



Control Number: 43535



Item Number: 33

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
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.

43535

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SOAH DOCKET NOS. 582-04-0253, 582-04-1268 and 582-04-2730
TCEQ DOCKET NOS. 2003-0737-UCR, PUBLIC UTILITY COMMISSION
2003-0738-UCR, 2003-1289-UCR and 2003-1491-UCR
REG. CLERK

APPLICATIONS OF THE CITY OF
ROYSE CITY TO AMEND WATER
CCN NO. 12827 AND TO OBTAIN A
SEWER CCN IN COLLIN, ROCKWALL
AND HUNT COUNTIES, TEXAS;
APPLICATION NOS. 34270-C AND
34277-C

APPLICATION OF VERANDAH
COMMUNITIES, L.P. TO OBTAIN A
SEWER CCN IN HUNT AND
ROCKWALL COUNTIES, TEXAS;
APPLICATION NO. 34267-C

APPLICATIONS OF PARKER CREEK
ESTATES, L.P. TO OBTAIN A WATER
AND A SEWER CCN IN ROCKWALL
COUNTY, TEXAS; APPLICATION
NOS. 34297-C AND 34301-C

APPLICATIONS OF THE CITY OF FATE
TO AMEND WATER CCN NO. 12889
AND TO AMEND SEWER CCN NO.
20856 IN ROCKWALL COUNTY, TEXAS;
APPLICATION NOS. 34361-C AND
34362-C

VERANDAH COMMUNITIES, LP's ANSWERS TO THE EXECUTIVE DIRECTOR's
REQUEST FOR DISCLOSURE, FIRST INTERROGATORIES AND FIRST
REQUESTS FOR PRODUCTION

Pursuant to §2001 et seq. of the Administrative Procedure Act ("APA"), Texas Government Code, Rules 190-197 of the Texas Rules of Civil Procedure and 30 Texas Administrative Code ("TAC") § 80.151, and TAC Title 1, Part VII, Section 155.23, Verandah Communities, LP serves the following answers on the TCEQ Executive Director. The answers are delivered by agreement of counsel made Thursday March 25, 2004, to Geoffrey P. Kirshbaum, Staff Attorney, Texas Commission on Environmental Quality, Environmental Law Division, MC-173, P.O. Box 13087, Austin, Texas 78711-3087 with documents being made available for inspection on the date requested by Mr. Kirshbaum in the undersigned's office.

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY
2011 OCT 12 PM 2:50
CHIEF CLERK'S OFFICE

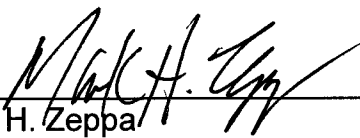
BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

33

Respectfully submitted,



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ATTORNEY FOR VERANDAH COMMUNITIES,
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: Information was previously provided in response to Requests for Disclosure by Royse City.

II. INTERROGATORIES

Interrogatory No. 1: For each person Verandah Communities 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 Verandah Communities expects that person to provide.

RESPONSE: None not previously disclosed to Royse City.

Interrogatory No. 2: For each expert not listed in the response to the Request for Disclosure whom Verandah Communities has consulted and whose mental impressions and opinions have been reviewed by an expert Verandah Communities 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 not previously disclosed to Royse City.

Interrogatory No. 3: Please describe in detail Verandah Communities' 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 Estates, L.P. and Verandah Communities 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 Verandah Communities' 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 Estates, L.P. and Verandah Communities, 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 such 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 the identified persons. 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 Verandah Communities regarding the effect of the proposed water and sewer CCNs and amended CCNs requested by City of Royse City, City of Fate, Parker Creek Estates, L.P. and Verandah Communities 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. Its 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. Its 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 Verandah Communities' position regarding the ability of City of Royse City, City of Fate, Parker Creek Estates, L.P. and Verandah Communities 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 Verandah Communities' managerial capability to provide continuous and adequate sewer utility service to its requested service area and identify any Verandah Communities employee and/or contractor who will be utilized for providing managerial functions and/or services.

