



Control Number: 43535



Item Number: 34

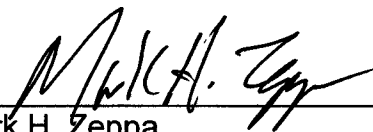
Addendum StartPage: 0

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



the undersigned's office.

Respectfully submitted,



Mark H. Zeppa  
SBN 22260100  
Law Offices of Mark H. Zeppa, PC  
4833 Spicewood Springs Road, #202  
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ATTORNEY FOR VERANDAH FRESH WATER  
SUPPLY DISTRICT

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: Responses previously given to Royse City's requests for disclosure. No changes since then.

II. INTERROGATORIES

Interrogatory No. 1: For any person, if any, the District 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 you expect that person to provide.

RESPONSE: Responses previously given to Royse City's requests for information. No changes since then.

Interrogatory No. 2: For each expert not listed in the response to the Request for Disclosure whom the District has consulted and whose mental impressions and opinions have been reviewed by an expert you expect 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: Responses previously given to Royse City's requests for information.  
No changes since then.

Interrogatory No. 3: Please describe in detail the District'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 Estates, L.P., 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 the District'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 Estates, L.P. 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 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 the District 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, 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:

Interrogatory No. 6: Please describe in detail the District's position regarding the ability of City of Royse City, City of Fate, Parker Creek Estates, L.P., 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: (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. 7: Please describe in detail the District'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 Estates, L.P., 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 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. 8: Please describe in detail the District's position regarding the effect granting City of Royse City, City of Fate, Parker Creek Estates, L.P., 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. 9: Please describe in detail the District's position regarding the probable improvement in service or lowering of cost to consumers in the areas requested by City of Royse City, the City of Fate, Parker Creek Estates, L.P., and Verandah Communities, L.P. 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. 10: 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, L.P. to any existing facilities currently operated by the District. Please distinguish between water and sewer in your response.

RESPONSE:

There are no current operating facilities of Verandah Communities, Parker Creek or Verandah FWSD since these entities are to serve developments that are still in the planning stages. Royse City and Fate's facilities are miles from these properties and are unable to serve them. Neither city has the water capacity from NTMWD to serve because NTMWD cannot deliver the necessary water into the region with its existing transmission system. Both city wastewater treatment plants are at or above permitted treatment capacity. The proposed NTMWD "regional" plant is contested and will be years behind the need for service. Royse City does not have the finances to fund its share and its bonding abilities is clouded and getting worse.

Interrogatory No. 11: Do you contend that the City of Royse City, City of Fate, Parker Creek Estates, L.P., and 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 a 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 it's CCN. It has a need to serve a given property that it owns and is developing. It has created the means of doing so within the requirements of the TCEQ and prudent utility management. Parker Creek should be granted its water and sewer CCN applications for the property it owns and also has the ability to serve. Together Verandah and Parker Creek will be sharing common water resources in a regionalization plan that meets the TCEQ's Regionalization Guidance definitions. They are currently jointly managed.

Interrogatory No. 12: Please describe any financial effect or any other effect the granting of the City of Royse City, City of Fate, Parker Creek Estates, L.P., and Verandah Communities, L.P. water and/or sewer CCN applications would have on the District. Please distinguish between water and sewer in your response.

RESPONSE:

No effect on Royse City or Fate from a utility perspective. Neither municipality can serve either the Verandah or the Parker Creek now when the developers want service because they do not have water or sewer capacity. They will not have it for years while NTMWD builds new capacity into the region. The Water Code does not require landowners to wait

for cities to get their act into gear. Even the Legislature requires them to be prepared before annexing property by having an advance plan for providing water and sewer services in less than 2 ½ years. If these CCN's are granted over the Verandah and Parker Creek properties, the developments will probably die for lack of timely utilities. In addition, Royse City has repeatedly asserted land use controls over the property it does not have at law as a condition of obtaining utility service.

Granting the CCNs to Verandah and Parker Creek will allow the developments to proceed as planned. A utility service need (water and sewer) will be timely met and costs the developers have already determined are acceptable to them and which they deem affordable for the housing market they are trying to target. These are entry-level homes a \$25 water and \$25 sewer bill each month is not onerous.

Interrogatory No. 13: Please state whether the District has received any requests for water and/or sewer service in the contested area. If requests for service have been received by the District, please identify the name(s), address(es) and phone number(s) of the requestor(s) and identify the location of each requestor on a large-scale map. Please distinguish between water and sewer service in your response.

RESPONSE: One request from Verandah Communities, LP for the requested service area in the Verandah Communities, LP CCN application. See map in application and the maps in the offices of Mark Zeppa on March 30.

Interrogatory No. 14: On a large scale map, please identify the locations of the District's boundary, the water and sewer CCN areas requested in the City of Royse City, City of Fate, Parker Creek Estates, L. P, and Verandah Communities, L.P. water and sewer CCN applications, and the current water and sewer service areas of the CCN applicants in this matter. Please identify the name of the service provider and certificate number for each CCN area and service area identified on the map. Also, please distinguish between water and sewer CCNs in your response.

