

NOTICE OF ADVICE LETTER NO. 7 TO REVISE THE COLORADO P.U.C WATER UTILITY
TARIFF, SECOND REVISED EDITION DATED MAY 3, 2017
DALLAS CREEK WATER COMPANY, INC 334 S 5TH ST MONTROSE, CO 81401

You are hereby notified that Dallas Creek Water Company, Inc (“Dallas Creek Water” or the “Company”) filed Advice Letter No. 7 with the Colorado Public Utilities Commission (“Commission”) in Proceeding No. 16AL-0829W to implement the following changes to the Company’s tariff:

In the matter of the requested emergency water supply, the Company submitted its plans, estimates, and progress toward the proposed solution to the Colorado P.U.C. on January 30th, 2018. In the time since then, the Company has partnered with Tri-County Water Conservancy District to apply for grants to help cover the cost of the solution requested. Grants totaling \$181,000 have been awarded to cover a portion of the costs for the project. Tri-County Water Conservancy District is contributing \$286,500 to the project leaving a balance of \$82,500 for the Company to contribute.

The Company proposed a cost schedule to the metered customers on July 5th, 2019 and again on August 9th, 2019. The Company offered the customers a choice of a single payment or a payment plan that would be extended over 12 or 36 months. The Company has received greater than 50% positive response (249 out of 435 metered customers) and direction from the customers as to how they prefer to contribute their portion to the funding of the project. Customers who have not responded will default to the 36-month payment plan. This change will affect all commercial and residential metered customers effective December 1st, 2019 for the billing cycle within the Company's approved service area.

The applicable charges for the different payment options offered to the Company's customers are noted in the table below. The payment plan options include a small amount of interest. The Company's initial estimated interest rate for the funding was approximately 7%. The Company successfully obtained a lower approved interest rate of 5.97%, which reduced the total charges for the payment plan options from the original estimates.

Payment Time Period	Charge by Payment Option
One Time Payment upon billing	\$189.22
Payment over 12 monthly billings	\$15.77
Payment over 36 monthly billings	\$5.26

With regard to the emergency water supply project and charges stated above, anyone who desires may file written comments or objections with the Commission. The filing of a written objection by itself will not allow you to participate as a party in any proceeding on the proposed action. If you wish to participate as a party in this matter, you must timely file written intervention documents in accord with Rule 1401 of the Commission’s Rules of Practice and Procedure and of any applicable Commission order.

The Commission may hold a public hearing in addition to an evidentiary hearing on the proposed revisions and if such a hearing is held members of the public may attend and make statements even if they did not file comments, objections, or an intervention. If the filing is uncontested or unopposed, the Commission may determine the matter without a hearing and without further notice.

Anyone desiring information regarding if and when a hearing may be held shall submit a written request to the Commission or contact the External Affairs section of the Commission at its local number of


(303) 894-2070 or toll-free number (800) 456-0858.

Although this Advice Letter only pertains to the emergency water supply and proposed charges, current rates and tariffs are available for examination at the business office of Dallas Creek Water Company, Inc located at 334 S 5th St Montrose, on the internet at <https://dallascreekwater.com/wp-content/uploads/2017/05/2nd-REVISED-TARIFF-Effective-5-3-2017.pdf> or via Public Utilities Commission at 1560 Broadway, Suite 250, Denver, Colorado 80202. Customers who have questions may call the Company at 970-240-8123 or email the question to administrator@dallascreekwater.com.

Jim Willey
President
Dallas Creek Water Company, Inc



Pam Mencimer
Administrator
Dallas Creek Water Company, Inc





DON BATCHELDER

JOHN E. PETERS

BEN TISDEL

BOARD OF COUNTY COMMISSIONERS

541 4th Street • P.O. Box C • Ouray, Colorado 81427 • 970-325-7320 • FAX: 970-325-0452

May 1, 2018

Dallas Creek Water Company, Inc.
Attn.: Bobbi Rouse, Administrator
334 S. 5th Street
Montrose, CO 81401

RE: Emergency Domestic Water Supply

Dear Ms. Rouse:

The Ouray County Board of County Commissioners ("Board") is in support of the connection of the domestic water supply between Dallas Creek Water Company ("DCWC") and Tri County Water Conservancy District ("TCW"). The Board feels that this connection is a valuable asset in the event of a drought, wildfire or other emergency situation in the Log Hill area.

Like many rural counties in Colorado, Ouray County is facing the possibility of a drier future, with the added restrictions of increased calls for service and a growing population. This underscores the need to not only encourage, but to strongly support and seek out emergency water supply provisions such as the proposed connection between DCWC and TCW. The collaboration between DCWC and TCW demonstrates the providers' commitment to continue to serve the Log Hill area, with an eye to serving emergency needs in the future.

The Board of County Commissioners strongly supports this project and urges favorable consideration and award of grant funding.