RESPONSE:

As noted above, Verandah Communities, LP is the development company, which started the utilities as the predecessor to the fresh water supply district that will ultimately own and operate the utility systems. 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 plants 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. 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 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, Verandah Communities, LP 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. is the General Counsel of the District. Ms. Angela Stepherson is his associate and local counsel for the district. Mark Zeppa is regulatory counsel.

Interrogatory No. 8: Please describe in detail Verandah Communities' 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 Estates, L.P. and Verandah Communities 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 Verandah Communities' position regarding the effect granting City of Royse City, City of Fate, Parker Creek Estates, L.P. and Verandah Communities 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 Verandah Communities'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 Estates, L.P. and Verandah Communities should their applications be granted, including the rates they plan to charge those consumers. 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 Estates, L.P. and Verandah Communities to any existing facilities currently operated by Verandah Communities and any other retail public utility, if known, and to any sewer facilities Verandah Communities proposes to construct. Please distinguish between water and sewer in your response.

RESPONSE: Verandah Communities has no existing utility 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 Verandah Communities sewer CCN area if Verandah Communities becomes the sewer utility service provider for that area, including, but not limited to, any and all initial and long-term facility costs.

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 Verandah Communities proposes to construct a new stand alone sewer system to serve any of the area requested in its application, 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 the 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: Is it your position that Verandah Communities has a wastewater treatment system in place that is adequate to provide utility service to the area Verandah Communities proposes to serve in its application? If so, please describe any wastewater treatment system that you believe is in place and adequate to provide sewer utility service to the proposed area sought in Verandah Communities' sewer CCN application. Please describe the capacities of each component of any such system, including, but not limited to treatment plants and their capacities not already used to meet peak demands of existing Verandah Communities customers and/or customers Verandah Communities is already committed to serve.

RESPONSE: The system will be built once the TPDES is issued. No system has

been built in the region that is adequate to serve anyone. Royse City and Fate are at or over capacity now. Their purported regional system does not exist and has been contested and will be litigated through the courts for several years to come.

Interrogatory No. 15: Please describe the financial stability of Verandah Communities, including, if applicable, the adequacy of Verandah Communities' debt-equity ratio and cash flow for debt service coverage.

RESPONSE: Most excellent. Verandah Communities, LP 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 Estates, LP and Verandah Communities, LP are only 2 of 5 such developments ongoing at this time.

In addition to the development group's financial resources, Verandah Communities, LP will have Verandah FWSD covering the property. The district has its own financing powers under Chapter 53 of the Water Code.

Interrogatory No. 16: Please estimate the time it would take for Verandah Communities to provide sewer utility service to the entire Verandah Communities proposed area in compliance with all applicable Commission rules and statutes, and please describe the time it would take Verandah Communities to provide sewer utility service to any person requesting service in any outlying portion of the area requested by Verandah Communities in its application.

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.

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. 17: Do you contend that the City of Royse City, City of Fate, or Parker Creek Estates, 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. 18: On a large scale map, please identify the location of Verandah Communities' proposed sewer CCN area, the water and sewer CCN areas requested in the City of Royse City, City of Fate, and Parker Creek Estates, L.P. water and sewer CCN applications, and Verandah Communities' current sewer service area, if any. 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: Maps prepared by Pate Engineers will be made available on March 30th in Mark Zeppa's offices as agreed by counsel.

Interrogatory No. 19: Please describe whether granting Verandah Communities' water and/or sewer CCN applications would promote the Commission's policy goal of regionalization.

RESPONSE: Verandah Communities, LP Parker Creek is currently under common management and indirect management as Parker Creek Estates, 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 any and all documents relating to TCEQ, County and/or all other regulatory agency approvals required for Verandah Communities' existing and proposed sewer utility service facilities.

