

THE HARCUVAR COMPAN



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December 28, 2011

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Mr. Henry Melendez  
DII - Emerald Springs, LLC  
1050 Lakes Drive, Suite 150  
West Covina, CA 91790

AZ CORP COMMISSION  
DOCKET CONTROL

RE: A Brief History of My Involvement in Emerald Springs Unit 1

Dear Sir:

I became involved with the first developer, Mr. Alfred Schmidt, and provided engineering and related services for the approval of the subject development. After the undeveloped property was purchased by DII, I also provided engineering and related services for the development of that property.

At the time of the development of Unit 1, the neighboring property to the east, a mobile home park, had a WWTP owned and operated by an entity owned or controlled by Doyle Thompson. This WWTP had extra capacity. At the suggestion of ADEQ, Mr. Schmidt obtained WWTP services from this plant for the subject development. Approval of the subject development by ADEQ was predicated on its connection to the Thompson WWTP. Whether this arrangement ever came to the attention of the ACC is unknown to me.

Subsequent to the purchase of the undeveloped property and un-sold lots in the subject development by DII, Mr. Thompson provided notice of service termination. At the request of DII, I contacted ADEQ and the ACC, informing them of the situation and of DII's ability to provide a WWTP, installed on DII property, to serve the subject development. The WWTP, provided by DII, was shipped, installed, connected and began service. Subsequently, an APP for the WWTP was obtained from ADEQ.

DII did not develop Emerald Springs Unit 1. It merely purchased the unsold lots, making DII just another member of the HOA. DII had no obligation to provide WWTP services to Unit 1. DII did not need a WWTP for the un-developed property at that time. Further, I have no knowledge of anyone ever making any money owning and operating a WWTP for 53 residential lots.

Should you require anything further, please advise.

Best Regards,

James D. Downing, P.E.

Arizona Corporation Commission

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