Sincerely,

Don Batchelder
Chair, Ouray County Board of County Commissioners

LETTER OF SUPPORT FOR DCWC/TCW EMERGENCY INTERCONNECT

Letter of Support by the Fairway Pines Estates
Owners Association for a Grant to Provide an
Emergency Water Interconnect Between the
Systems of Dallas Creek Water Company and Tri
County Water Conservancy

Dallas Creek Water Company, Inc.
Attn: Bobbi Rouse, Administrator
334 S. 5th Street
Montrose, CO 81401

RE: Emergency Domestic Water Supply

Dear Ms. Rouse:

The board of directors of the Fairway Pines Estates Owners Association (FPEOA) wishes to express the following in support of a grant and the related project constructing an emergency water interconnect between the Dallas Creek Water Company (DCWC) and Tri-County Water Conservancy (TCW) systems:

1. The FPEOA is one of DCWC's largest stakeholders. The Fairway Pines/Divide Ranch subdivisions consist of over 500 existing and future residential and commercial lots in DCWC's service area. This is about half of the existing and future water taps in DCWC's service area.
2. In 2013, FPEOA joined with the Association of Dallas Creek Water Users, Inc. (ADCWU), to examine, among other things, DCWC's ability to provide a stable source of domestic water to its service area given that DCWC relies 100 percent on water supplies from Dallas Creek. A historical review of Dallas Creek stream flow data showed flows significantly less than 1 cfs over extended periods in 1981, 2002, and other years. That effort raised concerns about DCWC's total reliance on Dallas Creek stream flows and concluded that an alternate water supply and/or increased storage would be prudent and in the best interest of the community and DCWC's customers.
3. In late 2016, FPEOA and the ADCWU intervened in DCWC's rate proceeding before the Colorado Public Utilities Commission (CPUC), expressing concern that DCWC may not be able to supply for periods longer than DCWC's few-days of storage capacity in the case of extreme drought or contamination of Dallas Creek due to wildland fire runoff or a hazmat event.

4. In early 2017, the CPUC authorized DCWC's rate increase and pursuant to an agreement between all parties ordered DCWC to report to the CPUC within one year on the progress made toward addressing emergency water supplies.

The project proposed by DCWC and TCW is one of the options mentioned in the above-mentioned report to the CPUC (Option #1). We believe this would be a valuable asset as an alternative/emergency water source in the event of an emergency such as drought, wildfire or a hazmat situation in the Log Hill area.

We have not received better news than this in our community in a very long time and would like to emphasize that this project is a very big deal. Water can be considered gold in this part of the country and this is a major accomplishment.

We are delighted to support the project to construct an emergency interconnect and join with DCWC and TCW in requesting grant support.

Please keep us updated as to the progress of this project.

Best Regards,

Mike Forstner
President/FPEOA

P.S. The emergency water interconnect was an agenda item at our last Board meeting, has been published in our first quarter newsletter and will be conveyed again in an upcoming newsletter. We will also invite individual support from our association members.

LETTER OF SUPPORT FOR DCWC/TCW EMERGENCY INTERCONNECT

Letter of Support by the Fairway Pines Estates
Owners Association for a Grant to Provide an
Emergency Water Interconnect Between the
Systems of Dallas Creek Water Company and Tri
County Water Conservancy

April 18, 2018

Dallas Creek Water Company, Inc.
Attn: Bobbi Rouse, Administrator
334 S. 5th Street
Montrose, CO 81401

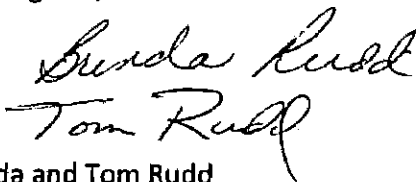
RE: Emergency Domestic Water Supply

Dear Ms. Rouse:

My wife and I are members of the Fairway Pines Estates Owners Association (FPEOA) and own a home in Fairway Pines. We are very pleased to see a water security solution is near and wish to express our support for a grant and the related project constructing an emergency water interconnect between the Dallas Creek Water Company (DCWC) and Tri-County Water Conservancy (TCW) systems.

The project proposed by DCWC and TCW is one of the options mentioned in the above-mentioned report to the CPUC. We believe the project proposed by DCWC and TCW would be a valuable asset as an alternative/emergency water source in the event of an emergency such as drought, wildfire or a hazmat situation in the Log Hill area. We fully support the project to construct an emergency interconnect and join with DCWC and TCW in requesting grant support.

Best Regards,

The block contains two handwritten signatures in cursive. The top signature is 'Brenda Rudd' and the bottom signature is 'Tom Rudd'. Both are written in dark ink.

Brenda and Tom Rudd
43 Black Bear Way
Ridgway, CO

April 20, 2018

Dallas Creek Water Company
Att: Bobbi Rouse, Administrator
334 S 5th St.
Montrose , CO

Re: Emergency Domestic Water Supply

Dear Ms. Rouse:

The Board of Directors of Log Hill Village Home and Property Owners Assoc. has met and considered the connection of the domestic water supply between DCWC and TCW.

We are in support of this connection as we are well aware that this would be a valuable asset in the event of an emergency such as extreme drought, wildfire or hazmat situation in the Log Hill areas.

Please keep us update on the progress of this project.

Sincerely,
James McCarthy, President LHV H&PO ASSOC,



Dallas Creek Water Company, Inc.

334 South 5th Street Montrose, CO 81401

Phone 970-240-8123 Fax 970-249-9040

August 21, 2018

Mr. Craig Godbout
Program Manager
Colorado Water Conservation Board
1313 Sherman St, Ste 718
Denver, CO 80203

Re: Acknowledgment of grantee status and commitment to share in costs not covered by the grant


Dear Craig,

Dallas Creek Water Company (DCWC) is in full support of the joint effort for the interconnection to Tri-County Water Conservancy District (TCW) line for the purpose of establishing emergency needs for both entities. We are committed to a cash contribution of \$66,000 and also \$16,500 as an in-kind contribution to cover expenses that are associated with this project. Additionally, we understand that this grant is to be awarded to Tri-County Water Conservancy District for this project.