RESPONSE: The information is contained in the work papers of Pate Engineers and Fred Brown, PE. The information is being made available for inspection in the offices of Mark Zeppa on March 30th as agreed by counsel.

Request for Production No. 2: Please provide any and all documents sent between City of Fate, City of Royse City, Parker Creek Estates, L.P. and Verandah Communities 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: The information is contained in the work papers of Donald and Phillip Huffines and Fred Brown, PE. The information is being made available for inspection in the offices of Mark Zeppa on March 30th as agreed by counsel. Documents withheld are privileged attorney-client communications between Mark Zeppa, Clay Crawford and Angela Stepherson with Donald and Phillip Huffines, Fred Brown and/or the VFWSD Board.

Request for Production No. 3: Please provide Verandah Communities' latest audit report or financial information for the past fiscal year and current balance sheet information.

RESPONSE: There are no audited financial statements. Information on parent will be obtained and made available for inspection only under confidentiality agreement.

Request for Production No. 4: Please provide Verandah Communities' latest business plan.

RESPONSE: The information is contained in the work papers of Donald and Phillip Huffines and Fred Brown, PE. The information is being made available for inspection in the offices of Mark Zeppa on March 30th as agreed by counsel.

Request for Production No. 5: Please provide Verandah Communities' sources and uses of cash statement.

RESPONSE: The information is contained in the work papers of Donald and Phillip Huffines and Fred Brown, PE. The information is being made available for inspection in the offices of Mark Zeppa on March 30th as agreed by counsel.

Request for Production No. 6: Please provide any and all documents from any person or entity requesting service from you in the proposed area sought in the Verandah Communities application and your response.

RESPONSE: Verandah Communities, LP is the developer requesting service for the entire development project. It is also the applicant for the CCNs that will ultimately be transferred to the Verandah Fresh Water Supply District. The District will be the final retail public water utility within the development and the boundary of the District. Currently, BHP WSC, the water CCN holder, provides water service to the few mobile homes inside the service area owned by the developer. No central sewer service exists.

Request for Production No. 7: Please provide any and all maps showing the location or locations of those persons requesting service in the proposed area sought in the Verandah Communities sewer CCN application.

RESPONSE: Maps prepared by Pate Engineers will be made available on March 30th in Mark Zeppa's offices as agreed by counsel.

Request for Production No. 8: Please provide any and all estimates of the capital costs for Verandah Communities to provide sewer utility service to the proposed area sought in the Verandah Communities sewer CCN application.

RESPONSE: Attached and provided with Parker Creek's answers to ED's RFI's.

Request for Production No. 9: Please provide any and all existing capital asset acquisition budgets for Verandah Communities.

RESPONSE: Attached and provided with Parker Creek's answers to ED's RFI's.

Request for Production No. 10: Please provide any and all documents that contain or discuss the method and terms of financing the capital acquisition costs for Verandah Communities.

RESPONSE: The information is contained in the work papers of Donald and Phillip Huffines and Fred Brown, PE. The information is being made available for inspection in the offices of Mark Zeppa on March 30th as agreed by counsel.

Request for Production No. 11: Please provide any and all maps that illustrate the location of all sewer treatment facilities currently in place in or within two miles of the proposed sewer utility service area in the Verandah Communities sewer CCN application.

RESPONSE:

Request for Production No. 12: Please provide any and all maps that illustrate the location(s) within the sewer service area requested in Verandah Communities' sewer CCN application where Verandah Communities currently provides sewer service.

RESPONSE: Maps prepared by Pate Engineers will be made available on March 30th in Mark Zeppa's offices as agreed by counsel.

Request for Production No. 13: Please provide any and all colored maps that illustrate the sewer service area requested in Verandah Communities' sewer CCN application and any overlap of that areas with sewer service areas requested by City of Royse City, City of Fate, and Parker Creek Estates, L.P. in this proceeding.

