5,000	7,500	10,000	12,500	15,000
<b>Total General &amp; Administrative</b>	<b>64,000</b>	<b>72,840</b>	<b>81,740</b>	<b>90,703</b>	<b>99,734</b>
<b>Expenses: Operational</b>					
Salary Expense	24,000	26,400	28,800	31,200	33,600
Auto Expense					
Utilities Expense	1,000	1,500	2,000	2,500	3,000
Supply Expense					
Maintenance & Repair Expense	12,000	18,000	24,000	30,000	36,000
Other Expense	6,000	8,000	10,000	12,000	14,000
<b>Total Operational</b>	<b>44,000</b>	<b>55,100</b>	<b>66,200</b>	<b>77,300</b>	<b>88,400</b>
<b>Total Expenses</b>	<b>108,000</b>	<b>127,940</b>	<b>147,940</b>	<b>168,003</b>	<b>188,134</b>
<b>Net Income</b>	<b>112,625</b>	<b>346,435</b>	<b>392,685</b>	<b>438,872</b>	<b>484,991</b>
<b>Debt Service</b>	<b>122,972</b>	<b>122,972</b>	<b>122,972</b>	<b>122,972</b>	<b>409,907</b>
<b>Net</b>	<b>(10,347)</b>	<b>223,463</b>	<b>269,713</b>	<b>315,900</b>	<b>75,084</b>

**PARKER CREEK ESTATES**  
**WATER OPERATION AND MAINTENANCE COSTS**

	Year 1	Year 2	Year 3	Year 4	Year 5
Number of connections	100	250	450	700	950
<b>Income:</b>					
Gross Revenue	30,000	75,000	135,000	210,000	285,000
Fees	150,000	225,000	300,000	375,000	375,000
Other	2,500	6,250	11,250	17,500	23,750
<b>Gross Income</b>	<b>176,500</b>	<b>306,250</b>	<b>446,250</b>	<b>602,500</b>	<b>683,750</b>
<b>Expenses: General &amp; Administrative:</b>					
Salary Expense	10,000	12,000	14,000	16,000	18,000
Office Expense	3,000	3,090	3,183	3,278	3,377
Computer Expense					
Auto Expense					
Insurance Expense	10,000	11,000	12,000	13,000	14,000
Telephone Expense	1,800	1,800	1,800	1,800	1,800
Utilities Expense	1,200	1,300	1,400	1,500	1,600
Property Tax Expense	23,000	24,150	25,357	26,625	27,957
Professional Fees	10,000	12,000	14,000	16,000	18,000
Other	5,000	7,500	10,000	12,500	15,000
<b>Total General &amp; Administrative</b>	<b>64,000</b>	<b>75,840</b>	<b>81,740</b>	<b>90,703</b>	<b>99,734</b>
<b>Expenses: Operational</b>					
Salary Expense	24,000	26,400	28,800	31,200	33,600
Auto Expense					
Utilities Expense	1,000	1,500	2,000	2,500	3,000
Supply Expense	16,425	41,062	73,912	114,975	156,038
Maintenance & Repair Expense	10,000	15,000	20,000	25,000	30,000
Other Expense	5,000	7,000	9,000	11,000	13,000
<b>Total Operational</b>	<b>56,425</b>	<b>90,962</b>	<b>133,712</b>	<b>184,675</b>	<b>235,638</b>
<b>Total Expenses</b>	<b>120,425</b>	<b>163,802</b>	<b>215,452</b>	<b>275,378</b>	<b>335,372</b>
<b>Net Income</b>	<b>56,075</b>	<b>142,448</b>	<b>230,798</b>	<b>327,122</b>	<b>348,378</b>
<b>Debt Service</b>	<b>163,963</b>	<b>163,963</b>	<b>163,963</b>	<b>163,963</b>	<b>163,963</b>
<b>Net</b>	<b>(107,888)</b>	<b>(21,515)</b>	<b>66,835</b>	<b>163,159</b>	<b>184,415</b>



**PARKER CREEK ESTATES  
CONCEPTUAL COST ESTIMATE  
WATER SUPPLY FROM CASH W.S.C.**

**March 24, 2004**

<b>ITEM</b>	<b>QTY.</b>	<b>UNIT</b>	<b>UNIT COST</b>	<b>TOTAL COST</b>
Onsite Storage Tank	1	L.S.	\$300,000.00	\$300,000
Piping and Valves	1	L.S.	\$60,000.00	\$60,000
Electrical	1	L.S.	\$50,000.00	\$50,000
Site Work	1	L.S.	\$100,000.00	\$100,000
10" Line	15,000	LF	\$18.00	\$270,000
Borings	250	LF	\$150.00	\$37,500
Appurtenances	1	L.S.	\$200,000.00	\$200,000

**Subtotal** **\$1,017,500**

**Engineering & Contingencies** 25% **\$254,375**

<b>TOTAL CONSTRUCTION COST</b>	<b>\$1,271,875</b>
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**PARKER CREEK ESTATES  
CONCEPTUAL COST ESTIMATE  
ONSITE WWTP  
March 22, 2004**

