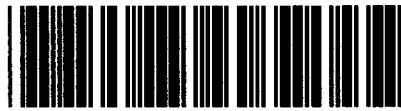


Control Number: 43990



Item Number: 72

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

SOAH DOCKET NO. 582-06-0425
TCEQ DOCKET NO. 2005-1516-UCR

APPLICATION OF TAPATIO SPRINGS § BEFORE THE STATE OFFICE
SERVICE COMPANY, INC., TO AMEND §
CERTIFICATES OF CONVENIENCE § OF
AND NECESSITY NOS. 12122 AND 20698 §
IN KENDALL COUNTY, TEXAS § ADMINISTRATIVE HEARINGS

**TAPATIO SPRINGS SERVICE COMPANY, INC.'S RESPONSES TO
RATEPAYERS' REQUEST FOR DISCLOSURE, INTERROGATORIES,
ADMISSIONS AND REQUESTS FOR PRODUCTION**

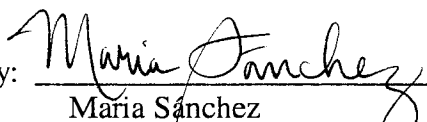
To: Andrew Calvert, Richard Haas, Carey McWilliams, Shel McWilliams, Carl D. Portz, Paulette Portz, Pat Wilson, David Rutherford, Thurman R. Williams and Myrna L. Williams, by and through their attorney Ms. Elizabeth Martin P.O. Box 1764, Boerne, Texas 778006.

NOW COMES, TAPATIO SPRINGS SERVICE COMPNAY, INC. and submits this its Responses to Ratepayers' Request for Disclosure, First Set of Interrogatories, Requests for Admissions, and Requests for Production.

Respectfully submitted,

DAVIDSON & TROILO, P.C.
919 Congress Ave., Ste. 810
Austin, Texas 78701
Telephone: (512) 469-6006
Facsimile: (512) 473-2159

By:


Maria Sanchez
State Bar No.: 17570810

INTERROGATORIES

General Objection

Applicant objects to the definitions and instructions set forth in Ratepayers Interrogatories to Applicant. Texas Rules of Civil Procedure do not require a responding party to comply with definitions and instructions sought to be imposed by the party requesting discovery. Applicant will consider and answer this discovery based upon the plain, everyday understanding of the language contained therein.

1. Identify the officers, directors, stockholders, managers and employees of Tapatio Springs Service Company, Inc. and their responsibility with or to the company.

ANSWER: As February 28, 2006, the shareholders of Tapatio Springs Service Company, Inc. are Jay Parker and Mike Shalit, both are directors. Jay Parker serves as President and Mike Shalit serves as Vice-President/Secretary.

List of employees:

Stan J. Scott - Operations Manager
Walter P. Hanna – Operator
Samuel J. Herrera – Operator/Trainee

2. Identify all engineers, consultants, real estate agents, contractors, architects, attorneys or other individuals involved with or engaged in the planning and execution of the proposed expansion and their address, project responsibility, assigned task or objective, fees paid or to be paid, which entity pays their fees and estimated completion date of their project task.

ANSWER: Applicant objects to this Interrogatory as unduly burdensome, overbroad, harassing, seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence and, therefore, exceeding the scope of permissible discovery under the Texas Rules of Civil Procedure. Subject to the foregoing objection and without waiving the same, Applicant states the following:

The shareholders, directors, officers, and employees of Tapatio Springs Service Company, Inc. identified in response to interrogatory no. 1.

B & D Environmental, Inc. – Preparation of the CCN Application and assisting counsel with the contested case.

Matkin-Hoover Engineering, Inc. – Provide maps for the CCN Application, designing facilities and off-site infrastructure for the delivery of surface water to Tapatio Springs.

Davidson & Troilo, P.C. – Patrick Lindner and Maria Sanchez represent Tapatio Springs Service Company, Inc., the Applicant in this proceeding.

David Brock – Attorney for Developer

William Milmoe, CDS Texas Realty, Ltd., 95 Northeast Fourth Avenue, Delray Beach, Florida 33483, Telephone no. 561-278-1169.

Bill West and David Welsch, GBRA, wholesale water supplier.

3. Identify the entity or entities to provide the financial resources to service the expanded CCN area.

ANSWER: CDS International Holdings, Inc. and its lenders.

4. Identify the expert or person who determined the water requirements and water availability for the expanded CCN area.

ANSWER: John-Mark Matkin of Matkin-Hoover Engineering, Inc.

5. Identify the expert or person who determined the sewer requirements for the expanded CCN area.

ANSWER: At this time, there is no expert or person who has determined the sewer requirements for the expanded CCN area.

6. Identify the expert or person/s who records and compiles the water production data for Kendall County Utility Company and Tapatio Springs Service Company, Inc.

ANSWER: Stan Scott

7. Identify the owners of Tapatio Springs Service Company, Inc., form of ownership and their percentage of ownership.

ANSWER: Jay Parker holds 51% of the stock of the corporation and Michael Shalit owns 49% of the stock of the corporation.

8. Identify the current debt to equity ratio for the applicant Tapatio Springs Service Company, Inc.

ANSWER: You can derive the debt to equity ratio for Tapatio Springs Service Company, Inc. by referring to the financial sheets provided with the application.

9. Identify what physical assets will constitute the "enormous amount of storage capacity" as reported in the Water Supply Analysis for Tapatio Springs Service Company CCN Nos. 12122 and 20698; August 2005 prepared by John-Mark Matkin, Matkin-Hoover Engineering, Inc.

ANSWER: The "enormous amount of storage capacity" reported in the Water Supply

Analysis refers to the water storage capacity provided by the six (6) existing storage tanks in the Tapatio Springs Service Company, Inc./Kendall County Utility Company water system.

10. Identify the Water Loss Factor for Tapatio Springs Service Company, Inc. for the last five years and the corrective actions taken to reduce the water loss.

ANSWER: See attached table listing the percentage of water loss for the last five years. Tapatio Springs Service Company, Inc. has installed a SCADA system to monitor components of the water system to detect problems before service to customers is affected and help identify major leaks. Tapatio Springs Service Company, Inc. is also diligent in making repairs to the distribution system when problems are discovered.

11. Identify all expenses or costs incurred by Tapatio Springs Service Company, Inc. and paid for by CDS International Holdings, Inc., its subsidiaries, principals, stockholders, or management.

ANSWER: Applicant objects to this Interrogatory as vague, unduly burdensome, seeking information that is irrelevant and not reasonably calculated to lead to the discovery of admissible evidence and, therefore, improperly exceeding the scope of permissible discovery under the Texas Rules of Civil Procedure. Subject to the foregoing objection and without waiving the same, Applicant states the following:

As of February 28, 2006, CDS has paid \$11,897.77 for the services of Davidson & Troilo and B&D Environmental relating to the pending application.

As of February 28, 2006, CDS has paid Tapatio Springs and KCUC for the following: Out-of pocket expenses related to the project. \$ 6,867.42 and Tapatio and KCUC has billed, but not received payment for \$ 5,463.71.

Fees and charges by GBRA relating to the 250 Acre-feet of additional GBRA water acquired by Tapatio Springs in anticipation of service to the 5,000 acres. CDS has paid \$18,346.64 and Tapatio Springs has no unpaid bills relating to such water charges.

REQUESTS FOR ADMISSION

General Objection

Applicant objects to the definitions and instructions set forth in Ratepayers Request for Admissions to Applicant. Texas Rules of Civil Procedure do not require a

responding party to comply with definitions and instructions sought to be imposed by the party requesting discovery. Applicant will consider and answer this discovery based upon the plain, everyday understanding of the language contained therein.

1. Tapatio Springs Service Company, Inc. will not be financially responsible, or pay for or invest any money in the development of water or sewer service physically located on the 5,000 acres covered by the proposed expansion area.

ANSWER: Deny

2. Tapatio Springs Service Company, Inc., the Applicant, has no construction cost estimate for the water service expansion as requested by the application in this matter.

ANSWER: Deny

3. Tapatio Springs Service Company, Inc., the Applicant, has no construction cost estimate for the sewer service expansion as requested by the application in this matter.

ANSWER: Admit

4. Tapatio Springs Service Company, Inc., the Applicant, has not applied for permits to drill the wells identified in the Water Supply Analysis submitted to the Texas Commission on Environmental Quality with the application in this matter.

ANSWER: Cannot Admit or Deny because the Applicant is unclear of what permits the customers are referring to.

5. Tapatio Springs Service Company, Inc., is financially unable to develop the 5,000 acres covered by the proposed expansion area without the financial backing of CDS International Holdings, Inc., the developer, or some other third party.

ANSWER: Cannot Admit or Deny. Tapatio Springs Service Company is a utility company and is not seeking to develop the 5,000 acres.

6. CDS International Holdings, Inc., the developer, is the entity responsible for all aspects, physical and financial, in providing the infrastructure necessary to serve the expanded CCN area including storage, water distribution, pressure maintenance, wastewater collection, and wastewater treatment facilities.

ANSWER: Deny

7. The expanded service area, approximately 5,000 acres will be on a stand alone system.

ANSWER: Cannot Admit or Deny. The land use plan has not been finalized nor have the facilities been designed. The facilities will be interconnected because all customers will be served with surface water from the GBRA.