RESPONSE:

Request for Production No. 14: Please provide a copy of any and all complaints Verandah Communities has received in the past five years related to Verandah Communities' sewer utility service, operations, or management.

RESPONSE: No service is being provided yet.

Request for Production No. 15: Please provide a copy of any and all requests or applications for loans or grants made by Verandah Communities.

RESPONSE: No loan applications have been made by applicant.

Request for Production No. 16: Please produce copies of any and all water and/or sewer service agreements, either wholesale and/or retail, between the City of Royse City, City of Fate, Parker Creek Estates, L.P. or any other utility to provide water and/or sewer service.

RESPONSE: The information is contained in the work papers of Mark Zeppa. The information is being made available for inspection in the offices of Mark Zeppa on March 30th as agreed by counsel

Request for Production No. 17: Please produce any and all documents that list or identify the names, titles, and percentage ownership of all Verandah Communities partners.

RESPONSE: Provided in response to Royse City RFIs.

Request for Production No. 18: Please produce any and all agreements or contracts that demonstrate the relationship between Verandah Communities and Verandah Freshwater Supply District or any other parent companies or business partnerships.

RESPONSE: The information is contained in the work papers of Clay Crawford and Mark Zeppa. The information is being made available for inspection in the offices of Mark Zeppa on March 30th as agreed by counsel

Request for Production No. 19: Please produce copies of any and all documents identified in your responses to Interrogatory Nos. one (1) through nineteen (19) listed above or used to assist you in responding to Interrogatory Nos. one (1) through nineteen (19) listed above.

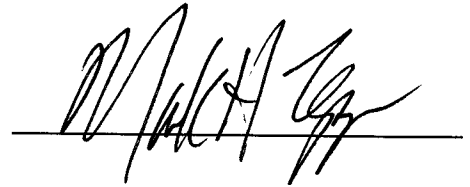
RESPONSE: The information is being made available for inspection in the offices of Mark Zeppa on March 30th as agreed by counsel

STATE OF TEXAS

COUNTY OF TRAVIS

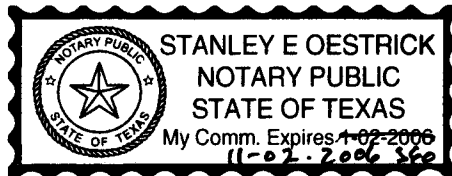
AFFIDAVIT

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 30TH day of March , 2004.

SEAL



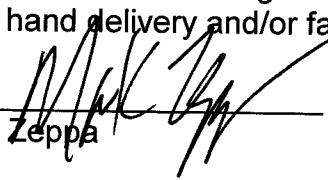

Notary Public in and for the State of Texas

Name: STANLEY E. OESTRICK

Commission expires: 11-02-2006

CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of March, 2004, a true and correct copy of the foregoing Verandah Communities 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

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Angela K. Moorman
Russell, Moorman & Rodriguez, L.L.P.
Texas Heritage Plaza
102 West Morrow Street, Suite 103
Georgetown, Texas 78626
Tel.: (512) 930-1317
Fax: (512) 864-7744

Representing: City of Royse City

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P O Box 13087, MC 105
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Fax: (512) 239-3311

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Representing: City of Fate

Susan E. Potts
David J. Klein
Potts & Reilly, L.L.P.
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Representing: Honorable Dean M.
Gandy

Leonard H. Dougal
Jackson Walker, L.L.P.
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Tel.: (512) 236-2000
Fax: (512) 236-2002

Representing: Blackland Water Supply
Corporation

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James D. Parker, Staff Attorney
TCEQ Environmental Law Division
Texas Commission on Environmental Quality
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Representing: the Executive
Director of the TCEQ

Blas J. Coy, Jr., Public Interest Counsel
Counsel of the
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Austin, Texas 78711-3087
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Representing: the Public Interest

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

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)

