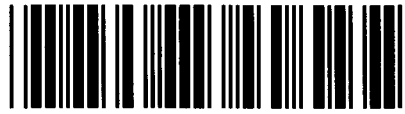




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APPLICATION OF DOUBLE DIAMOND UTILITIES COMPANY, INC., DOUBLE DIAMOND PROPERTIES CONSTRUCTION COMPANY, AND MIDWAY WATER UTILITIES, INC. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN HILL, PALO PINTO, JOHNSON, AND GRAYSON COUNTIES	§ § § § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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APPLICANTS' RESPONSE TO ORDER NO. 1

Double Diamond Utilities Company, Inc., Double Diamond Properties Construction Company, and Midway Water Utilities ("Applicants") file this Response to Order No. 1 and would respectfully show as follows:

I. INTRODUCTION

On September 27, 2019, Applicants filed an application for approval of the sale, transfer, or merger of facilities and certificates of convenience and necessity rights in Hill, Palo Pinto, Johnson, and Grayson counties (STM Application). On October 2, 2019, the Public Utility Commission of Texas (Commission) issued Order No. 1, which requires, among other things, information from Applicants concerning this STM Application. Order No. 1 identified three issues the Commission requested Applicants to address, and requested Applicants respond to these issues by October 15, 2019. Therefore, this response is timely filed.

II. RESPONSE TO ORDER NO. 1

1. *The legal name and all assumed names, if any, under which the applicants conduct business. If the applicants use an assumed name, provide a currently valid certificate of assumed name.*

RESPONSE: Midway Water Utilities, Inc., Double Diamond Utilities Co., and Double Diamond Properties Construction Co. do not use any assumed names.

2. *The form of business in Texas (e.g., corporation, partnership, sole proprietorship). Charter or Authorization number, date business was formed, and date change was made (if applicable).*

RESPONSE: Midway Water Utilities, Inc. is a Texas corporation registered on May 11, 1989 with the Texas Secretary of State (SOS) File Number 0111387200. Double Diamond Utilities Co. and Double Diamond Properties Construction Co. are Texas corporations both registered on 12/20/1996 as SOS file numbers 014271700 and 0142738600, respectively. Please refer to Attachment 3 of the STM Application for franchise tax account status statements containing this information.

3. *Legal name of parent company, if any, and a description of its primary business interests and the name of any companies affiliated with the applicant with which it does any business. Provide the state and date in which the parent company is registered. (The Commission requires registration with the Secretary of State for all forms of business, except sole proprietorships.)?*

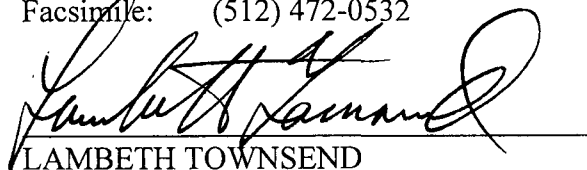
RESPONSE: Applicant, Midway Water Utilities, Inc. (Midway), is a wholly owned, direct subsidiary of Monarch Utilities, Inc. (Monarch). Monarch is a Texas corporation formed and registered with the Texas SOS on April 21, 1995 under the name Tecon Water Companies, Inc. Monarch's name was changed from Tecon Water Companies, Inc. to Monarch Utilities, Inc. per Articles of Amendment filed with the Texas SOS on July 29, 2004. The ultimate corporate parent of both Monarch and Midway is SouthWest Water Company (SouthWest), a Delaware corporation incorporated on February 2, 1988 and registered as a foreign corporation with the Texas SOS on June 27, 2002 under SOS file number 0800099536. Monarch is a holding company that owns companies engaged in the water and wastewater business in the State of Texas. Midway does not do business with any of its affiliates, but does receive shared services from SouthWest and/or its affiliates, the costs for which are allocated amongst SouthWest and its affiliates, including Midway. A list of Midway's affiliates is included in the STM Application as Attachment 5.

Applicants Double Diamond Utilities Co. (DDU) and Double Diamond Properties Construction Co. (DDPC) are both wholly owned subsidiaries of Double Diamond Delaware, Inc. (DDD), which was registered in Delaware on December 20, 1996. DDD is a holding company that owns various resorts and resort services companies. Both DDU and DDPC do

business with affiliates; DDU provides utility services to hospitality amenities, and DDPC provides construction services relating to infrastructure and buildings for DDI and other affiliates. Both DDU and DDPC also are among a group of affiliates that receive shared services from other affiliated entities, the costs for which are allocated among the group. A list of affiliates of DDU and DDPC is included with this response as Attachment 1.

Respectfully submitted,

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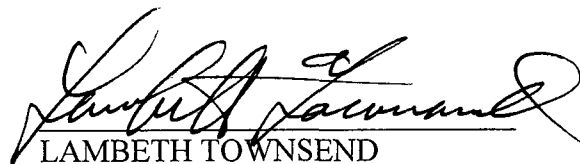
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ATTORNEYS FOR APPLICANTS

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing document was served on all parties of record on this 15th day of October, 2019.



LAMBETH TOWNSEND