The interconnection will provide DCWC and TCW safeguard for the supply of potable drinking water in an emergency due to severe drought, hazmat conditions, or other unforeseen situations that could possibly occur. Due to the remote service area, these two entities fully support one another for the backup water supply.

We thank you, The Colorado Water Conservation Board, for considering granting our application for the opportunity to secure future service to all our customers.

Sincerely,


Jim Willey
Owner/Manager

Cc: Mike Berry, General Manager Tri-County Water Conservancy District

May 16, 2018

Mr. Tom Alvey
Chair, Project Screening Committee
Gunnison Basin Roundtable
11685 3100 Road
Hotchkiss, CO 81419



Re: Letter of Support -
Tri-County/Dallas Creek Water Company Emergency Interconnection Project

Dear Tom -

Tri-County Board of Directors strongly supports continuing the joint effort of establishing an emergency interconnection between Tri-County and Dallas Creek Water Company for the benefit of our community.

This project provides a safeguard for Tri-County and Dallas Creek Water by making it possible to insure safe potable drinking water and to provide emergency water supplies for the customers of both entities in the event that either needs assistance. This project is especially important given our somewhat remote location and service challenges.

We appreciate the opportunity the Gunnison Basin Roundtable provides and its consideration of our grant application.

Sincerely,

A handwritten signature in blue ink, appearing to read "MB", is placed over the typed name "Mike Berry".

Mike Berry
General Manager

cc: Ms. Bobbi Rouse, Administrator, Dallas Creek Water Company

**DALLAS CREEK WATER COMPANY &
TRI-COUNTY WATER CONSERVANCY DISTRICT'S
EMERGENCY WATER INTERCONNECTION
OPERATION & MAINTENANCE AGREEMENT**

This Agreement is made as of September 18, 2019 between Dallas Creek Water Company, hereinafter referred to as "DCWC", and the Tri-County Water Conservancy District, hereinafter referred to as "Tri-County".

RECITALS

DCWC is a privately owned public water system that provides domestic water to customers on Log Hill Mesa near Ridgway, Colorado. Tri-County provides domestic water to its customers in the Uncompahgre Valley which includes a portion of Log Hill Mesa. Due to the proximity of the two systems, it is prudent that an emergency water interconnection be established for the benefit of all residents.

DCWC and Tri-County's systems are potentially susceptible to emergency interruptions in service, caused by drought, contamination of their raw water, and mechanical failure of appurtenances associated with the delivery of treated water including but not limited to pipeline, pump, storage tank, treatment plant and the like.

Establishing an emergency interconnection (Interconnection) will allow the parties to mitigate the effect of such problems by providing a temporary emergency supply of treated water.

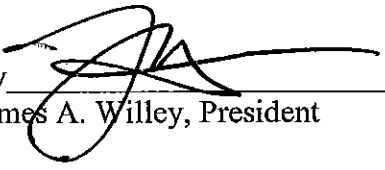
Now, therefore, in consideration of the mutual covenants and agreements contained herein the parties agree as follows:

1. The project is comprised of the installation of 4,500 linear feet of 6" diameter, class 200 PVC pipe and needed appurtenances along County Road 1 connecting one end to Tri-County's facilities at McKenzie Creek and the other to DCWC's facilities located near the intersection of Big Canyon Point. The project also provides two new pump stations for DCWC's system and modifications and upgrades to six existing Tri-County pump stations.
2. Tri-County shall own and maintain the new main line infrastructure up to and including the interconnection valve installed prior to DCWC's new pump station located at the intersection of County Road 1 and Big Canyon Point and also the modifications and upgrades of Tri-County's existing system. DCWC shall own and maintain the two new pump stations constructed in this project. Each party shall be responsible for the water quality on its portion of the Interconnection.
3. Each party shall notify the other when there are significant changes to the water treatment protocol, including but not limited to any chemical treatment modifications and water quality changes.

4. Upon completion and approval of the Interconnection by both parties, the Interconnection shall be placed into service when both parties agree there is an emergency they both wish to address, in whole or in part, by this Agreement. The parties shall agree to all logistics of delivery. The qualifying emergency and rate of water flow needed will be documented and mutually certified by both parties. Every week the parties shall meet to recertify the need of water flow until such time as the issue is resolved. Each party shall provide the other with contact telephone numbers for use both during and outside of regular business hours and this information will be updated if any changes are necessary. The parties shall work in close coordination during periods of emergency supply. Every effort will be made to resume independent operations as soon as possible. After an emergency is resolved, any subsequent emergency shall be treated as a new event subject to the same process and rules provided for herein.
5. Payment for the Emergency Water used will be based on the provider's rate(s). DCWC will bill at the current PUC rate (or a commensurate rate if DCWC ever becomes de-regulated by PUC) and Tri-County will bill at their government and pumping rates.
6. In the event of water shortage the flows shall be limited or regulated as necessary in light of the capacity of the other's system.
7. Each party will be responsible for any infrastructure damage to its own system occurring as a result of activation and operation including but not limited to those due to pressure differences. Each party shall defend, indemnify and hold harmless the other from and against any and all claims and liabilities including reasonable attorney's fees incurred as a result of this Agreement.
8. This Agreement shall not be construed to create a financial obligation extending beyond any current fiscal year, and any expenditure required hereunder must be authorized by a proper annual appropriation thereof.
9. This Agreement will be reviewed by the parties periodically. The parties will work in good faith for the benefits of this emergency treated water interconnection.