**VERANDAH FWSD
CONCEPTUAL COST ESTIMATE
ONSITE WWTP
March 24, 2004**

	COST
PHASE ONE: 0.080 MGD LEASE PLANT with 0.240 CLARIFIER	
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/>
Subtotal Phase One	\$717,313
PHASE TWO: 0.016 MGD LEASE PLANT with 0.240 CLARIFIER	
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/>
Subtotal Phase Two	\$125,000
PHASE THREE: 0.240 MGD LEASE PLANT	
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/>
Subtotal Phase Three	\$133,000
PHASE FOUR: 0.480 MGD PERMANENT PLANT	
Construct 0.480 MGD Capacity Onsite @ 3.75/GPD	\$1,800,000
Engineering and Contingencies	\$450,000
	<hr/>
Subtotal Phase Four	\$2,250,000
PHASE FIVE: 0.240 MGD EXPANSION	
Construct 0.240 MGD Capacity Onsite @ 3.75/GPD	\$900,000
Engineering and Contingencies	\$225,000
	<hr/>
Subtotal Phase Five	\$1,125,000
TOTAL PROJECT ESTIMATED COST	\$4,350,313

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

March 24, 2004

ITEM	QTY.	UNIT	UNIT COST	TOTAL COST
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
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Engineering & Contingencies	25%	\$254,375
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TOTAL CONSTRUCTION COST	\$1,271,875
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**PARKER CREEK ESTATES
CONCEPTUAL COST ESTIMATE
ONSITE WWTP
March 22, 2004**

	COST
PHASE ONE: 0.080 MGD LEASE PLANT with 0.240 CLARIFIER	
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	\$45,000
	<hr/>
Subtotal Phase One	\$551,250
PHASE TWO: 0.016 MGD LEASE PLANT with 0.240 CLARIFIER	
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/>
Subtotal Phase Two	\$125,000
PHASE THREE: 0.240 MGD LEASE PLANT	
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/>
Subtotal Phase Three	\$133,000
PHASE FOUR: 0.480 MGD PERMANENT PLANT	
Construct 0.480 MGD Capacity Onsite @ 3.75/GPD	\$1,800,000
Engineering and Contingencies	\$450,000
	<hr/>
Subtotal Phase Four	\$2,250,000
TOTAL PROJECT ESTIMATED COST	\$3,059,250