8. According to the Non-Standard Service Agreement between CDS International Holdings, Inc., the Developer, and Tapatio Springs Service Company, Inc., the Developer's cost including the total of its including the total of its contributions in aid of construction and its direct expenditures for the portion of the Extension which is not located on the Developer's property shall not exceed a total of \$1.5 million dollars and Tapatio Springs Service Company, Inc. is responsible for all costs above this amount for the Extension not located on the Developer's property.

ANSWER: Applicant objects to this requests as vague, confusing, subject to interpretation, and asking Applicant to admit a proposition of law and/or provide a legal conclusion. See *Esparza v. Diaz*, 802 S.W.2d 772, 775 (Tex. App. – Houston [14th Dist.] 1990, no writ).

9. Kendall County has not approved CDS International Holdings, Inc., the Developer, subdivision plat.

ANSWER: Applicant objects to this requests as vague, confusing, subject to interpretation, and asking Applicant to admit a proposition of law and/or provide a legal conclusion. See *Esparza v. Diaz*, 802 S.W.2d 772, 775 (Tex. App. – Houston [14th Dist.] 1990, no writ).

10. According to the Non-Standard Service Agreement between CDS International Holdings, Inc., the Developer, and Tapatio Springs Service Company, Inc., the Utility may be required to pay for the development of a service road within the 5,000 acres.

ANSWER: Applicant objects to this requests as vague, confusing, subject to interpretation, and asking Applicant to admit a proposition of law and/or provide a legal conclusion. See *Esparza v. Diaz*, 802 S.W.2d 772, 775 (Tex App. – Houston [14th Dist.] 1990, no writ).

11. According to the Non-Standard Service Agreement between CDS International Holdings, Inc., the Developer, and Tapatio Springs Service Company, Inc., the Utility may provide service to the expansion area utilizing current groundwater supply facilities and wastewater treatment facilities.

ANSWER: Applicant objects to this requests as vague, confusing, subject to interpretation, and asking Applicant to admit a proposition of law and/or provide a legal conclusion. See *Esparza v. Diaz*, 802 S.W.2d 772, 775 (Tex App. – Houston [14th Dist.] 1990, no writ).

12. Tapatio Springs Development Company and/or Tapatio Springs Builders, Inc. and/or Kendall County Development Company plan to construct homes on the 5,000 acre tract for which expanded CCN will serve.

ANSWER: Cannot Admit or Deny (CDS International, Inc. is the Developer).

REQUEST FOR PRODUCTION

General Objection

Applicant objects to the definitions and instructions set forth in Ratepayers Request for Production to Applicant. Texas Rules of Civil Procedure do not require a responding party to comply with definitions and instructions sought to be imposed by the party requesting discovery. Applicant will consider and answer this discovery based upon the plain, everyday understanding of the language contained therein.

1. All documents submitted to the Texas Commission on Environmental Quality relating to TAPATIO SPRINGS SERVICE COMPANY, INC.'s application for the expansion with notation of the source or origin of the document.

Response: Applicant objects to this Request for Production as harassing, unduly burdensome, and seeking information that is equally available to the Requestor, as copies of such documents are on file at the TCEQ.

2. All documents related to the water production and service history for any and all the wells proposed to be used for this CCN owned or operated by TAPATIO SPRINGS SERVICE COMPANY, INC. or KENDALL COUNTY UTILITY COMPANY or other water provider which may be in the possession, custody or control of TAPATIO SPRINGS SERVICE COMPANY, INC., its' attorney or anyone acting on its' behalf.

Response: Such documents will be available for review at the office of Davidson & Troilo, P.C., 919 Congress, Ste. 810, Austin, Texas 78701 during regular business hours.

3. A copy of all documents filed with or presented to any state, county, city, federal or governmental agency, institution or department containing information concerning TAPATIO SPRINGS SERVICE COMPANY, INC or the proposed development to be serviced by the company which may be in the possession, custody or control of TAPATIO SPRINGS SERVICE COMPANY, INC., its' attorney or anyone acting on its' behalf, including but not limited to State Tax reports or returns, and Federal Tax Returns.

Response: Applicant objects to this request for production on the grounds that is vague, ambiguous, not limited to any specific time period and therefore overly broad and unduly burdensome. In addition, to the foregoing objection, this request for production is not relevant to any issue in this case, nor is it reasonably calculated to lead to the discovery of admissible evidence since the Developer is required to design and construct all necessary utility infrastructure to serve the proposed area. Furthermore, this request for production constitutes a fishing expedition regarding issues that are not relevant in this case.

4. All documents related to all financial accounts or balances including but not limited to the bank accounts, notes, debts, bills, investment accounts, trust accounts, any financial equity, any financial liability, or any asset of TAPATIO SPRINGS SERVICE COMPANY, INC. or CDS International Holdings, Inc. which may be in the possession, custody or control of TAPATIO SPRINGS SERVICE COMPANY, INC. or CDS International Holdings, Inc., their attorneys or anyone acting on their behalf. This request includes but is not limited to budgets and financial statements and automated financial records as well as from Kendall County Utility Company, Inc., Tapatio Springs Development Company, Inc., Tapatio Springs Golf Resort, Inc., Tapatio Springs Real Estate Holdings, L.P., Tapatio Springs Builders, Inc., Kendall County Development Company, L.P., Country Club Management Group, Inc., CDS Bandera Realty, CDS Texas Realty, Mountain View at Tapatio, L.P., Lynzara-Austin Real Estate Management South, LLC, Lynzara-Austin Real Estate Management, LLC, and any affiliate thereof.

Response: Applicant objects to this Request for Production as overbroad, unduly burdensome, vague, confusing, harassing and seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence and therefore, exceeding the scope of permissible discovery pursuant to the Texas Rules of Civil Procedure. Furthermore, this request for production seeks to obtain documents not provided, produced, prepared by, prepared for, or handled by the utility.

5. All documents related to TAPATIO SPRINGS SERVICE COMPANY, INC. or CDS International Holdings, Inc. affiliations with Kendall County Utility Company, Inc., Tapatio Springs Development Company, Inc., Tapatio Springs Golf Resort, Inc., Tapatio Springs Real Estate Holdings, L.P., Tapatio Springs Builders, Inc., Kendall County Development Company, L.P., Country Club Management Group, Inc., CDS Bandera Realty, CDS Texas Realty, Mountain View at Tapatio, L.P., Lynzara-Austin Real Estate Management South, LLC, Lynzara-Austin Real Estate Management, LLC, and any affiliate thereof, regarding applicant's current or future collection or distribution of water and/or their interest or involvement with the applicant's financial management or equity or debt structure of the applicant or CDS International Holdings, Inc. which is the financial guarantor under this application.

Response: Applicant objects to this Request for Production as overbroad, unduly burdensome, vague, confusing, harassing and seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence and therefore, exceeding the scope of permissible discovery pursuant to the Texas Rules of Civil Procedure. Furthermore, this request for production seeks to obtain documents not provided, produced, prepared by, prepared for, or handled by the utility.

6. All documents provided to George Mendez, CPA for review of TAPATIO SPRINGS SERVICE COMPANY, INC. or CDS International Holdings, Inc. accounts and financial statements and any communication from George Mendez, CPA or any other accountant or financial advisor.

Response: Applicant objects to this Request for Production as overbroad, unduly burdensome, vague, lacking the required specificity, not reasonably limited in time and scope, harassing, seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence and, therefore, exceeding the scope of permissible discovery under the Texas Rules of Civil Procedure.

7. All documents related to draws or loans to or from TAPATIO SPRINGS SERVICE COMPANY, INC. or CDS International Holdings, Inc. by or to owners, stockholders, managers, directors, employees of TAPATIO SPRINGS SERVICE COMPANY, INC. or CDS International Holdings, Inc. or between those entities.

Response: Applicant objects to this Request for Production as overbroad, unduly burdensome, vague, confusing, lacking the required specificity, not reasonably limited in time and scope, harassing, seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence and therefore, exceeding the scope of permissible discovery pursuant to the Texas Rules of Civil Procedure.

8. All written reports of inspection, maps, surveys, tests, writings, drawings, graphs, charts, recordings or opinions of any expert who has been used for consultation in connection with this application or protest including but not limited to those experts whose work product was reviewed in whole or in part by an expert who is to be called as a witness.

Response: Applicant objects to this Request for Production as patently violative of the consulting-only expert privilege. Consulting-only experts are protected from discovery as part of the work-product privilege. See Tex. R. Civ. P. 195, cmt. 1. No information about a consulting-only expert is discoverable – not the expert's identity, mental impressions, opinions, or work product. Tex. R. Civ. P. 192.3 (e); *In re: City of Georgetown*, 53 S.W.3d 328, 334 (Tex. 2001); *In re: Ford Motor Co*, 988 S.W.2d 714, 719 (Tex. 1998).

9. A curriculum vitae or resume for any testifying expert or consulting expert whose mental impressions or opinions have been reviewed by a testifying expert.

Response: Resumes for all testifying experts are being provided. At this time, Applicant does not have any discoverable consulting experts.

10. Copies of any and all books, documents or other tangible things which may be used at the time of trial of this protest.

Response: Applicant objects to this request as patently overbroad, unduly burdensome, vague, lacking in specificity, harassing and wholly impermissible under the Texas Rules of Civil Procedure.

11. All documents from B&D Environmental, Inc. and/or Matkin-Hoover

Engineering, Inc. associated or related to the application in this matter or related to water supply or sewer service for TAPATIO SPRINGS SERVICE COMPANY, INC. or CDS International Holdings, Inc. including but not limited to all source documents for the Water Supply Analysis for Tapatio Springs Service Company prepared by John-Mark Matkin.