Dallas Creek Water Company

By


James A. Willey, President

Tri-County Water Conservancy District

By


Michael J. Berry, General Manager



Dallas Creek Water Company, Inc.

334 South 5th Street Montrose, CO 81401
Phone 970-240-8123 Fax 970-249-9040

August 21, 2018

Mr. Craig Godbout
Program Manager
Colorado Water Conservation Board
1313 Sherman St, Ste 718
Denver, CO 80203

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The interconnection will provide DCWC and TCW safeguard for the supply of potable drinking water in an emergency due to severe drought, hazmat conditions, or other unforeseen situations that could possibly occur. Due to the remote service area, these two entities fully support one another for the backup water supply.

We thank you, The Colorado Water Conservation Board, for considering granting our application for the opportunity to secure future service to all our customers.

Sincerely,


Jim Willey
Owner/Manager

Cc: Mike Berry, General Manager Tri-County Water Conservancy District

Water Supply Reserve Fund

EXHIBIT B - BUDGET AND SCHEDULE - Direct & Indirect (Administrative) Costs

Water Activity Name: Emergency Domestic Water Supply

Grantee Name: Tri-County Water Conservancy District jointly with Dallas Creek Water Company, Inc.

[illegible]

(1) The single task that include costs for Grant Administration must provide a labor breakdown (see Indirect Costs tab below) where the total WSRF Grant contribution towards that task does not exceed 15% of the total WSRF Grant amount.

(2) Start Date for funding under \$100K - 45 Days from Board Approval; Start Date for funding over \$100K - 90 Days from Board Approval.

(3) Round values up to the nearest hundred dollars.

- Reimbursement eligibility commences upon the grantee's receipt of a Notice to Proceed (NTP)

- NTP will not be accepted as a start date. Project activities may commence as soon as the grantee enters contract and receives formal signed State Agreement.

The CWCB will pay the last 10% of the entire water activity budget when the Final Report is completed to the satisfaction of the CWCB staff project manager. Once the Final Report has been accepted, the final payment has been issued, the water activity and purchase order (PO) or contract will be closed without any further payment. Any entity that fails to complete a satisfactory Final Report and submit to the CWCB with 90 days of the expiration of the PO or contract may be denied consideration for future funding of any type from the CWCB.

- Additionally, the applicant shall provide a progress report every 6 months, beginning from the date of contract execution

- Standard contracting procedures dictate that the Expiration Date of the contract shall be 5 years from the Effective Date.

Water Supply Reserve Fund

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- Additionally, the applicant shall provide a progress report every 6 months, beginning from the date of contract execution
- Standard contracting procedures dictate that the Expiration Date of the contract shall be 5 years from the Effective Date.



United States Department of the Interior

BUREAU OF RECLAMATION
PO Box 25007
Denver, Colorado 80225-0007

IN REPLY REFER TO:

84-27814
1.3.11

June 20, 2019

VIA ELECTRONIC MAIL

Tri-County Water Conservancy District
Attn: Ms. Kathleen Margetts
647 N. 7th Street
Montrose, CO 81401-3257

Subject: Funding Opportunity Announcement (FOA) No. BOR-DO-19-F003 – WaterSMART Drought Response Program: Drought Resiliency Projects for Fiscal Year (FY) 2019 – DRP-001 Application Review Status, Your Application Titled, "Pipeline Intertie with Dallas Creek Water Company."

Dear Ms. Margetts:

Thank you for submitting a WaterSMART Drought Response Program: Drought Resiliency Projects application. The Bureau of Reclamation is pleased to inform you that your application was among those receiving the highest ratings and is now being considered for award of a financial assistance agreement. Your application included a request for \$106,000 to complete your proposal titled, "Pipeline Intertie with Dallas Creek Water Company." Reclamation anticipates awarding Federal funds in the amount of \$106,000 for your proposed project. In working with you to develop your financial assistance agreement, Reclamation will closely review the activities outlined in your proposal to ensure that all activities are eligible for funding and that the proposed costs are allowable under financial assistance regulations. If some costs or activities are determined to be ineligible or unallowable, Reclamation will work with you to refine the scope of work and budget for the project.

Please note that this letter is not a final commitment of funding. A financial assistance agreement will not be executed until further information about your project is developed and all statutory and regulatory requirements have been met as described in Section E.2.5 of the FOA. In addition, Reclamation must have sufficient evidence prior to award that non-Federal cost share will be available. The final funding amount may be adjusted if necessary.

Please note that for costs, including pre-award costs, to be eligible for inclusion in the agreement, the costs must meet the applicable administrative and cost principles criteria established in 2 Code of Federal Regulations (CFR) Part 200. In particular, the procurement of goods and/or services must be compliant with the Procurement Standards (2 CFR §200.317 through §200.326) and contract costs must be compliant with 2 CFR §200.323 – Contract Cost and Price. A copy of the Procurement Standards, which include the contract cost and price regulations, and Appendix

II from 2 CFR Part 200, which identifies mandatory contract content, are attached for your reference. The Federal financial assistance regulations can be found online at www.ecfr.gov.

In addition, please be advised that as stated in Section F.4 of the FOA, we intend to post copies of successful Drought Resiliency Projects applications as examples on Reclamation's website. While this generally does not raise any issues, we find it prudent to provide successful grant applicants with an opportunity to redact any sensitive information from their proposals prior to posting them on our website. As a rule, we remove the SF-424s; however, if there are any other items you would like redacted, please let me know by Tuesday, July 16, 2019. Should we not hear from you by this date we will assume that there are no objections to posting the full application.

