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Dirgin Water Supply Corporation CHIEF CLERKS OFFICE
P.O. Box 644
Tatum, TX 75691
(903) 836-4119

February 17, 2008

Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087

Members of the Committee:

In October of 2007 the community became aware that the Dirgin Water Supply Corporation was not being managed. A meeting was immediately called to discuss the water system and find out where we stood. The past manager did not attend this meeting and provided no information about the finance, records, previous water test, or the systems operating condition. At this time we became aware that the system had very little money, no records of payments, no record of water testing and we were unaware that your office had been sending correspondence concerning violations of the water code.

In November 2007 the Dirgin Water Supply membership made amendments to the By-Laws and elected a new Board of Directors which with the support of the membership has undertaken the following:

1. Establishment of proper bookkeeping procedures to ensure proper billing and collection with monthly financial reports of income and expenses.
2. Establish public meetings on a monthly basis (no board meetings where held prior to this).
3. Water rates were adjusted from \$20.00 per month to \$40.00 per month effective December 1, 2007.
4. List of Membership was made to account for all homes on water system.
5. Began process of ensuring that each home had a properly working meter.
6. Drafted a letter of response to TCEQ violations, advising the commission of the election of a new board and requesting time to implement procedures for meeting guidelines to comply with water code requirements.

As of this date we have made a diligent attempt to repair water valves and replace the chlorinator. We have purchased a new sign for the system, and have cleaned the grounds. Secretary Sally Valcourt has registered on-line to take the educational requirement for the

Class D Water license so we will be able to take water samples for analysis and file reports of the results.

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We received a letter dated February 12th advising us that the commission had imposed fines in the amount of \$7,000.00 against our water supply. We have been offered the opportunity to pay this sum in monthly installments of \$200.00 over a 36 month period. The membership, through its board, respectfully requests the commission review our financial statements for the months of December 2007 through February 2008. The payment of \$200.00 per month will be approximately 20% of our income and will greatly reduce our ability to correct existing violations and make necessary repairs to bring the system into compliance.

The Dirgin Water Supply serves approximately thirty homes, many of which are senior citizens and low income families.

Our goal as a board is to provide safe, clean water for its membership. We will work diligently to effect repairs and correct violations to meet this goal. We ask that the commission consider our situation, our determination to meet code requirements, and our critical lack of funds. We respectfully ask the commission to stay these fines and allow us an opportunity to demonstrate that we are serious in our resolve and allow us to use the badly needed funds to effect these repairs to come into compliance.

Respectfully Submitted,
Dirgin Water Supply Corporation
Board of Directors

Pat McClung, President

Loyd Adams
Loyd Adams, Vice President

Sally Valcourt
Sally Valcourt, Secretary

Linda Wallace
Linda Wallace, Member

Tony Broome
Tony Broome, Member

Cc: Ms. Lena Roberts, Attorney

Enclosure

Dirgin Water Supply Financial Report

February 12, 2008

Checking Account

Beginning Balance as January 15, 2008	\$2098.38
Deposits for February, 2008	\$1065.00
Balance February 12, 2008	\$2191.56
Bills Paid:	
Rusk County Electric Coop	\$102.23
LCRA	\$419.00
Dept. State Health	\$200.00
Crystal Farms	\$351.03
Lone Star	\$10.78
Lone Star	\$10.78
U.S. Postal Service	\$41.00
Total	\$1134.82

Bills Due:	
Crystal Farms Water Supply Corp	\$300.00
LCRA Environmental Lab Services	pd.off
Lone Star Maintenance & Services	\$0.00
Texas Dept. Health Services	\$2227.00
Total Owed	\$2527.00
Deficit	\$335.44

Dirgin Water Supply Financial Report

November 21, 2007
Checking Account

Beginning Balance as of November 19, 2007	\$648.94
Deposit made on November 20, 2007	\$210.00
Bills Paid:	
Rusk County Electric Coop	\$112.82
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Total	\$858.94

Bills Due:	
Crystal Farms Water Supply Corp.	\$851.03
LCRA Environmental Lab Services (Delinquent)	\$623.00
Lone Star Maintenance & Services (past due over 90 days)	\$282.93
Current Due Lone Star Maintenance	\$10.78
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Total Owed	\$1,767.74
Deficit	\$908.80

~~Crystal Farms Water Supply Financial Report~~

January 15, 2008
Checking Account

Beginning Balance as of December 31, 2007	\$1262.78
Deposits	\$1102.75
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	\$2365.53

Debits:

Bank Service Charge	\$6.00
Lone Star Main	\$10.78
Ana-Lab	\$21.00
LCRA	\$204.00
TCEQ	\$196.92
Crystal Farms	\$200
Tex Dep. Health Lab	\$200
Rusk Co. Clerk	\$8.00
Rusk CO Electric	\$62.15

• Balance in Account January 15th, 2008
\$2098.38

Bills Due:

Crystal Farms Water Supply Corp.	\$651.03
LCRA Environmental Lab Services (Delinquent)	\$423.00
Lone Star Maintenance	\$10.78
Texas Dept Health Laboratories (past 120 overdue)	\$2427.00

Total Owed	\$3511.81
Deficit	\$1413.43

Dirgin Water Supply Financial Report

December 17, 2007
Checking Account

Beginning Balance as of November 21, 2007----- \$1523.59
Total Deposits----- \$746.12

\$2269.71

Debits:

Bank Service Charge----- \$6.00
Lone Star Main----- \$293.71
USPS----- \$41.00
USPS----- \$21.52
Rusk Co. Clerk----- \$3.00

Total----- \$1904.48

Bills Due:

Crystal Farms Water Supply Corp.----- \$851.03
LCRA Environmental Lab Services (Delinquent)----- \$623.00
Current Due Lone Star Maintenance----- \$10.78
Texas Dept Health Laboratories (past 120 overdue)----- \$2627.00
ANA Lab Corp. (past 120 overdue)----- \$21.00
TCEQ----- \$192.92

Total Owed----- \$4325.73
Deficit----- \$2421.25