Response: Applicant objects to this Request for Production as overbroad, unduly burdensome, vague, confusing, lacking in the required specificity, not reasonably limited in time and scope. To the extent it requests all source documents for the Water Supply Analysis for Tapatio Springs Service Company prepared by John-Mark Matkin, the Applicant does not have control over such documents. Documents prepared by B&D Environmental, Inc. and/or Matkin-Hoover Engineering, Inc. associated with the application will be available for review at the office of Davidson & Troilo, P.C., 919 Congress, Ste. 810, Austin, Texas 78701.

12. Any new or proposed amended or altered agreement between TAPATIO SPRINGS SERVICE COMPANY, INC. or CDS International Holdings, Inc.

Response: No documents responsive to this request have been identified.

13. All documents related to regulation by Cow Creek Ground Water District over TAPATIO SPRINGS SERVICE COMPANY, INC. including but not limited to operating permits for wells and reporting of well information.

Response: Applicant objects to this request for production as overbroad, vague, lacking in the required specificity, unduly burdensome, seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence and, therefore, improperly exceeding the scope of permissible discovery pursuant to the Texas Rules of Civil Procedure.

14. All Documents related to the balance sheet dated December 31, 2004, included in the application, including but not limited to Accounts Payable – Kendall County Utility Company, Note 8 in the amount of \$35,000; Inter-company Golf Resort in the amount of \$201,000; Inter-company – T/S Dev (\$357,000); I/C-KCDC Note 9 in the amount of \$23,000; Inter-company – KCUC in the amount of \$42,000.

Response: Applicant objects to this request as vague, unduly burdensome, overbroad confusing, lacking in the required specificity, and seeking information that is neither relevant nor reasonably calculated to lead to discovery of admissible evidence and, therefore, improperly exceeding the scope of permissible discovery under the Texas Rules of Civil Procedure.

15. Annual reports to the TCEQ for TAPATIO SPRINGS SERVICE COMPANY, INC. and KENDALL COUNTY UTILITY COMPANY.

Response: Such documents will be available for review at the office of Davidson &

Troilo, P.C., 919 Congress, Ste. 810, Austin, Texas 78701 during regular business hours.

16. Current Drought Contingency plans approved by the TCEQ for Tapatio Springs Service Company, Inc. and Kendall County Utility Company.

Response: Such documents will be available for review at the office of Davidson & Troilo, P.C., 919 Congress, Ste. 810, Austin, Texas 78701 during regular business hours.

17. Tapatio Springs Service Company, Inc. monthly billing and receipts for each account associated with the Tapatio Springs Golf Resort.

Response: Applicant objects to this request for production as unduly burdensome, harassing, seeking information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence and, therefore, improper and exceeding the scope of permissible discovery under the Texas Rules of Civil Procedure.

18. All reporting documents required by TCEQ relating to loans, notes or other indebtedness to any corporation or person directly or indirectly owning interest in Tapatio Springs Service Company, Inc.

Response: Applicant objects to this request for production as vague, confusing, lacking in required specificity, overbroad, unduly burdensome, seeking information which is neither relevant nor reasonably calculated to lead to discovery of admissible evidence and, therefore, improperly exceeding the scope of permissible discovery under the Texas Rules of Civil Procedure.

REQUEST FOR DISCLOSURE

- (e) the name, address, and telephone number of persons having knowledge of relevant facts, and a brief statement of each identified person's connection with the case;

Darrell W. Nichols, E.I.T., P.O. Box 90544, Austin, Texas 78709, Phone No. (512) 264-9124. Mr. Nichols prepared the CCN Application for Tapatio Springs Service Company, Inc.

Stan Scott, Operations Manager for Tapatio Springs Service Company, Inc., P.O. Box 1335, Boerne, Texas 78006-1335

Jay Parker, owner of Tapatio Springs Service Company, Inc.

Mike Shalit, owner of Tapatio Springs Service Company, Inc.

Patrick Lindner & Maria Sanchez, Counsel for Tapatio Springs Service Company, Inc.

David Brock, Counsel for CDS International

Ken Kolacny & John-Mark Matkin, Engineers for CDS International

William Milmoie, CDS International

- (f) for any testifying expert: **See Appendix 1**

- (1) the expert's name, address, and telephone number;
- (2) the subject matter on which the expert will testify;
- (3) the general substance of the expert's mental impressions and opinions and a brief summary of the basis for them, or if the expert is not retained by, employed by, or otherwise subject to your control, documents reflecting such information;
- (4) if the expert is retained by, employed by, or otherwise subject to your control:
 - (A) all documents, tangible things, reports, models, or data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of the expert's testimony; and
 - (B) the expert's current resume and bibliography;

Appendix 1

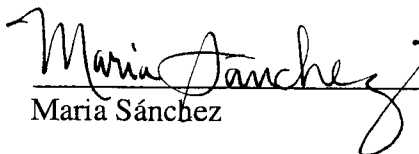
Rule 194.2(f)

- (1) Darrell W. Nichols, E.I.T., P.O. Box 90544, Austin, Texas 78709, Phone No. (512) 264-9124.
 - (2) Darrell Nichols will testify in this matter as to the requirements of the Texas Water Code and Texas Administrative Code as it pertains to this proposed application.
 - (3) The opinion of Mr. Nichols is that the Application does meets the requirements as set forth in the Texas Water Code, Subchapter G. Sections 13.241- 13.256 and the Texas Administrative Code, Part 1, Chapter 291: Utility Regulations, Subchapter G: Sections 291.101 - 291.119
 - (4)
 - (a) CCN Amendment Application submitted by Tapatio Springs Services Company, Inc. to the TCEQ and all correspondence regarding that application that is included as part of the official file for Application Nos. 34932-C and 34933-C; Inspections of the utility facilities of Tapatio Springs; Review of operations and maintenance procedures of Tapatio Springs; Historical TCEQ records for CCN Numbers 12122 and 20698, PWS ID No. 1300025, Water Quality No. 12404-001; Texas Water Code, Chapter 13 Water Rates and Services, Texas Administrative Code, Part 1, Chapter 290: Water Hygiene, Chapter 291: Utility Regulations and Chapter 317 Design Criteria for Sewerage Systems.
 - (b) Copies of Mr. Nichols' Qualifications are attached hereto.
- (f) (1) John-Mark Matkin, P.E. Matkin-Hoover Engineering, P.O. Box 54, Boerne, Texas 78006, Phone No. 830-249-0600;
- (2) Mr. Matkin will testify as to the report that he prepared and other matters relating to water and wastewater service to the requested service area.
 - (3) Mr. Matkin's opinion is that the application should be granted.
 - (4) Mr. Matkin's statement of qualifications and report will be provided.

CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of March 2006, a true and correct copy of the foregoing document and all attachments were forwarded to each of the parties listed below via fax and/or first-class mail.

Elizabeth R. Martin Attorney at Law P. O. Box 1764 Boerne, TX 78006 830/816-8282 (fax) Representing Ratepayers	Mary Alice Boehm-McKaughan Staff Attorney TCEQ Office of Public Interest Counsel PO Box 13087 MC-175 Austin, Texas 78711-3087 512/239-6377 – facsimile Representing TCEQ Public Interest Council
Eric Sherer Attorney at Law 1124 Wurzbach Rd., Ste. 100 San Antonio, TX 78130 210/696-9730 210/696-9675 - facsimile Representing Creek HOA	Ms. La Donna Castañuela, Chief Clerk Office of the Chief Clerk MC-105 Texas Natural Resource Conservation Commission P.O. Box 13087 Austin, Texas 78711-3087 (512) 239-3300 Fax: (512) 239-3311
Kathy H. Brown Staff Attorney TCEQ Environmental Law Division PO Box 13087 MC-173 Austin, TX 78711-3087 512/239-0606 – facsimile Representing Texas Commission on Environmental Quality	


Maria Sánchez

Qualifying Experience & Education

Darrell W. Nichols, E.I.T.
B & D Environmental, Inc.
P.O. Box 90544
Austin, Texas 78709
(512) 264-9124

I was employed by the Texas Natural Resource Conservation Commission (TNRCC, the predecessor agency of the TCEQ) in the Utility Rates and Services Section as an Engineer Assistant from May 1993 to February of 1997. My duties included reviewing utility applications for CCNs, rate/tariff change applications, preparing recommendations for the Commission on behalf of the Executive Director, providing expert testimony and participating as an expert witness at formal hearings, investigating and resolving customer inquiries, and reviewing water utility improvement plans and specifications. I was assigned to approximately 60 separate rate cases and approximately 140 certification cases during my tenure at the TNRCC.

I have provided testimony for the following contested utility matters: the CCN Application of the City of Oak Point, Docket No. 34387-C; the rate change application of West Houston Airport, Docket No. 31192-R; the CCN application of West Houston Airport, Docket Nos. 30847-C and 30848-C; the rate change application of North Orange Water and Sewer, LLC, Docket Nos. 34157-R and 34158-R; the rate change application of Spring Valley Water CO-OP, Docket No. 30845-G; the rate change application of Vern Norman dba Somersetshire Estates, Docket No. 30385-G; the CCN application of Kerrville South Water Co., Inc., Docket No. 30443-C; the CCN application of O. J. Erlund, Jr. dba Hill Country Utility Corporation, Docket No. 30478-C; the CCN application of Dogwood Springs Water Supply Corporation, Docket No. 9993-C; the CCN application of Midnight Enterprises, Inc., Docket No. 31031-C; the appeal of the developer connection fee to be charged by Hill Country S.A., Ltd. dba Hill Country Water System, Docket No. 9954-X; the appeal of the developer connection fee of Dessau Utilities, Inc., Docket No. 30469-X; the appeal of the new connection fee to East Crawford Water Supply Corporation, Docket No. 30348-X; and the application of Cindy Day dba Medina Water Services to acquire Bandera Water Company, Docket No. 31022-S.