RESPONSE: See the maps in the offices of Mark Zeppa on March 30.

Interrogatory No. 15: Please describe whether granting the CCN applications in this matter 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.

Interrogatory No. 16: Please describe whether the District provides or plans to provide

either wholesale or retail water and/or sewer service to the areas, or portions of the areas, requested to be served by City of Royse City, City of Fate, Parker Creek Estates, L. P, or Verandah Communities, L.P. in their CCN applications. Please distinguish between water and sewer service in your response.

RESPONSE:

Interrogatory No. 17: If the District plans to provide either wholesale or retail water and/or sewer service to the areas, or portions of the areas, requested to be served by any of the CCN applicants in this matter, please identify and describe in detail the capacities and sources of the water and/or sewer service, the approximate time frame in which service can be provided, any required facility improvements or new facilities, including all associated costs, which would be required for the District to provide continuous and adequate water and/or sewer service to the areas. Please distinguish between water and sewer service in your response.

RESPONSE:

Interrogatory No. 18: If the District plans to provide either wholesale or retail water and/or sewer service to the areas, or portions of the areas, requested to be served by any of the CCN applicants in this matter, please identify and describe in detail the proximity of CCN applicants' requested service areas to any existing water and/or sewer facilities currently owned and/or operated by the District or to any water and/or sewer facilities the District proposes to construct. Please distinguish between water and sewer service in your response.

RESPONSE:

Interrogatory No. 19: If the District plans to provide either wholesale or retail water and/or sewer service to the areas, or portions of the areas, requested to be served by any of the CCN applicants in this matter, please describe the financial stability of the District and the District's ability to fund any capital improvements, new facilities, or investments required to provide water and/or sewer service to the CCN applicants' requested service areas. Please include a description of any proposed increases to water and/or sewer usage fees and the District's tax base, if any, that would be used to fund debt service and principle for the capital improvements and/or new facilities proposed by the District. Please distinguish between water and sewer service in your response.

RESPONSE: The District has a contract with the developers of its service area for the developers to reimburse the District its operation costs until the District is populated, is collecting taxes and has a viable revenue stream. The District does have the power of ad valorem taxation. It will ultimately sell tax-exempt bonds to finance and/or reimburse the developers for developer-financed capital infrastructure as provided in Water Code Chapter 53.

Interrogatory No. 20: If it is the District's intention to provide either wholesale or retail water and/or sewer service to the areas, or portions of the areas, requested by any of the CCN applicants in this proceeding, please describe whether allowing the District to provide either wholesale and/or retail water and/or sewer service in the areas requested by the CCN applicants—would promote the Commission's policy goal of regionalization. Please distinguish between wholesale and/or retail water and/or sewer service in your response.

RESPONSE: The District intends to provide retail water and sewer utility service within the Verandah Communities' CCN area. It is purchasing the water CCN for the territory (with TCEQ approval) from BHP WSC. As noted below, the District has always intended to be the transferee of the Verandah Communities sewer CCN.

The District may expand to the Parker Creek Estates CCN area if the Parker Creek Estates MUD is not formed. If it does, it will provide retail water and sewer service there if the CCNs are transferred and/or, on an interim basis, as a contract operator.

The District is working to maximize its water resources for the region. It will be participating in a new surface water treatment plant with Cash SUD. The District will have 4.0 MGD capacity. The District will seek to purchase or develop long-term additional water supplies. It will sell surplus capacities to neighboring utilities where and as available. It has an obligation to sell BHP WSC such water under its CCN transfer contract since Royse City (BHP's sole source supplier) has refused to honor its contract with the cooperative.

Interrogatory No. 21: Please describe in detail the relationship between Verandah Communities, L.P. and the District, and describe whether and how the District was involved with the preparation and filing of the sewer CCN application by Verandah Communities, L.P. in this proceeding.

RESPONSE: Verandah Communities is the development company, which owns the property to be served by the utility systems at issue. The development company and its parent formed the District through the County Commissioners Court. The District will construct and operate the utilities within the development. The CCNs and the TPDES will be transferred to the District. On an interim basis, the District will operate as the CCN-holder's contract agent-operator. The District is managed by a board of directors elected by registered voters residing in the District. As the development grows, the number of voters grows. There will be a separate property owners association to govern subdivision matters. The District will provide water, sewer, fire, police, emergency medical and garbage services. It has taxing authority. Under the Water Code, the District may reimburse the developers a portion of their upfront investment in infrastructure costs, such as water and sewer lines, water treatment plant costs, sewer treatment plant costs, etc. This is planned here. This provides affordable low cost, long-term financing at tax-exempt government bond rates.