Thank you for your interest and participation in the WaterSMART Drought Response Program. If you have any questions about the program, please contact Mr. Darion Mayhorn, Reclamation Drought Coordinator, at 303-445-3121 or dmayhorn@usbr.gov. We will contact you by October 31, 2019 to set up an initial call to discuss the timeline for the development and award of your financial assistance agreement.

Sincerely,

A handwritten signature in black ink, appearing to read 'Julie Hendricks', with a stylized, cursive script.

Julie Hendricks
Grants Officer

Dallas Creek Water Company, Inc.

334 South 5th Street
Montrose, CO 81401

970-240-8123 phone
970-249-9040 Fax
administrator@dallascreekwater.com

April 12, 2018

To All Customers of Dallas Creek Water Company, Inc.

RE: Emergency Domestic Water Supply

Dallas Creek Water Company, Inc. (DCWC) is working with Tri-County Water Conservancy District (TCW) on an Emergency Domestic Water Supply. Our goal is to connect our two water sources in the event of an emergency such as drought, wildfire or a hazmat situation.

Listed below is information regarding this project:

- DCWC submitted a report to the Colorado Public Utilities Commission (PUC) as requested per our rate increase in May of 2018. We listed four options as potential methods for this project. DCWC and TCW have chosen Option 1 to connect their sources for the backup water supply.
- The estimated cost for this option of same size line of 6" diameter pipe is \$340,000.
 - A more detailed outline of associated line items is available upon request or can be viewed through the PUC.
- DCWC and TCW are in the process of applying for grant funding to the Colorado Water Conservation Board (CWCB) and WaterSmart (Bureau of Reclamation).
- The grant applications total is approximately 50% of the estimated cost for the project.
- The participation between DCWC and TCW will be agreed upon between the two entities upon receipt of total costs to be shared after grant applications have been approved.
- DCWC and TCW are looking at the winter of 2019-2020 for construction.
 - This time frame is necessary in order to obtain whatever grant money may be available. There are no guarantees that we will receive grant money as there is considerable competition.
 - TCW's contribution to be decided upon by the end of 2019.
 - The balance of funds will need PUC approval from DCWC rate payers.

Please check our website for updates as they become available:
www.dallascreekwater.com



Dallas Creek Water Company, Inc.

334 South 5th Street Montrose, CO 81401

Phone 970-240-8123 Fax 970-249-9040

administrator@dallascreekwater.com

July 5, 2019

Dear Dallas Creek Water Customer,

This memorandum is an update on our ultimate required costs for tying DCWC pipelines into Tri-County Water Company pipelines on Log Hill Mesa. We will begin with a brief reiteration of what was requested by you and the joint efforts of resolve by Dallas Creek Water Company (DCWC) and Tri-County Water Conservancy District (TCW). The efforts of the two entities over the course of the last two years has resulted in what we believe to be a very successful means of funding the project. We will provide you with the total projected costs associated with the project, commitments by all entities and proposed solution to the amount that is the DCWC customer responsibility.

This memo will serve as a selection of 3 options of how we pay our share. We thank you in advance for your enclosed response so we can move toward construction of the pipeline and other required upgrades to our project.

First of all, the letters of support sent to us from the Ouray County Commissioners, Log Hill Village Homeowner Association, Fairway Pines Owners Association in addition to other support groups and individuals requesting our water lines be tied together were in large part the success of three grants we are happy to say were approved. This result gives both entities a backup emergency water supply in the event of need specifically, drought, wildfire or any other hazmat situation which could possibly happen.

Breakdown of Numbers/Contributions

Total Project Costs: \$550,000.00

Grant Funding:

Colorado Water Conservation Board (Round Table)	\$25,000.00
Colorado Water Conservation Board (State Level)	\$50,000.00
WaterSmart, Bureau of Reclamation	\$106,000.00

Cash Contributions:

TCW Contribution	\$286,500.00
DCWC Customer Contribution	\$82,500.00

We believe the above numbers are of the greatest benefit to the Dallas Creek Water Company customer. From the start, several of our customers were the ones most concerned about the need for the backup water supply. DCWC has supported this as well. DCWC was supported by PUC staff to move forward toward a possible solution by way of request from you, our customer.

Our thanks to TCW staff (Mike Berry and Kathleen Margetts) for all their work, connections and professional guidance that made this possible.

We have discussed the following proposed methods of payment with PUC staff and would appreciate your marking an X in the space for which payment method best fits your choice.

- ☐ 1) Pay a total one-time charge of \$189.22
- ☐ 2) Pay 12 monthly installments for a total of \$16.50
- ☐ 3) Pay 36 monthly installments for a total of \$5.90

The above numbers have been preliminarily quoted at 7% interest. In order for us to lock in the rate, we will need to know your choice as soon as possible so that we can move forward on a solid bank commitment. We also need the commitment to satisfy the requirement for grant funding.

In the event you elect to pay monthly or pay in full, we plan for payments to begin with the regular billing in the month of October 2019.

If you have any additional questions, please feel free to call the office 970-240-8123.

Thank You,


Jim Willey
President
Dallas Creek Water Company, Inc


Pam Mencimer
Administrator
Dallas Creek Water Company, Inc

Please return to DCWC as soon as possible

Name: _____
Service Address: _____
City, State, Zip: _____ Phone #: _____
Email Address: _____

I authorize Dallas Creek Water Company to bill my account according to the choice indicated below.