I am currently employed by B & D Environmental, Inc. as one of the Principals and I am an Engineer. For B & D Environmental, Inc., I provide consultant services to utilities. These services involve preparing rate change applications, Sale/Transfer Merger Applications, and Applications to Obtain or Amend Certificates of Convenience and Necessity. In addition, I work with utilities to evaluate facilities to determine necessary improvements, cost of operations, staffing plans, and anticipated operating cost.

I hold a Bachelor of Science Degree in Civil Engineering from the University of Texas. I specialized in Water Resources and took classes in Hydraulic Engineering, Wastewater Engineering, and Hydrology. I have attended the 21st Annual Eastern Utility Rate Seminar sponsored by the Florida Public Service Commission and Florida State University Center for Professional Development & Public Service. I have also attended numerous utility related seminars in Texas.

From May 1990 until June 1991, I was employed with the Texas Water Commission. My primary duties at the Commission were reviewing Certificate of Convenience and Necessity (CCN) applications, assisting other Engineers with their CCN reviews, and performing cartography. From June 1992 until May 1993, I was employed as a Hydrologist Tech by the United States Geological Survey. My primary duties were developing a flood frequency model and gathering data for a bridge scour study.

CUSTOMERS / KCUC J/R RT10 - SHOULD BE TSSC

[illegible]

WATER LOSS %:

	Ave %	-16.9	-21.8	-18.2	-21.0	-10.7	-13.8	-11.8	-12.6	-11.9	-19.2	-15.9	-20.1	-16.1
KENDALL COUNTY UTILITY COMPANY		-8.3	-9.2	-4.2	-9.8	-7.7	-5.6	-6.3	-5.7	-9.6	-9.5	-7.0	-1.1	-7.0
TAPATIO SPRINGS SERVICE COMPANY		-25.5	-34.3	-32.1	-32.1	-13.7	-22.0	-17.2	-19.5	-14.2	-28.8	-24.7	-39.0	-25.3

Kathleen Hartnett White, *Chairman*
R. B. "Ralph" Marquez, *Commissioner*
Larry R. Soward, *Commissioner*
Glenn Shankle, *Executive Director*



REC'D SEP 13 2005

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

September 12, 2005

Mr. Stan Scott, Systems Operations Manager
Tapatio Springs Service Company
P.O. Box 550
Boerne, Texas 78006

Re: Complaint Investigation at:
Tapatio Springs Service Company, Kendall County, Texas
TCEQ ID No.:1300025, Incident Tracking Number 63180

Dear Mr. Scott:

The Texas Commission on Environmental Quality (TCEQ) San Antonio Region Office received a complaint concerning strong chlorine odors in their public water supply on July 8, 2005. Mr. Don White, an environmental investigator in our Public Water Supply Program made an onsite investigation at the complainant's residence on August 4, 2005.

The results of Mr. White's onsite field tests indicated that at that time(August 4, 2005) the quality of the public water supplied to the complainant's home met the requirements of the TCEQ's drinking water regulations. There was a mild chlorine odor detected at the outside faucet of the complainant's home when the water was initially sampled but this odor dissipated after the water ran a short time. The free chlorine residual and total chlorine residuals were tested and determined to be at the lower end of their required ranges. Mr. White reviewed the extensive chemical testing that is being done by both the TCEQ, its contractors and the Tapatio Springs Public Water Supply System to insure that the potable water supplied to the complainant's home consistently complies with both State and Federal Safe Drinking Water Regulations. There were no violations documented during this complaint investigation.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your efforts to ensure protection of the State's environment and the Public's health. If you have any questions regarding these matters, please feel free to contact Mr. Don White in the San Antonio Region Office at (210) 403-4054.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas G. Haberle".

Thomas G. Haberle
Water Section Team Leader
San Antonio Region Office

TH/DCW/eg

REPLY TO: REGION 13 • 14250 JUDSON RD. • SAN ANTONIO, TEXAS 78233-4480 • 210/490-3096 • FAX 210/545-4329

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

printed on recycled paper using soy based ink

COPY

WHOLESALE WATER PURCHASE AGREEMENT

Kendall County Utility Company will sell water wholesale to Tapatio Springs Services Company at \$2.25 per thousand gallons.

Sales to Tapatio Springs Services Company will be controlled by any rationing plan that Kendall County Utility Company may have to go to for all of their customers.

Approved by:
Kendall County Utility Company

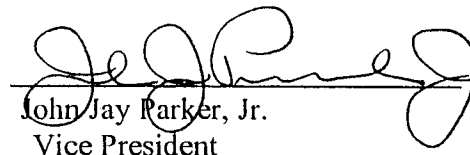
Date: 4-1-01



Stan Scott
System Operation Manager

Approved by:
Tapatio Springs Services Company

Date: 4-1-01



John Jay Parker, Jr.
Vice President

SOAH DOCKET NO. 582-06-0425
TCEQ DOCKET NO. 2005-1516-UCR

APPLICATION OF TAPATIO SPRINGS § BEFORE THE STATE OFFICE
SERVICE COMPANY, INC., TO AMEND §
CERTIFICATES OF CONVENIENCE § OF
AND NECESSITY NOS. 12122 AND 20698 §
IN KENDALL COUNTY, TEXAS § ADMINISTRATIVE HEARINGS

**TAPATIO SPRINGS SERVICE COMPANY, INC.'S RESPONSES TO THE
EXECUTIVE DIRECTOR'S FIRST SET OF INTERROGATORIES,
REQUESTS FOR PRODUCTION AND REQUEST FOR DISCLOSURE**

To: The Executive Director of the Texas Commission on Environmental Quality, by and through his attorney, Ms. Kathy H. Brown, Texas Commission on Environmental Quality, Environmental Law Division, MC-173, P.O. Box 13087, Austin, Texas 78711-3087.

NOW COMES, TAPATIO SPRINGS SERVICE COMPANY, INC. and submits this its Responses to the Executive Director of the Texas Commission on Environmental Quality's First Set of Interrogatories and Requests for Production.

Respectfully submitted,

DAVIDSON & TROILO, P.C.
919 Congress Ave., Ste. 810
Austin, Texas 78701
Telephone: (512) 469-6006
Facsimile: (512) 473-2159

By: Maria Sanchez
Maria Sanchez
State Bar No.: 17570810

INTERROGATORIES

Interrogatory No. 1

For each person the Tapatio Springs 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 Tapatio Springs expects that person to provide.

Answer: Jay Parker and Stan Scott as identified in response to the Request for Disclosure addressing the applicant's desire and ability to provide service and the impact on existing and proposed customers. William Milmo as identified in the response to the Request for Disclosure, will elaborate on the developer's need and request for water and wastewater service. One or more customers to be identified later will be called to voice their support of the application and the reasons for that support.

Interrogatory No. 2

For each experts not listed in the response to the Request for Disclosure whom Tapatio Springs has consulted and whose mental impressions and opinions have been reviewed by an expert Tapatio Springs 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.

Answer: At this time, Tapatio Springs has no consulting expert witnesses

Interrogatory No. 3

Please explain in detail your position that Tapatio Springs can provide water and sewer services faster and cheaper to the entire proposed area than existing utilities in the proximate area.

Answer: Tapatio Springs and KCUC are the only utilities in the proximate area. These two utilities are affiliated and interconnected. No other utility has expressed an interest in serving the proposed area. Tapatio Springs will be utilizing surface water to serve its existing customers and has required the Developer to obtain additional surface water capacity from the Guadalupe Blanco River Authority for the proposed area. The 2006 Regional Water Plan as adopted by the Texas Water Development Board recommends that utilities in Kendall County purchase and implement surface water from the GBRA prior to year 2010. We will be able to provide surface water to our existing customers and customers in the proposed area through one transmission main that will be constructed from an area near Cascade Caverns to the utility's water plant on Johns Road.

Interrogatory No. 4

Please explain in detail the estimated amount of time it would take Tapatio Springs to

provide water and sewer services to people in the farthest regions of the proposed area. Please distinguish your answer for water and sewer.

Answer: The utility will be able to provide service immediately once the developer has constructed the necessary infrastructure as required in the Non-Standard Service Agreement between Tapatio Springs Service Company, Inc. and the Developer.

Interrogatory No. 5

Please state, to the best of your knowledge, if people are already living in the area Tapatio Springs has requested to add to its certificate of convenience and necessity ("CCN"). If so, please state whether those people are currently receiving water and sewer utility services and identify the service provider(s). Please distinguish your answer for water and sewer.

Answer: The Applicant has no knowledge of anyone living in the proposed area.

Interrogatory No. 6

Please describe in detail the ability of Tapatio Springs to provide continuous adequate water and sewer utility services to its existing customers in its existing CCN area. Please distinguish your answer for water and sewer.