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

March 24, 2004

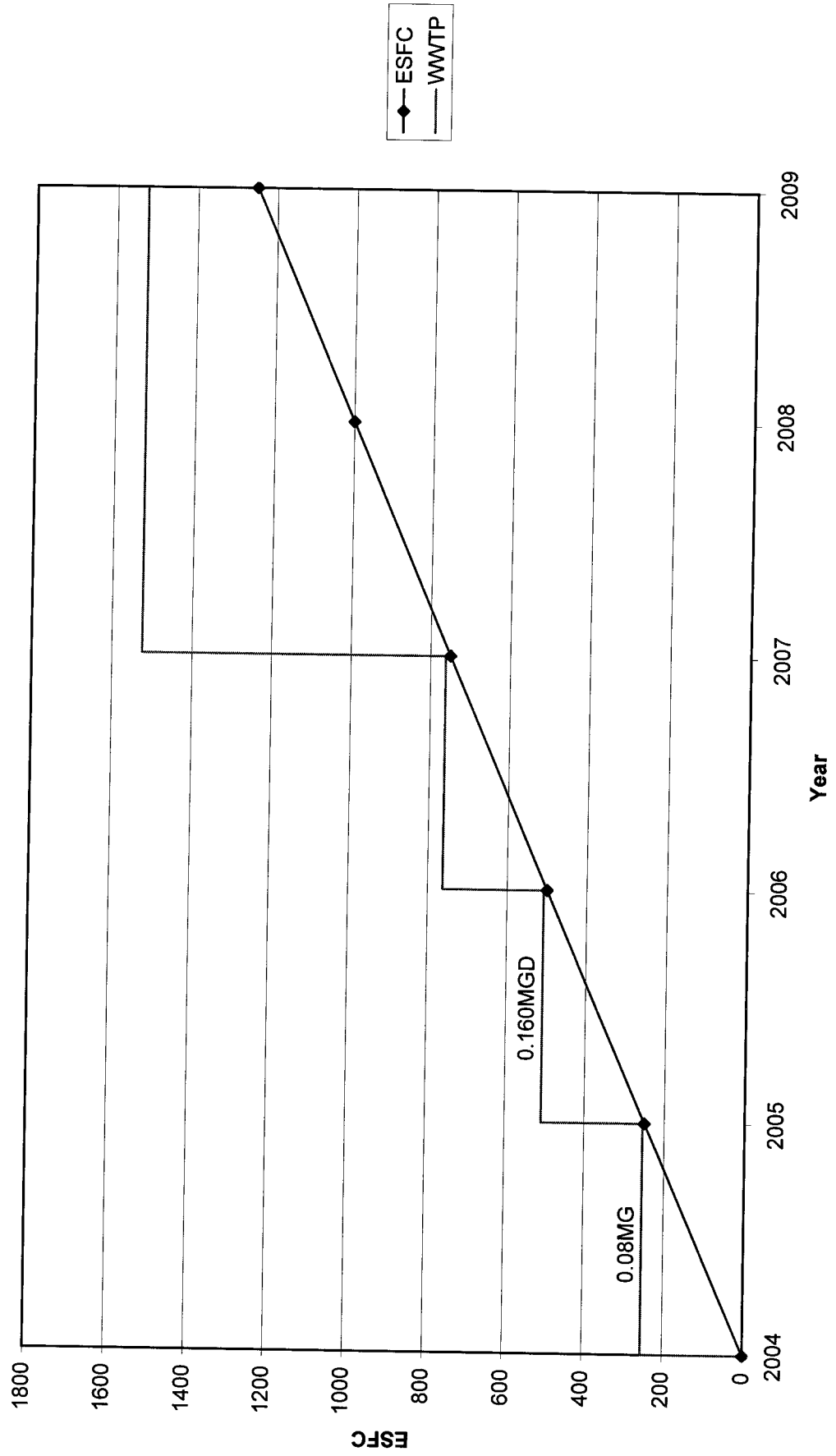
ITEM	QTY.	UNIT	UNIT COST	TOTAL COST
Onsite Storage Tank	1	L.S.	\$300,000.00	\$300,000
Piping and Valves	1	L.S.	\$60,000.00	\$60,000
Electrical	1	L.S.	\$50,000.00	\$50,000
Site Work	1	L.S.	\$100,000.00	\$100,000
10" Line	15,000	LF	\$18.00	\$270,000
Borings	250	LF	\$150.00	\$37,500
Appurtenances	1	L.S.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

Subtotal	\$1,017,500
-----------------	--------------------

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

TOTAL CONSTRUCTION COST	\$1,271,875
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Projected Growth
Verandah Communities
Hunt County, TX



2004	0	2004	0		
2005	250	2004	254		
2006	500	2005	254	80000	78750
2007	750	2005	508	80000	157500
2008	1000	2006	508	160000	157500
2009	1250	2006	762	160000	236250
		2007	762	240000	236250
		2007	1524	240000	315000
		2008	1524	480000	315000
		2008	1524	480000	393750
		2009	1524	480000	393750
		2009	1524	480000	0

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FACSIMILE TRANSMITTAL SHEET

DATE: March 30, 2004

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TCEQ Office of Chief Clerk
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PAGES: 26 HARD COPY FOLLOWS: yes x no

RE: **SOAH DOCKET NOS. 582-04-0253 & 582-04-1268**
TCEQ DOCKET NOS. 2003-0737-UCR, 2003-0738-UCR, & 2003-1289-UCR
Verandah Communities, LP's Answers to ED's Requests for Information

SENDER: Mark Zeppa

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