	<b>COST</b>
<b>PHASE ONE: 0.080 MGD LEASE PLANT with 0.240 CLARIFIER</b>	
Permanent Onsite Lift Station	\$200,000
Site Work incl Fence, Access Road, and Yard Piping	\$45,000
Electrical Power to Site	\$35,000
Installation of Lease Tankage and Equipment	\$125,000
Engineering and Contingencies	\$101,250
Lease Payments for First Year	<u>\$45,000</u>
<b>Subtotal Phase One</b>	<b>\$551,250</b>
<b>PHASE TWO: 0.016 MGD LEASE PLANT with 0.240 CLARIFIER</b>	
Yard Piping	\$10,000
Installation of Lease Tankage and Equipment	\$50,000
Engineering and Contingencies	\$15,000
Lease Payments for Second Year	<u>\$50,000</u>
<b>Subtotal Phase Two</b>	<b>\$125,000</b>
<b>PHASE THREE: 0.240 MGD LEASE PLANT</b>	
Yard Piping	\$10,000
Installation of Lease Tankage and Equipment	\$50,000
Engineering and Contingencies	\$15,000
Lease Payments for Third Year	<u>\$58,000</u>
<b>Subtotal Phase Three</b>	<b>\$133,000</b>
<b>PHASE FOUR: 0.480 MGD PERMANENT PLANT</b>	
Construct 0.480 MGD Capacity Onsite @ 3.75/GPD	\$1,800,000
Engineering and Contingencies	<u>\$450,000</u>
<b>Subtotal Phase Four</b>	<b>\$2,250,000</b>
<b>TOTAL PROJECT ESTIMATED COST</b>	<b>\$3,059,250</b>

**PARKER CREEK ESTATES  
CONCEPTUAL COST ESTIMATE  
WATER SUPPLY FROM CASH W.S.C.**

**March 24, 2004**

<b>ITEM</b>	<b>QTY.</b>	<b>UNIT</b>	<b>UNIT COST</b>	<b>TOTAL COST</b>
Onsite Storage Tank	1	L.S.	\$300,000.00	\$300,000
Piping and Valves	1	L.S.	\$60,000.00	\$60,000
Electrical	1	L.S.	\$50,000.00	\$50,000
Site Work	1	L.S.	\$100,000.00	\$100,000
10" Line	15,000	LF	\$18.00	\$270,000
Borings	250	LF	\$150.00	\$37,500
Appurtenances	1	L.S.	\$200,000.00	\$200,000

**Subtotal** **\$1,017,500**

**Engineering & Contingencies** 25% **\$254,375**

<b>TOTAL CONSTRUCTION COST</b>	<b>\$1,271,875</b>
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**VERANDAH FWSD  
CONCEPTUAL COST ESTIMATE  
ONSITE WWTP  
March 24, 2004**

	<b>COST</b>
<b>PHASE ONE: 0.080 MGD LEASE PLANT with 0.240 CLARIFIER</b>	
Permanent Onsite Lift Station	\$300,000
10" Onsite Force Main to WWTP Site (1314 LF)	\$32,850
Site Work incl Fence, Access Road, and Yard Piping	\$45,000
Electrical Power to Site	\$35,000
Installation of Lease Tankage and Equipment	\$125,000
Engineering and Contingencies	\$134,463
Lease Payments for First Year	\$45,000
	<hr/>
<b>Subtotal Phase One</b>	<b>\$717,313</b>
 <b>PHASE TWO: 0.016 MGD LEASE PLANT with 0.240 CLARIFIER</b>	
Yard Piping	\$10,000
Installation of Lease Tankage and Equipment	\$50,000
Engineering and Contingencies	\$15,000
Lease Payments for Second Year	\$50,000
	<hr/>
<b>Subtotal Phase Two</b>	<b>\$125,000</b>
 <b>PHASE THREE: 0.240 MGD LEASE PLANT</b>	
Yard Piping	\$10,000
Installation of Lease Tankage and Equipment	\$50,000
Engineering and Contingencies	\$15,000
Lease Payments for Third Year	\$58,000
	<hr/>
<b>Subtotal Phase Three</b>	<b>\$133,000</b>
 <b>PHASE FOUR: 0.480 MGD PERMANENT PLANT</b>	
Construct 0.480 MGD Capacity Onsite @ 3.75/GPD	\$1,800,000
Engineering and Contingencies	\$450,000
	<hr/>
<b>Subtotal Phase Four</b>	<b>\$2,250,000</b>
 <b>PHASE FIVE: 0.240 MGD EXPANSION</b>	
Construct 0.240 MGD Capacity Onsite @ 3.75/GPD	\$900,000
Engineering and Contingencies	\$225,000
	<hr/>
<b>Subtotal Phase Five</b>	<b>\$1,125,000</b>
 <b>TOTAL PROJECT ESTIMATED COST</b>	 <b>\$4,350,313</b>

**LAW OFFICES OF MARK H. ZEPPA, P.C.**  
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Austin, Texas 78759-8436  
(512) 346-4011 Fax (512) 346-6847  
mhzeppa@attglobal.net

FACSIMILE TRANSMITTAL SHEET

DATE: March 29, 2004

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TCEQ Docket Clerk Fax: (512) 239-3311  
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TCEQ Office of the Public Interest Counsel

# PAGES: 28 HARD COPY FOLLOWS:  yes  no

Re: **SOAH Docket Nos. 582-04-0253, 582-04-1268, and 582-04-2730;  
TCEQ Docket Nos. 2003-0737-UCR, 2003-0738-UCR, 2003-1289-UCR,  
and 2003-1491-UCR; Parker Creek Estates, LP's Answers to the  
Executive Director's Request for Disclosure, First Interrogatories,  
and First Requests for Production**

SENDER: Mark Zeppa