Answer: Tapatio Springs operates existing wells that have been adequate to meet the service demands experienced to date. However, to develop conjunctive use of water, Tapatio Springs obtained a supplemental source of treated surface water from the GBRA, being up to 500 acre-feet of water per year. This water is intended to be used to meet base demands, with groundwater being used to meet peak demands, thus covering the groundwater resources.

Tapatio Springs operates a wastewater treatment plant that adequately addresses the customers' service demands.

According to the TCEQ Comprehensive Compliance Inspection letter dated August 10, 2004, the utility provided compliance documentation that corrective actions were taken for any alleged water system violations and that no other action or submittal was necessary.

According to the TCEQ Comprehensive Compliance Inspection letter dated January 12, 2004, the utility provided compliance documentation that corrective actions were taken for any alleged water system violations and that no other action or submittal was necessary.

Interrogatory No. 7

Please describe in detail the ability of Tapatio Springs to provide continuous adequate water and sewer utility services to the proposed area.

Answer: The Developer is responsible for providing the necessary infrastructure to provide

service to the development. Tapatio Springs will operate the facilities in compliance with all applicable rules and regulations the same as it operates its existing facilities. The Developer has paid and will continue to pay the costs of acquiring an additional 250 acre-feet of water from GBRA to serve the base demand for usage within the requested area, and is required to develop wells to be used to supply peak demands. To the extent that land use densities justify a wastewater collection system and treatment plant, the developer is responsible for providing those facilities to the applicant.

Interrogatory No. 8

Please describe in detail the financial, managerial and technical ability of Tapatio Springs to provide continuous and adequate water and sewer utility services to the proposed area. Please distinguish your answer for water and sewer.

Answer: Regarding the financial ability to provide continuous and adequate service, Tapatio Springs is not required to finance the improvements needed to provide service to the proposed area. All the improvements required to provide service to the proposed area are to be financed, designed, and constructed by the Developer pursuant to the Non-Standard Service Agreement previously provided. Furthermore the Developer is also obligated to pay the raw water component of the monthly charges paid by Tapatio Springs to the GBRA until such time as there are at least 500 active connections (homes occupied by the end-use) within the proposed area. Because the Developer is financially responsible for designing and installing the infrastructure, the Applicant will not have any debt related to that infrastructure within the property that will need to be paid with revenues. The largest initial operational expense will be the reservation payment to the GBRA for the additional 250 acre-feet per year that will be paid by the Developer.

Tapatio Springs is an experienced retail utility and has excellent history of providing continuous and adequate water and sewer service to its customers for more than a decade. This history is documented in the files maintained by and at the TCEQ for both the water and sewer systems. Tapatio Springs employs experienced licensed water and sewer operators to maintain the facilities.

Tapatio Springs has demonstrated prudent planning and commitment to its customers by securing surface water capacity from the GBRA. This will ensure sufficient water resources for years to come and follows the recommendations set forth in the 2006 Regional Water Plan. Tapatio Springs has also secured an additional 250 acre-feet of surface water from the GBRA to serve the proposed area.

The water facilities of Tapatio Springs and its affiliate KCUC are interconnected and operated as one water system. A Merger Application of these two entities is pending at the TCEQ. A SCADA system is utilized to monitor the water system and identify problems before it affects service to its customers. The water system within the proposed area will also be interconnected to Tapatio Springs' existing facilities. Upon plat approval and approval of the Master Development Plan, a registered professional engineer will design the water facilities to be located within the proposed area. The Developer is responsible

for the cost of designing these facilities pursuant to the Non-Standard Service Agreement.

The initial phases of the development will utilize individual on-site facilities for waste disposal. When a development phase requires centralized sewer, the Developer will be responsible for the cost of permitting, designing, and constructing the necessary wastewater collection and treatment facilities.

Interrogatory No. 9

Please describe the amount and type of all initial and long-term facility costs that will be passed on to customers in the proposed area if Tapatio Springs becomes the service provider for the proposed area. Please distinguish your answer for water and sewer.

Answer: The individual customers in the proposed area will pay the same rates as listed in the TCEQ approved tariff for Tapatio Springs. When Tapatio Springs files a Rate/Tariff Change Application with the TCEQ after service is being provided to customers in the proposed area, Tapatio Springs may include Developer Contributed property as allowed by Chapter 13 of the Texas Water Code as well as all necessary and reasonable operational expenses. Tapatio Springs does not know the amount of such expenses at this time.

Interrogatory No. 10

Please describe the probable improvement in service or lowering of costs to consumers in the area proposed by Tapatio Springs if Tapatio Springs becomes the service provider for the proposed area. Include historical data concerning sewer service reliability, historical water quality, and current and projected costs to consumers in the proposed area. Please distinguish your answer for water and sewer.

Answer: There is currently no service in the proposed service area so having a centralized utility will result in an improvement of service. Tapatio Springs had no deficiencies in its most recent Compliance Inspection by the TCEQ. There are no current consumers in the proposed area but the customers will pay the same TCEQ approved rates as all other customers of Tapatio Springs.

Interrogatory No. 11

Please describe the water system and wastewater treatment plant which you believe are in place and adequate to provide service to the Tapatio Springs's requested service area. Provide a listing of the capacities of each component of the system, i.e., well(including capacity in gallons per day), storage tanks, pressure tanks, pumps, distribution system with the size and quantity of waterline, treatment plant (including capacity in gallons per day), feet of lines of a given diameter, lift stations pumps and their rated capacities, treatment plants and their capacities not already used to meet peak demands of your existing customers and/or customers you are already committed to serve, Provide a map or diagram showing the location of each component of this water and wastewater system and its relation ship to the requested service area. Please distinguish your answer for water and sewer.

Answer: The developer will be responsible for constructing the infrastructure necessary to provide service to the development including storage, transmission, pressure maintenance, pumping, collection, and treatment facilities. Tapatio Springs has secured an additional 250 acre-feet per year of surface water capacity from Guadalupe Blanco River Authority to service the development. The initial phases of the development will utilize individual on-site facilities for waste disposal. Timing and location of future phases utilizing centralized sewer will not be determined until completion of the land use plan and final approval of the Master Development Plan.

Interrogatory No. 12

Please describe the proximity of the area covered by Tapatio Springs's application to any existing facilities currently operated by Tapatio Springs or to any facilities Tapatio Springs proposes to construct. Please distinguish your answer for water and sewer.

Answer: The proposed area is contiguous to the existing CCN area of Tapatio Springs. The proposed locations of the facilities to be constructed have not yet been determined as the developer is in the platting process.

Interrogatory No. 13

If there are no requests for service in portions of the Tapatio Springs's proposed areas and no current customers, please describe in detail the need for service in the proposed area. Please distinguish your answer for water and sewer.

Answer: The proposed area represents the entire area owned by the developer and included in the developer's request for service.

Interrogatory No. 14

Please describe in detail any effects on the land to be included in the certificated area if the Commission approves the Tapatio Springs's water and sewer CCN applications. Please distinguish your answer for water and sewer.

Answer: The owner of the land, the Developer, would be receiving utility service from the Applicant, its provider of choice to develop the land as it intends. The Developer will not be forced to develop at low densities and large lots in order to enable the landowner to drill an individual well on each lot. The proliferation of individual wells increases the risk of contamination of the groundwater.

Interrogatory No. 15

Please describe: in detail any effects on environmental integrity if the Commission approves the Tapatio Springs's water and sewer CCN applications. Please distinguish your answer for water and Sewer.

Answer: The environmental integrity will be affected by the construction of the infrastructure to serve the development. However, utilizing surface water for the proposed area follows the recommendations included in the 2006 Regional Water Plan and protects the groundwater resources.

Interrogatory No. 16

Please describe to detail how Tapatio Springs will be able to provide the sewer utility service in the case if your Discharge Permit application will not go through or permit will not issued to Tapatio Springs by the TCEQ.

Answer: The proposed initial phases of the development involve large homeowner tracts for purchase. Each tract will utilize individual on-site facilities for waste disposal. Timing and location of future phases utilizing centralized sewer will not be determined until completion of the land use plan and final approval of the Master Development. At that time, the location and permitting for a wastewater treatment facility will begin. Tapatio Springs currently has a Water Quality Permit that authorizes irrigation of the treated effluent on a golf course. At such time the Water Quality Permit would need to be amended, Tapatio Springs is confident that such a request would be granted since the effluent will not be discharged but instead used for irrigation. The developer would be responsible for the cost of securing a new permit or amending Tapatio's existing permit if necessary.

Interrogatory No. 17

Please describe in detail any service agreement that Tapatio Springs have with any other utilities to provide water and sewer services in the proposed area. Please distinguish your answer for water and sewer.

Answer: Tapatio Springs and KCUC are affiliated companies, interconnected, and operate as one utility. An application to merge these two utilities is pending at the TCEQ. Tapatio Springs has a wholesale contract with GBRA to supply surface water.

REQUESTS FOR PRODUCTION

Production Request No. 1

Please provide documents to identify that there is a need for service in the proposed area, including but not limited to request for service letters from any customer, entity, developer etc. Also, identify the people or entity requesting service from Tapatio Springs including, name, address, contact phone number etc.

Response: Non-Standard Service Agreement was provided with the application.

Production Request No. 2

Please provide map(s) of all water and wastewater facilities currently in place in or within two

miles of the requested service area for Tapatio Springs.

Response: Map of all water and wastewater facilities currently in place in or within two miles of the requested service area will be available for review at the office of Davidson & Troilo, P.C., 919 Congress, Ste. 810, Austin, Texas 78701 during regular business hours.