- ☐ 1) Pay a total one-time charge of \$189.22
- ☐ 2) Pay 12 monthly installments for a total of \$16.50
- ☐ 3) Pay 36 monthly installments for a total of \$5.90



Dallas Creek Water Company, Inc.

334 South 5th Street Montrose, CO 81401

Phone 970-240-8123 Fax 970-249-9040

administrator@dallascreekwater.com

August 9, 2019

Dear Dallas Creek Water Company Customer,

This memo is a follow up from our letter of July 5, 2019 which requested feedback for how you elect to pay for the allotted share of the Tri-County Water Conservancy District (TCW) and Dallas Creek Water Company (DCWC) emergency tie-in.

We thank those of you who have responded and we have considered all the comments and suggestions many of you have made. The majority of the responses received have demonstrated to us the progressive understanding of the value the emergency water supply adds to your investments in our community and also relayed the reasonableness of your contribution to the cost recovery. We appreciate your feedback.

While we survived last year's drought; history tells us there are more to come. The real global warming issue is not going away. We must also consider potential hazmat threats and the availability of additional water in the event of wildfire or another catastrophic event. These combined factors contributed to the reasons we were successful in our grant funding.

As a courtesy to all our customers, we have enclosed a list of those who have responded to date. Please call me at 970-240-8123 if you have responded and your name is not on the list.

Again, we would like to thank Tri-County Water for joining us in this effort. Their participation, along with the grant funding, has significantly reduced our contribution.

We need your choice of how you want to pay. Then we will forward the information to the Public Utilities Commission in hopes to gain their trust and support for this project. Please understand that we may only have this one opportunity with Tri-County Water and the grants to cover the majority of the cost of the emergency water connection. Remember, we are the primary beneficiaries of the added security this project will provide and if we are successful, we will have a vital amenity in perpetuity at a reasonable cost.

We thank you in advance for taking the time now to submit your choice and return to us. We have enclosed the coupon portion of letter from July 5, 2019 which provides the box for your choice.

Thank You,

Pam Mencimer

Administrator

Dallas Creek Water Company, Inc.

Dallas Creek Water Company Inc.

334 South 5th Street
Montrose, Colorado 81401
Phone 970-240-8123 Fax 970-249-9040

Dallas Creek Water Company Emergency Water Supply
Ref: Proceeding No. 16AL-0829W

January 18, 2018

Colorado Public Utilities Commission
1560 Broadway St., Suite 250
Denver, CO 80202

To Whom It May Concern,

The following report is prepared as a result of Dallas Creek Water Company (DCWC) settlement with objectors of the most recent rate case completed and approved by the Public Utilities Commission (PUC) of the State of Colorado. The PUC approval is dated April 10, 2017. The settlement agreement stipulated DCWC would submit a response to PUC within one (1) year of the date of agreed upon settlement.

The following study was completed by and between DCWC and Tri-County Water Conservancy District (TCW). A total of four (4) different options were studied as potential methods for being able to satisfy emergency water supply in the event of severe drought or other possible needs for alternate water supply, such as unforeseen hazmat conditions. Each approach has varying considerations such as cost (submitted by pipe suppliers, professional vendors and factories) and other factors as discussed in each option/alternate.

Each of the following options/alternatives is based upon residential users receiving 80 gallons of water per day, per household. This amount of water is considered to be more than adequate for household supply in emergency situations and considered an industry standard.

- 1) Option 1 provides for interconnection of the two entities pipelines located along Ouray County Road 1, geographically situated on the southerly portion of Log Hill Mesa, Ouray County, Colorado. Both TCW and DCWC have existing 6" class 200 PVC pipelines in the county road right of way. A new pipeline installation would assume the same series pipe or equal in consideration of costs or other matters. In order for TCW to supply water to DCWC, two trailer mounted pump stations are proposed and will be sized for increased flows considering the future need for increased supply.

Pump and pipeline upgrades will also be required on five (5) other existing pump stations currently owned and in use by TCW to deliver 35 gpm to DCWC. These five pump stations currently serve residential customers within Tri-County's district boundary on lower Log Hill Mesa southwest of the Town of Colona.

The pipeline costs used in this alternative were quoted by Temple Construction Company located in Ft. Collins, Colorado. The pipeline route would entail some difficult terrain excavation in rocky conditions. Temple has rock trenchers, experience and equipment well suited for this type of construction. The pipe Temple has quoted below meets the criteria for (an equal) both cost and pipe class.

• Install 6" Pipeline 5,500 lf @ \$23.00/lf	\$126,500
• Rock Excavation Contingency 2,750 lf @ \$11.50/lf	31,625
• 6" Pipe tie-in's 2-ea. @ \$2,500	5,000
• 5-ea TCW Pump Station upgrades @ \$10,000	50,000
• 2-ea mobile Pump Stations @ \$25,000	50,000
• Pipeline Pad preparation and reclamation Lump Sum Est.	20,000
• Mobilization	7,000
• Contingency	50,000

Option 1 - Total 6" Pipeline Cost	\$340,000
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- 2) Options 1 and 2 involve an attempt to use the Black Hills Energy (30' width) natural gas line easement which is a more direct route crossing hay fields and pasture land. Discussions with Black Hills resulted in the easement having to stay exclusive to natural gas, thus disqualifying this as a viable route. Two studies now provide for installation within County Rd. 1 Right of Way (ROW).