At the time the sewer CCN was being prepared, the District was still in the process of being formed. No resolution had been reached on how water service would be provided to the property. It was decided to start the sewer service process by applying for the sewer CCN in the name of the development company with the intent of transferring the CCN after issuance. It was always intended to disclose the intent to transfer to the District during the review of the CCN application and this has been done. No amendment in mid-application was intended because of the inherent delay in re-noticing associated with such a major modification. The District may, as a matter of law, operate under the developer's CCN as its contract operator if the developer's CCN application is granted.

### III. REQUEST FOR PRODUCTION

Request for Production No. 1: Please provide any and all maps illustrating the location of the District's water and/or sewer utility service area with respect to the water and/or sewer utility service areas requested in the City of Royse City, City of Fate, Parker Creek Estates, L.P., and Verandah Communities, L.P. water and sewer CCN applications.

RESPONSE: The maps prepared by Pate Engineers will be made available for inspection in the offices of Mark Zeppa on March 30 as agreed by counsel.

Request for Production No. 2: Please provide copies of all written requests for water or sewer service described and identified in Interrogatory No. 13. Please include any letters of intent, service inquiries, and/or documentation received in writing from each requestor.

RESPONSE: The only request for service is from the developer of the Verandah Communities, which set up the District. There is a contract between the developers and the District for the reimbursement by the developers of the District's expenses. This constitutes the current service request documentation.

Request for Production No. 3: Please provide a copy of the District's annual financial report for fiscal year 2003.

RESPONSE: All District records are contained in the work papers of Clay E. Crawford and are being made available for inspection in the offices of Mark Zeppa on March 30 as agreed by counsel.

Request for Production No. 4: Please produce any documents that identify the name, position held, and contact information for each District board member.

RESPONSE: Answered in responses to Royse City.

Request for Production No. 5: Please produce copies of any and all water and/or sewer service agreements, either wholesale and/or retail, between the District and City of Royse City, City of Fate, Parker Creek Estates, L.P., Verandah Communities, L.P. or any other

utility to provide water and/ or sewer service.

RESPONSE: The documents are contained in the work papers of Mark Zeppa and are being made available for inspection in the offices of Mark Zeppa on March 30 as agreed by counsel

Request for Production No. 6:

Please produce copies of any and all documents identified in your responses to Interrogatory Nos. one (1) through twenty-one (21) listed above or used to assist you in responding to Interrogatory Nos. one (1) through twenty-one (21).

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

STATE OF TEXAS

COUNTY OF TRAVIS

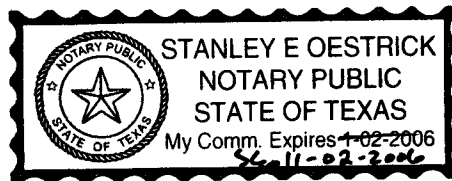
AFFIDAVIT

I, Mark H. Zeppa, counsel for the applicant, Verandah Fresh Water Supply District, 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.

  
\_\_\_\_\_  
Mark H. Zeppa

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 Fresh Water Supply District'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  
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Fax: (512) 864-7744

Representing: City of Royse City

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Skip Newsom  
Fisher & Newsom, P.C.  
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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  
Fax: (512) 469-7480

Representing: Honorable Dean M.  
Gandy

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Jackson Walker, L.L.P.  
100 Congress Avenue, Suite 1100  
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Tel.: (512) 236-2000  
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Representing: Blackland Water Supply  
Corporation

Geoffrey P. Kirshbaum, Staff Attorney  
James D. Parker, Staff Attorney  
TCEQ Environmental Law Division  
Texas Commission on Environmental Quality  
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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  
TCEQ Office of the Public Interest Counsel  
MC-103, P.O. Box 13087  
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Fax: (512) 239-6377

Representing: the Public Interest

**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	\$45,000
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<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	\$50,000
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<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>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
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<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
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<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
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<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
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<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
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<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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mhzeppa@attglobal.net

**FACSIMILE TRANSMITTAL SHEET**

DATE: March 30, 2004

TO: Mr. Geoffrey Kirshbaum  
TCEQ Environmental Law Division  
Fax (512) 239-0606Mr. Blas Coy, Jr.  
TCEQ Office of the Public Interest Counsel  
Fax (512) 239-6377Mr. Kerry E. Russell  
Ms. Angela K. Moorman  
Russell, Moorman & Rodriguez, L.L.P.  
Fax (512) 864-7744Mr. David Klein  
Potts & Reilly, L.L.P.  
Fax (512) 469-7480Mr. Leonard Dougal  
Jackson Walker  
Fax (512) 236-2002Mr. Skip Newsom  
Newsom & Fisher  
Fax (512) 477-2860Docket Clerk  
TCEQ Office of Chief Clerk  
Fax (512) 239-3311# PAGES: 22 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 FWSD's Answers to ED's 1<sup>st</sup> Requests for Information**

SENDER: Mark Zeppa

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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

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

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BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

VERANDAH FRESH WATER SUPPLY DISTRICT'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 Fresh Water Supply District 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