Production Request No. 3

Please provide a copy of the map of proposed area showing location of people requesting service in the proposed area.

Response: Map of the proposed area was provided with application. No individual person living in the area has requested service. The developer who is the landowner has requested service to the proposed area.

Production Request No. 4

Please provide a copy of the customer complaint record showing all the water or sewer utility services complaints that Tapatio Springs has received from its customers in the past year.

Response: The customer complaint record will be made available for review at the office of Davidson & Troilo, P.C., 919 Congress, Ste. 810, Austin, Texas 78701 during regular business hours.

Production Request No. 5

Please provide Engineering Report indicating Tapatio Springs's existing water capacity, how much capacity is needed to serve entire proposed area, how much capacity you have in reserve and how you plan to obtain the remaining capacity to provide continuous and adequate water service in the proposed area.

Response: This Engineering Report will be available for review at the office of Davidson & Troilo, P.C., 919 Congress, Ste. 810, Austin, Texas 78701 during regular business hours.

Production Request No. 6

Please provide Engineering Report indicating Tapatio Springs's existing sewer capacity, how much capacity is need to serve entire proposed area, how much capacity you have in reserve and how you get the remaining capacity to provide continuous and adequate sewer service in the proposed area

Response: The Developer has not indicated the amount of sewer capacity needed. It is anticipated that the initial phases will utilize individual on-site facilities for waste disposal since these will be larger tracts. The Developer will be responsible for constructing all wastewater collection and treatment facilities to serve the development in subsequent phases. The land use plan has not yet been finalized.

Production Request No. 7

Please provide the copy of service contract between Tapatio Springs and any other utilities, if any.

Response: Copy of agreement with Kendal County Utility Company will be available for review at the office of Davidson & Troilo, P.C., 919 Congress, Ste. 810, Austin, Texas 78701 during regular business hours.

Production Request No. 8

Please provide all the documents related in answering Interrogatories 1-17.

Response: Copies of all documents related to answers to Interrogatories 1-17 will be available for review at the office of Davidson & Troilo, P.C., 919 Congress, Ste. 810, Austin, Texas 78701 during regular business hours.

Production Request No. 9

Please provide copies of sealed engineer's plans and specifications, or engineer's report, including an estimate of the cost of facilities necessary to provide service, whether those facilities will be "phased," and a timeline of capital investment.

Response: Engineer plans will be available for review at the office of Davidson & Troilo, P.C., 919 Congress, Ste. 810, Austin, Texas 78701 during regular business hours.

Production Request No. 10

Please provide projections of the expected pace of connections, related revenues and expenses, to determine how far negative cash flow is expected to go, before turning positive.

Response: The land use plan for the development has not been finalized. It is anticipated that the initial phases will receive water from Tapatio Springs and utilize individual onsite facilities for sewage disposal. As per the Non-Standard Service Agreement, the Developer is obligated to pay the raw water component of the monthly charges paid by the Utility to the GBRA until such time as there are at least 500 active connections (homes occupied by the end-use) within the proposed area. The Utility will not have any debt related to the infrastructure within the property that will need to be paid with revenues. The largest initial operational expense will be the reservation payment to the GBRA for the additional 250 acre-feet per year that will be paid by the Developer.

Production Request No. 11

A letter dated January 20, 2006 from B & D Environmental, Inc., stated that an "affiliated company" would provide a letter indicating its understanding of deferred repayment on notes until cash flow for the utility is positive. Please provide the letter, and demonstrate that the affiliated company has acknowledged financial obligation for construction of the additional utility facility.

Response: The document responsive to this request is being provided.

REQUEST FOR DISCLOSURE

- (c) the legal theories and, in general, the factual bases of the responding party's claims or defenses ;

Tapatio Springs Service Company, Inc. currently holds a water and sewer CCN. The TCEQ has previously determined that Tapatio Springs Service Company, Inc. is capable and competent to provide water and sewer service. Tapatio Springs Service Company, Inc. meets the criteria set out in Texas Code Section 13.246.

- (e) the name, address, and telephone number of persons having knowledge of relevant facts, and a brief statement of each identified person's connection with the case;

Darrell W. Nichols, E.I.T., P.O. Box 90544, Austin, Texas 78709, Phone No. (512) 264-9124.

Stan Scott, Operations Manager for Tapatio Springs Service Company, Inc., P.O. Box 1335, Boerne, Texas 78006-1335

Jay Parker, owner of Tapatio Springs Service Company, Inc.

Mike Shalit, owner of Tapatio Springs Service Company, Inc.

Patrick Lindner & Maria Sanchez, Counsel for Tapatio Springs Service Company, Inc.

David Brock, Counsel for CDS International

Ken Kolacny & John-Mark Matkin, Engineers for CDS International

William Milmoie, CDS International

- (f) for any testifying expert: **See Appendix 1**

- (1) the expert's name, address, and telephone number;
- (2) the subject matter on which the expert will testify;
- (3) the general substance of the expert's mental impressions and opinions and a brief summary of the basis for them, or if the expert is not retained by, employed by, or otherwise subject to your control, documents reflecting such information;
- (4) if the expert is retained by, employed by, or otherwise subject to your control:

- (A) all documents, tangible things, reports, models, or data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of the expert's testimony; and
- (B) the expert's current resume and bibliography.

Appendix 1

(f) for any testifying expert:

(1) Darrell W. Nichols, E.I.T., P.O. Box 90544, Austin, Texas 78709, Phone No. (512) 264-9124.

(2) Darrell Nichols will testify in this matter as to the requirements of the Texas Water Code and Texas Administrative Code as it pertains to this proposed application.

(3) The opinion of Mr. Nichols is that the Application does meets the requirements as set forth in the Texas Water Code, Subchapter G. Sections 13.241-13.256 and the Texas Administrative Code, Part 1, Chapter 291: Utility Regulations, Subchapter G: Sections 291.101 - 291.119

(4) (a) CCN Amendment Application submitted by Tapatio Springs Services Company, Inc. to the TCEQ and all correspondence regarding that application that is included as part of the official file for Application Nos. 34932-C and 34933-C; Inspections of the utility facilities of Tapatio Springs; Review of operations and maintenance procedures of Tapatio Springs; Historical TCEQ records for CCN Numbers 12122 and 20698, PWS ID No. 1300025, Water Quality No. 12404-001; Texas Water Code, Chapter 13 Water Rates and Services, Texas Administrative Code, Part 1, Chapter 290: Water Hygiene, Chapter 291: Utility Regulations and Chapter 317 Design Criteria for Sewerage Systems.

(b) Copies of Mr. Nichols' Qualifications are attached hereto.

(f) (1) John-Mark Matkin, P.E. Matkin-Hoover Engineering, P.O. Box 54, Boerne, Texas 78006, Phone No. 830-249-0600;

(2) Mr. Matkin will testify as to the report that he prepared and other matters relating to water and wastewater service to the requested service area.

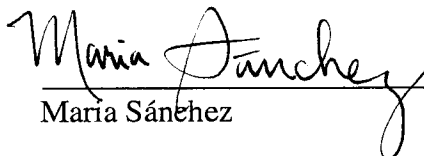
(3) Mr. Matkin's opinion is that the application should be granted.

(4) Mr. Matkin's report and statement of qualifications will be provided.

CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of March 2006, a true and correct copy of the foregoing document and all attachments were forwarded to each of the parties listed below via fax and/or first-class mail.

Elizabeth R. Martin Attorney at Law P. O. Box 1764 Boerne, TX 78006 830/816-8282 (fax) Representing Ratepayers	Mary Alice Boehm-McKaughan Staff Attorney TCEQ Office of Public Interest Counsel PO Box 13087 MC-175 Austin, Texas 78711-3087 512/239-6377 – facsimile Representing TCEQ Public Interest Council
Eric Sherer Attorney at Law 1124 Wurzbach Rd., Ste. 100 San Antonio, TX 78130 210/696-9730 210/696-9675 - facsimile Representing Creek HOA	Ms. La Donna Castañuela, Chief Clerk Office of the Chief Clerk MC-105 Texas Natural Resource Conservation Commission P.O. Box 13087 Austin, Texas 78711-3087 (512) 239-3300 Fax: (512) 239-3311
Kathy H. Brown Staff Attorney TCEQ Environmental Law Division PO Box 13087 MC-173 Austin, TX 78711-3087 512/239-0606 – facsimile Representing Texas Commission on Environmental Quality	



Maria Sánchez

Elizabeth Robison Martin
Dienger Building
106 West Blanco, Suite 206
P.O. Box 1764
Boerne, Texas 78006
830 816-8686
830 816-8282 fax

†

March 16, 2006

Via: Fax No.: (512) 239.0606

Ms. Kathy H. Brown
Staff Attorney
Texas Commission on Environmental Quality
Law Division
PO Box 13087 MC1-173
Austin, Tx 78711-3087

Re: Executive Director's Responses to Ratepayers Production Request
TCEQ Docket No. 2005-1516-UCR
SOAH Docket No. 582-06-0425

Dear Ms. Brown:

In order to facilitate the discovery answers to our production requests, please find following the proposed answers with identification of the individual responding for the TCEQ. I will only request execution of the response if the document is not in the TCEQ files. If you could approve these and let the staff know of our agreement, the production process should go smoothly and be more time efficient.

Should you have any questions, please call us.