The estimated costs in both Options 1 and 2 were obtained from Temple Construction, who specializes in difficult terrain (rock outcropping) installations as previously mentioned. The route proposed here is the same as in Option 1. The route follows the existing county road then proposes crossing over and following the older section of the county road which is no longer in service and may be under private ownership.

Option 2 provides for a smaller diameter - 3" HDPE (municipal-industrial) grade pipe meeting the same qualities (pressure ratings etc.) criteria of Option 1.

The smaller diameter pipe provides for emergency service into the future, however is very much limited by comparison to Option 1. The 3" pipe is proposed to be installed at a shallower depth of 36".

A shallower burial depth would be used under the assumption the pipeline would seldom be used. It would be flushed after use by high volume compressed air and drained at the lowest point.

• Install 3" HDPE pipe (bury depth 36")	\$77,000
5,500' @ \$14.00	
• Cost (rock) contingency 2,750' @ \$7.00	19,250
• 3" tie in's 2 @ \$2,000	4,000
• 2-mobile mount pumps @ \$25,000	50,000
• 5-TCW Pump Station upgrades @ \$10,000	50,000
• Mobilization	7,000
• Pipeline Pad Preparation and Reclamation	20,000
• Contingency	40,000

Option 2 - Total Estimated Cost 3" Pipeline **\$267,250**

- 3) Option 3 considers a strategy for supply of water for both entities using industrial grade fire hose. This consideration will involve boots on the ground to supply a temporary tie in, in case of emergency.

A special factory order is available for the fire hose being considered. We would anticipate a minimum of 3 to 5 days set up for emergency water supply in this alternative, with the assumption man power is available on short notice. The fire hose would lay flat on a single special built reel and trailer and can hold the entire length of pipe. It can also be strung using a heavy duty pickup truck pulling the trailer, in stringing the hose and pickup when the emergency water supply is over.

This alternative option does employ characteristics of an unknown nature. How the fire hose will be stabilized while under high pressure as well as other considerations, such as chances of vandalism (a sharp knife) or exposure with the pipe being laid in an open bar ditch or along the side the roadway is yet to be determined.

• Industrial grade fire hose 5,800 lf @ \$4.31/lf	\$25,000
• 2-ea Mobile Pump Stations @ \$25,000	50,000
• Trailer for housing reel and fire hose (special built hydraulics) (Includes Delivery)	25,000
• Field preparation tie in's 2 @ \$2,500	5,000
• TCW Pump Station Upgrades 5 @ \$10,000	50,000
• Contingency	30,000

Option 3 - Total Cost **\$185,000**

- 4) Option 4 provides emergency service to DCWC by extending a TCW main line to tie into DCWC's transmission line coming from Dallas Creek. This line extension would be approximately 1,200 linear feet and would begin at TCW's existing line located at the intersection of Ouray County Road 1 and County Road 24. The cost estimate provided by TCW would include installation of the pipeline plus other required components to complete the tie in to the DCWC transmission line.

In addition, TCW suggests DCWC provide a storage vessel (15,000-30,000) plus a new pump station to allow for variable TCW delivery flow (10-50 gallons per minute [gpm]) depending on availability. DCWC has provided a ball park estimate below under the assumption a space on DCWC easement can provide for the installation. This may not be possible as this easement is shared by both Black Hills Energy and San Miguel Power Association. In addition, the current easement agreements are specific to all parties for pipeline burial and pump station. DCWC would need to get special permission from all other easement occupants.

• TCW line extension and miscellaneous	\$110,000
• DCWC ball park storage and pump station	75,000
• Contingency	30,000

Option 4 - Total Cost	\$215,000
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In the interim and considering time of the essence, both entities can move forward in consideration of Options 1 through 4 above.

Summary:

Each of the Options above provide for emergency supply only. Option 1 would provide a much greater supply for potential future considerations by the addition of increased pumping capacity in the TCW system.

The cost for upgrades of the 5 existing pump stations listed in Options 1, 2 and 3 above, assumes pumping a maximum of 35 gpm. These upgrades at the TCW five pump stations will serve 620 Single Family Equivalent (SFE) to DCWC. DCWC currently serves 419 SFE, so the 620 SFE proposed should be sufficient for years to come, given the water company service area has been in existence for 42 years. The 620 SFE would be monitored from time to time and upgraded when the SFE is in need of an increase. The two mobile pump stations are designed to pump and serve in excess of 1,800 SFE.

Option 1 would yield in excess of 200 gpm (6" pipeline efficiency) to TCW gravity feed from DCWC treated storage tanks or approximately 3,600 taps/SFE. The same yield could be supplied to DCWC by increasing future TCW pumping capabilities.

Options 2 and 3 would yield a minimum of 100 gpm to TCW and balance with the two mobile pump stations and service for 1,800 SFE, both for gravity feed to TCW or TCW service to DCWC. As previously mentioned, future upgrades in the TCW five pump stations will be required to reach capacities in excess of 35 gpm.

The preferred alternatives are Options 1 or 2. Either of these options would allow for both entities to cover each other for emergency water on very short notice with minimum man power. They also allow for lengthy unknown time frames for any emergency water shortage.

TCW and DCWC believe Option 1 would be the best solution for consideration of both entities for flexibility of future growth potential and covering emergency service.

If you need additional information or we can be of further assistance, please do not hesitate to contact us.