Very truly yours,



Elizabeth R. Martin

erm/dw

enclosures

cc: Mailing List

**SUPPLEMENTAL RESPONSES
EXHIBIT A
DOCUMENTS TO BE PRODUCED**

1. CDS International Holdings, Inc.'s year-end financial statement and board authorization for the financial obligation that Darrell Nichols stated he would provide in his June 17, 2005 letter.

Response: This document is not in my files.

Date: _____

Signature

Printed Name and Title

2. The corporation's "Certification of Account Status" required Application 1 C.i.

Response: This document is not in my files.

Date: _____

Signature

Printed Name and Title

3. The corporation's Articles of Incorporation and By-Laws required by Application 1.D.i.

Response: This document is not in my files

Date: _____

Signature

Printed Name and Title

4. The subdivision plat or engineering plans or other maps showing the exact proposed service area boundary" required by Application 2 E.i.A and in compliance with Application 2.E.i.D.

Response: This document is not in my files.

Date: _____

Signature

Printed Name and Title

5 The summary of how the proposed utility system will be constructed and description of each projected construction phase as request by Application 4.C.

Response: This document is not in my files.

Date: _____

Signature _____

Printed Name and Title _____

6. The documents submitted in compliance with item 6. of the Application including but not limited to;

- a. the analysis of all necessary costs for constructing, operating and maintaining the system for which the CCN is requested for at least the first five years,
- b. or the comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period,
- c. the projected profit and loss statements, cash flow worksheets, and balance sheets for each of the first five years of the operation;
- d. the proposed rate schedule or tariff;
- e. the procedure for determining the rates and fees and indication of last change;
- f. copies of any cost of service studies or rate analysis worksheets,
- g. the profit and loss statement and current balance sheet for existing businesses;
- h. sources and terms for borrowed capital; and
- i. loan approvals from lending institutions or agencies including the most recent financial audit of the applicant.

Response: This document is not in my files.

Date: _____

Signature _____

Printed Name and Title _____

7 A copy of the legal description of Application Attachment B, Non-Standard Service Agreement between CDS International Holdings, Inc. and Tapatio Springs Service Company, Inc., said legal description being designated in the agreement as Exhibit 1 on page one of the agreement.

Response: This document is not in my files.

Date: _____

Signature _____

Printed Name and Title _____

8. A copy of the additional pages 16-27 of TCEQ-10362 (Revised 11/02) that Michelle Abrams requested of Darrell Nichols in a May 2005 letter, specifically requesting the pace for capital investment, the annual connection rate, cash inflow and depth of reserve in the utilities balance sheet.

Response: This document is not in my files.

Date: _____

Signature _____

Printed Name and Title _____

9. Date of plat approval requested by Application 4 D.

Response: This document is not in my files.

Date: _____

Signature _____

Printed Name and Title _____

8. All written reports of inspection, maps, surveys, tests, writings, drawings, graphs, charts, recordings or opinions of any expert who has been used for consultation in connection with this application or protest including but not limited to those experts whose work product was reviewed in whole or in part by an expert who is to be called as a witness.

Response: This document is not in my files.

Date: _____

Signature _____

Printed Name and Title _____

9. A curriculum vitae or resume for any testifying expert or consulting expert whose mental impressions or opinions have been reviewed by a testifying expert.

Response: This document is not in my files.

Date: _____

Signature _____

Printed Name and Title _____

10. Copies of any and all books, documents or other tangible things which may be used at the time of trial of this protest.

Response: This document is not in my files.

Date: _____

Signature _____

Printed Name and Title _____

11. All documents from B&D Environmental, Inc. and/or Matkin-Hoover Engineering, Inc. associated or related to the application in this matter or related to water supply or sewer service for TAPATIO SPRINGS SERVICE COMPANY, INC.

Response: This document is not in my files.

Date: _____

Signature _____

Printed Name and Title _____

12. All communications by any individual employed by Texas Commission on Environmental Quality concerning Tapatio Springs Service Company, Inc. application for expansion of their CCN including but not limited to review of financial ratios and engineering analysis.

Response: This document is not in my files.

Date: _____

Signature _____

Printed Name and Title _____

13. All documents related to the impact of regulation by Cow Creek Ground Water District over the TEN (10) new commercial wells proposed by TAPATIO SPRINGS SERVICE COMPANY, INC. and the impact if those wells are not viable due to any reason.

Response: This document is not in my files.

Date: _____

Signature _____

Printed Name and Title _____

14. All other documents submitted to or created by the Texas Commission on Environmental Quality relating to TAPATIO SPRINGS SERVICE COMPANY, INC 's application for the expansion.

Response: This document is not in my files.

Date: _____

Signature

Printed Name and Title

MAILING LIST
TAPATIO SPRINGS SERVICE COMPANY, INC.
SOAH DOCKET NO. 582-06-0425
TCEQ DOCKET NO. 2005-1515-URC

FOR THE APPLICANT.

Patrick Lindner
Attorney at Law
7550 IH-10 West, Northwest Center
Suite 800
San Antonio, TX 78229
210-349-6484
210-349-0041 FAX

Maria Sánchez
Davidson & Trolilo, P C.
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San Antonio, TX 78229

FOR THE EXECUTIVE DIRECTOR:

Kathy Humphreys Brown
Staff Attorney
Environmental Law Division, MC-173
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087
512-239-3417
512-239-0606 FAX

FOR THE CHIEF CLERK:

LaDonna Castañuela
Office of the chief Clerk, MC-105
Texas Commission on Environmental Quality
P.O. box 13087
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512-239-0606 FAX 2, 211

FOR THE PUBLIC INTEREST
COUNSEL:

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Assistant Public Interest Counsel, MC-103
Texas Commission on Environmental Quality
P.O. Box 13087
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512-239-6361
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FOR RANGER CREEK HOA:

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Kathy Humphreys Brown 512-239-0606
 Patrick Lindner 210-349-0041
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 Mary Alice Boehm-Mckaughan 512-239-6377
 Eric Sherer 210-696-9675

COMPANY

DATE MARCH 16, 2006

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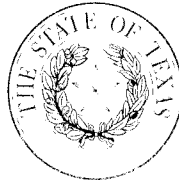
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☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS IF YOU HAVE ANY PROBLEMS WITH THIS FAX TRANSMISSION, PLEASE CONTACT
 Dianne Wiltz at 830 816.8686

106 W. BLANCO STE 206
 BOERNIC, TEXAS 78006

Kathleen Hartnett White, *Chairman*
R. B. "Ralph" Marquez, *Commissioner*
Larry R. Soward, *Commissioner*
Glenn Shankle, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

March 14, 2006

VIA HAND DELIVERY

Ms. LaDonna Castañuela, Chief Clerk
Office of Chief Clerk
Texas Commission on Environmental Quality
Post Office Box 13087, MC-105
Austin, Texas 78711-3087

TEXAS
COMMISSION ON
ENVIRONMENTAL
QUALITY
MAR 14 PM 1:36
CHIEF CLERK'S OFFICE

Re: Executive Director's Responses to Ratepayers' First Set of Interrogatories, Requests for Production and Requests for Disclosure
Tapatio Springs Service Company, Inc.
TCEQ Docket No. 2005-1516-UCR

Dear Ms. Castañuela:

Enclosed for filing is the "Executive Director's Responses to Ratepayers' First Set of Interrogatories, Requests for Production and Requests for Disclosure" in the above-referenced docket.

If you have any questions or comments, please call me at 239-3417. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Kathy H. Brown".

Kathy H. Brown
Staff Attorney
Environmental Law Division

Enclosures

cc: Mailing List

SOAH DOCKET NO. 582-06-0425
TCEQ DOCKET NO. 2005-1516-UCR

APPLICATION OF TAPATIO § BEFORE THE STATE OFFICE
SPRINGS SERVICE COMPANY, INC. §
TO AMEND CERTIFICATES OF § OF
CONVENIENCE AND NECESSITY §
NOS. 12122 AND 20698 IN KENDALL § ADMINISTRATIVE HEARINGS
COUNTY, TEXAS §

CHIEF CLERK'S OFFICE

SEP 14 PM 1:36

FILED
09/14/06

**EXECUTIVE DIRECTOR'S RESPONSES TO RATEPAYERS'
FIRST SET OF INTERROGATORIES, REQUESTS FOR PRODUCTION AND
REQUESTS FOR DISCLOSURE**

TO: RATEPAYERS, by and through their attorney of record, Ms. Elizabeth R. Martin, P. O. Box 1764, 106 W. Blanco, Suite 206, Boerne, Texas 787006

Pursuant to § 2001 *et seq.* of the Administrative Procedure Act ("APA"), Government Code (Vernon), 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, the Executive Director of the Texas Commission on Environmental Quality ("TCEQ" or "Commission") responds to Ratepayers' first set of written discovery as follows:

EXECUTIVE DIRECTOR'S RESPONSES TO REQUEST FOR DISCLOSURE

Pursuant to Texas Rule of Civil Procedure 194, you were requested to disclose the information or material described in Rule 194.2(c), (e), (h), and (i), as follows:

- (c) the legal theories and, in general, the factual bases of the responding party's claims or defenses;

Response:

Tapatio Springs Service Company, Inc. has filed applications with the Commission to amend its water and sewer CCN Nos. 12122 and 20698 in Kendall County, Texas. The applications were protested by several landowners. The Executive Director must formulate a recommendation to the Administrative Law Judge ("ALJ"), based upon criteria set forth in the Texas Water Code and the rules in the Texas Administrative Code as promulgated by the Commission, as whether to grant the applications or not. This recommendation will be the result of careful analysis of the application, any additional information received during the review process of the application, responses to the formal discovery requests, prefiled testimonies and any other relevant documentation provided to the Executive Director in this matter.

The Executive Director has no claims or defenses in this matter.

- (e) the name, address, and telephone number of persons having knowledge of relevant facts, and a brief statement of each identified person's connection with the case;

Response:

Kamal Adhikari, E.I.T., Engineering Specialist
Texas Commission on Environmental Quality
Utilities and District Section
Water Supply Division, MC-153
Utilities Technical Review Team
12100 Park Thirty Five Circle
Austin, Texas 78753
512-239-0680

Daniel Smith, Program Specialist
Texas Commission on Environmental Quality
Utilities and District Section
Water Supply Division, MC-153
Utilities Financial Review Team
12100 Park Thirty Five Circle
Austin, Texas 78753
512-239-6949

Kathy Humphreys Brown, Staff Attorney
Texas Commission on Environmental Quality
Environmental Law Division, MC 173
12100 Park Thirty Five Circle
Austin, Texas 78753
512-239-3417

Doug Holcomb, P.E., Section Manager
Texas Commission on Environmental Quality
Utilities and District Section
Water Supply Division, MC-153
12100 Park Thirty Five Circle
Austin, Texas 78753
512-239-6947

- (f) for any testifying expert:
 - a. the expert's name, address, and telephone number;

Response:

Kamal Adhikari, E.I.T., Engineering Specialist
Texas Commission on Environmental Quality
Utilities and District Section
Water Supply Division, MC-153
Utilities Technical Review Team
12100 Park Thirty Five Circle
Austin, Texas 78753
512-239-0680

Daniel Smith, Program Specialist
Texas Commission on Environmental Quality
Utilities and District Section
Water Supply Division, MC-153
Utilities Financial Review Team
12100 Park Thirty Five Circle
Austin, Texas 78753
512-239-6949

- b. the subject matter on which the expert will testify;

Response:

Tapatio Springs Service Company, Inc. seeks to amend its Water and Sewer CCN Nos. 12122 and 20698 in Kendall County.

- c. the general substance of the expert's mental impressions and opinions and a brief summary of the basis for them, or if the expert is not retained by, employed by, or otherwise subject to your control, documents reflecting such information;

Response:

Mr. Adhikari has reviewed the applications based upon criteria set forth in the Texas Water Code and the rules in the Texas Administrative Code as promulgated by the TCEQ. According to these criteria, the applicant must meet the nine criteria along with a showing that the public will be continually served and accommodated in a convenient and safe manner. The applicant must demonstrate that the certification is necessary for the service, accommodation, convenience, or safety of the public. The Executive Director may supplement this response as more information becomes available.

Mr. Smith has reviewed applicant's Financial and Managerial Capabilities. The criteria referred to above require that the TCEQ review the ability of the applicant to provide adequate service and the financial stability of the applicant. The Executive Director may supplement this response as more information becomes available.

- d. if the expert is retained by, employed by, or otherwise subject to your control;
 - i. all documents, tangible things, reports, models, or data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of the expert's testimony; and
 - ii. the expert's current resume and bibliography;

Response:

(A) The applications which are the subject matter of this proceeding (Application Nos. 34932-C and 34933-C), all supporting documents submitted to TCEQ or made available to Executive Director and all documents filed in SOAH Docket No. 582-06-0425 and TCEQ Docket No. 2005-1516-UCR are available for review and copying during the normal business hours of the Texas Commission on Environmental Quality. All applicable statutes and regulations are available in the public domain.

(B) The resumes of Kamal Adhikari and Daniel Smith are attached.

- (h) any settlement agreements described in Rule 192.3(g); and
- (i) any witness statements described in Rule 192.3(h).

Response:

The Executive Director is not aware of any witness statements described in the Rule 192.3(h) requiring disclosure in this case pursuant to Rule 194.2(i).

EXECUTIVE DIRECTOR'S RESPONSES TO INTERROGATORIES

Interrogatory No. 1:

Identify the agents and employees of Texas Commission on Environmental Quality in reviewing, evaluating, collecting information or participating in any manner with the application at issue in this matter and their contact information, project responsibility or duty, assigned task or objective.

Response:

Kamal Adhikari, E.I.T., Engineering Specialist
Texas Commission on Environmental Quality
Utilities and District Section
Water Supply Division, MC-153
Utilities Technical Review Team
12100 Park Thirty Five Circle
Austin, Texas 78753

Daniel Smith, Program Specialist
Texas Commission on Environmental Quality
Utilities and District Section
Water Supply Division, MC-153
Utilities Financial Review Team
12100 Park Thirty Five Circle
Austin, Texas 78753

Mr. Adhikari has reviewed the applications based upon criteria set forth in the Texas Water Code and the rules in the Texas Administrative Code as promulgated by the TCEQ. According to these criteria, the applicant must meet the nine criteria along with a showing that the public will be continually served and accommodated in a convenient and safe manner. The applicant must demonstrate that the certification is necessary for the service, accommodation, convenience, or safety of the public. The Executive Director may supplement this response as more information becomes available.

Mr. Smith has review applicant's Financial and Managerial Capabilities. The criteria referred to above require that the TCEQ review the ability of the applicant to provide adequate service and the financial stability of the applicant. The Executive Director may supplement this response as more information becomes available.

Interrogatory No. 2:

Identify the criteria used in approval and review of an application for an expanded CCN area.

Response:

The applications are reviewed based upon criteria set forth in the Texas Water Code and the rules in the Texas Administrative Code.

Statutory Provisions :

Texas Water Code Chapter 13

- i. Texas Water Code Subchapter A, §§ 13.001 to 13.003
- ii. Texas Water Code Subchapter B, §§ 13.011 to 13.016
- iii. Texas Water Code Subchapter C, §§ 13.041
- iv. Texas Water Code Subchapter E, §§ 13.139
- v. Texas Water Code Subchapter G

Regulatory Provisions :

- 1. 30 Texas Administrative Code Chapter 50
 - i. 30 Texas Administrative Code Subchapter F
 - ii. 30 Texas Administrative Code Subchapter G
- 2. 30 Texas Administrative Code Chapter 55
 - i. 30 Texas Administrative Code Subchapter D §§ 55.101(g)(5)
- 3. 30 Texas Administrative Code Chapter 80

4. 30 Texas Administrative Code Chapter 291
 - i. 30 Texas Administrative Code Subchapter A §§ 291.1 to 291.3; 291.5 to 291.9; 291.11 to 291.12
 - ii. 30 Texas Administrative Code Subchapter E
 - iii. 30 Texas Administrative Code Subchapter F
 - iv. 30 Texas Administrative Code Subchapter G

TCEQ Policy: The Feasibility of Regionalization of Water and Wastewater Utilities: A TCEQ Policy Statement, Water Supply Division, Texas Commission on Environmental Quality, January 2003

Interrogatory No. 4:

Identify the employee or person who verified that the proposed water requirements and water availability for the expanded CCN area complied with controlling federal and state statutes.

Response:

CCN areas are not governed by federal statutes. Compliance with state statutes was evaluated by:

Kamal Adhikari, E.I.T., Engineering Specialist
Texas Commission on Environmental Quality
Utilities and District Section
Water Supply Division, MC-153
Utilities Technical Review Team
12100 Park Thirty Five Circle
Austin, Texas 78753

Interrogatory No. 5:

Identify the employee or person who verified that the proposed sewer requirements for the expanded CCN area complied with controlling federal and state statutes.

Response:

Sewer requirements are not governed by federal statutes. Compliance with state statutes was evaluated by:

Kamal Adhikari, E.I.T., Engineering Specialist
Texas Commission on Environmental Quality
Utilities and District Section
Water Supply Division, MC-153
Utilities Technical Review Team
12100 Park Thirty Five Circle
Austin, Texas 78753

Interrogatory No. 6:

Identify all items requested from Tapatio Springs Service Company, Inc., Applicant, that have not been received.

Response:

The items that were requested from Tapatio Springs and have not been received are:

1. Copies of signed and sealed engineer's plans and specifications, or engineer's report, including an estimate of the cost of facilities necessary to provide service, whether those facilities will be built in phases and a timeline of capital investment.
2. The projections of the expected pace of connections, related revenues and expenses. The projections are needed to determine how far negative cash flow is expected to go before turning positive.
3. A letter from "affiliated company" indicating its understanding of deferred repayment on notes until cash flow for the utility is positive. Also, the documents to demonstrate that the affiliated company has acknowledged financial obligation for construction of the additional utility facility.

Interrogatory No. 7:

Identify the employee or person who is verifying that the financial viability of Tapatio Springs Service Company, Inc., Applicant, is sufficient to undertake this CCN expansion.

Response:

Daniel Smith, Program Specialist
Texas Commission on Environmental Quality
Utilities and District Section
Water Supply Division, MC-153
Utilities Financial Review Team
12100 Park Thirty Five Circle
Austin, Texas 78753

EXECUTIVE DIRECTOR'S RESPONSES TO REQUESTS FOR PRODUCTION

Response No. 1:

All such documents are available for review and reproduction at TCEQ.

Response No. 2:

All such documents are available for review and reproduction at TCEQ.

Response No. 3:

If any, all such documents are available for review and reproduction at TCEQ.

Response No. 4:

All such documents are available for review and reproduction at TCEQ.

Response No. 5:

If any, all such documents are available for review and reproduction at TCEQ.