Best Regards,

A handwritten signature in black ink, appearing to read "James A. Willey", with a stylized flourish at the end.

James A Willey
President

cc: Mike Berry, General Manager, Tri County Water Conservancy District

Dallas Creek Water Company, Inc.

334 South 5th Street
Montrose, CO 81401

970-240-8123 phone
970-249-9040 Fax
administrator@dallascreekwatr.com

January 30, 2018

Colorado Public Utilities Commission
1560 Broadway St., Suite 250
Denver, CO 80202

RE: Proceeding No. 16AL-0829W

Hello,

Our Dallas Creek Water Company Emergency Water Supply letter was mailed to PUC on January 18, 2018. This letter was e-filed by proxy by the Commission Staff.

We are also e-filing so it will be served on all parties.

If you have any questions or concerns, please don't hesitate to contact us.

Best Regards,

Bobbi Rouse
Administrator



Dallas Creek Water Company, Inc.

334 South 5th Street Montrose, CO 81401

Phone 970-240-8123 Fax 970-249-9040

administrator@dallascreekwater.com

October 25, 2018

Colorado Public Utilities Commission
1560 Broadway St., Suite 250
Denver, CO 80202

To Gabe Dusenbury,

This letter serves as follow-up from our last communications to you, dated April 17, 2018. In that update we attached a bullet point memo sent to all customers and posted on the DCWC website. This update outlined our Emergency Domestic Water Supply Plan. Dallas Creek Water Company (DCWC) and Tri-County Water Conservancy District (TCW) prepared grant applications that were submitted to the Colorado Water Conservation Board (CWCB). The applications were a two-part series. The first portion was submitted to the CWCB Roundtable and the second portion was submitted to the CWCB State Grant Fund.

We are very pleased to report to you that both the Roundtable and the State Grant Funding were approved. Approvals were received May 21, 2018 and September 19, 2018, respectively. We attribute this success, with gratitude, to the guidance and contacts and connections of the TCW staff (Mike Berry, Manager and Kathleen Margetts, Assistant Manager).

In addition to receiving the grant funding, the TCW Board of Directors has agreed to divide the remaining costs not covered by the grants in half with DCWC. We consider this a huge benefit to the entire DCWC customer base. The following table breaks down the total costs of the project, the grants received, and the contributions remaining for DCWC and TCW.

Total Cost of Project	\$340,000
CWCB Grant	- \$75,000 (Approved)
WaterSmart Grant	- <u>\$100,000 (Pending)</u>
Balance to be split	\$165,000
DCWC	\$82,500 + \$50,000 * = \$132,500
TCW	\$82,500 + \$50,000 * = \$132,500
	<i>*\$50K if WaterSmart Grant not received</i>

DCWC is working with TCW to complete the WaterSmart (Bureau of Reclamation) application. This application is due in February of 2019. We are aware of the competition for the WaterSmart Grant funding as there are several state projects that have needs considered high on the priority list. As reflects above and using the outside figure of \$132,500 for each entity's contribution, each of the DCWC customers would be



Dallas Creek Water Company, Inc.

334 South 5th Street Montrose, CO 81401

Phone 970-240-8123 Fax 970-249-9040

administrator@dallascreekwater.com

October 31, 2018

Colorado Public Utilities Commission 1560 Broadway
St., Suite 250
Denver, CO 80202

To Gabe Dusenbury,

This letter serves as follow-up from our last communications to you, dated April 17, 2018. In that update we attached a bullet point memo sent to all customers and posted on the DCWC website. This update outlined our Emergency Domestic Water Supply Plan. Dallas Creek Water Company (DCWC) and Tri-County Water Conservancy District (TCW) prepared grant applications that were submitted to the Colorado Water Conservation Board (CWCB). The applications were a two-part series. The first portion was submitted to the Gunnison Basin Roundtable and the second portion was submitted to the CWCB for state funds.

We are very pleased to report to you that the CWCB approved our grant application for both Basin and State funds. Approvals were received May 21, 2018 and September 19, 2018, respectively. We attribute this success, with gratitude, to the guidance and contacts and connections of the TCW staff (Mike Berry, Manager and Kathleen Margetts, Assistant Manager).

In addition to receiving the grant funding, the TCW Board of Directors has agreed to divide the remaining costs not covered by the grants in half with DCWC. We consider this a huge benefit to the entire DCWC customer base. The following table breaks down the total estimated costs of the project, the grants received, and the contributions remaining for DCWC and TCW.

Total Cost of Project	\$340,000
CWCB Grant	- \$75,000 (Approved)
WaterSmart Grant	- <u>\$100,000 (Pending)</u>
Balance to be split	\$165,000
DCWC	\$82,500
TWC	\$82,500

Respectfully,
Pam Mencimer

Administrator

cc: James A Willey, Owner, Dallas Creek Water Company, Inc
Mike Berry, General Manager, Tri County Water Conservancy District

responsible for $\$132,500/861 = \153.89 per customer. This figure would be the one used only if the customer chose to pay, up front in a lump sum.

We feel it is premature at this time to discuss variables on payment terms. We will know what the final cost requirements will be upon the receipt of the Bureau of Reclamation findings in September of 2019. At that time, we will move forward with funding and construction plans pending Public Utilities Commission (PUC) approval.

Respectfully,
Pam Mencimer



Administrator

cc: James A Willey, Owner, Dallas Creek Water Company, Inc
Mike Berry, General Manager, Tri County Water Conservancy District