

Control Number: 43121



Item Number: 5

Addendum StartPage: 0

Randy Bullock
P. O. Box 2303, Rockwall, Texas 75087
214-850-4356

RECEIVED
2015 MAR 20 AM 11:58
PUBLIC UTILITY COMMISSION
FILING CLERK

March 18, 2015

Ms. Marie Reyna, Atty.
Public Utilities Commission
1701 N Congress Ave.
P. O. Box 13326
Austin, Texas 78711-3326

CERTIFIED MAIL #7013302000049259207

Re: RCH Water Supply Corporation
Docket #43121

Dear Ms. Reyna:

Due to the continued denial of resolving the issue at hand, I am left to no other alternative to settle this matter with RCH WSC. As per the following rule references in the Texas Statutes of the Texas Water Code, I am requesting an investigation of RCH Water Supply Corporation, Rockwall, Texas.

Texas Statutes: Texas Water Code, Chapter 67. Non-Profit Water Supply or Sewer Service Corporations addresses the operation requirements of a water supply or sewer service corporation.

Texas Water Code, Chapter 13. Sec. 13.002. Definitions

(11) "Member" means a person who holds a membership in a water supply or sewer service corporation and is a record owner of a fee simple title to property in an area served by a water supply or sewer service corporation or a person who is granted a membership and who either currently receives or will be eligible to receive water or sewer utility service from the corporation. In determining member control of a water supply or sewer service corporation, a person is entitled to only one vote regardless of the number of memberships the person owns.

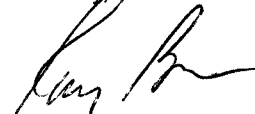
(24) "Water supply or sewer service corporation" means a nonprofit corporation organized and operating under Chapter 67 that provides potable water service or sewer service for compensation and that has adopted and is operating in accordance with by-laws or articles of incorporation which ensure that it is member-owned and member-controlled. The term does not include a corporation that provides retail water or sewer service to a person who is not a member, except that the corporation may provide retail water or sewer service to a person who is not a member if the person only builds on or develops property to sell to another and the service is provided on an interim basis before the property is sold.

Sec. 13.004. JURISDICTION OF COMMISSION OVER CERTAIN WATER SUPPLY OR SEWER SERVICE CORPORATIONS. (a) Notwithstanding any other law, the commission has the same jurisdiction over a water supply or sewer service corporation that the commission has under this chapter over a water and sewer utility if the commission finds that the water supply or sewer service corporation:

(1) is failing to conduct annual or special meetings in compliance with Section 67.007; or
(2) is operating in a manner that does not comply with the requirements for classifications as a nonprofit water supply or sewer service corporation prescribed by Sections 13.002(11) and (24).

(b) If the water supply or sewer service corporation voluntarily converts to a special utility district operating under Chapter 65, the commission's jurisdiction provided by this section ends.

Sincerely,


Randy Bullock

5

Randy E. Bullock
P. O. Box 2303
Rockwall, Texas 75087
(214) 850-4356

March 18, 2015

Ms. Maria Reyna, Atty
Public Utilities Commission
1701 N. Congress Ave.
P. O. Box 13326
Austin, Texas 78711-3326

Central Records Division
Public Utilities Commission
1701 N. Congress Ave.
P. O. Box 13326
Austin, Texas 78711-3326

Re: Docket #43121

Dear Ms. Reyna:

Please find below my timeline and allegations regarding R.C.H. Water Services Corp. located in Rockwall, Texas.

R.C.H. TIMELINE

July, 2000 - Purchased Meter - Paid \$3,100.00 and monthly bill was \$7.04. Owner & Member of RCH Water Corp.

July, 2000 thru July, 2009 - Personally operated Feed Store business. Closed Business in 2009.

June , 2010 thru July, 2013 - Leased building to J & M Tire Store.

June, 2010 - RCH transferred bill into Tire Store Name and took their deposit.

June 30, 2013 - J & M Tire Store lease expired and they moved out.

July 1, 2013 - Contacted RCH Water to transfer bill back into my name and was charged a transfer fee. Paid current bill and late fee and was informed that previous tenant had not paid a water bill for the previous year and we were liable for the delinquent period balance including monthly late fees as the Member/Owner of the meter. At no time during the tenant delinquent period was water service suspended as per the Tariff, Section E: "Service Rules and Regulations", Paragraph 13: "Due Date, Delinquent Bills - Service Disconnection Fees", nor were we notified.

We spoke with Robin Baley (Administration Officer) regarding this issue and she informed us we were responsible for payment of the delinquent services per Section E, Paragraph 7 "Owner and Renters". But we disputed validity of that because RCH had never asked us to sign an "Alternate Billing Agreement" guaranteeing payment and RCH had willing transferred billing into tenants name and collected a deposit from the tenant. We were never notified of a delinquent payment status at any time. We have requested a copy of the signed "Alternate Billing Agreement", but to date has never been provided any agreement showing signatures. It does not exist. We also asked for a copy of the complete statement history to verify the delinquent water bill statements and a copy of the Tariff and have never received them either. We were told the Tariff was in the Corporate Office in Austin if we wanted to view it.

August, 2013 - We followed their Grievance Policy outlined in Section B "Statements" Paragraph 9, and sent Certified Letters to RCH and all the Board of Directors and Authorized Staff Member regarding the disputed amount due and grievance and never received any written response or resolution from RCH, as per their Grievance Policy. It also states in

that policy that all charges and fees shall be suspended until satisfactory review and final decision has been made in writing. To this date, I have never received any response addressing my grievance.

September, 2013 - Contacted and notified TCEQ regarding the issue.

October, 2013 - February, 2014 - Filed complaint letter with Heidi Graham (See Attached) on **October 11, 2013**. After several months of no resolution with RCH, TCEQ sent several violation letters (See Attached) with still no resolution.

March, 2014 - May, 2014 - Continued to try to resolve issue. Spoke personally with RCH President, Jackie Pullen, Secretary - Odis Lowe, and Director - Gary Lovell on three separate occasions. Was continually told by the President they would talk to their attorney or get it resolved. Still no resolution.

June, 2014 - Forced to hire an attorney to represent me regarding this issue. After several conversations with RCH's attorney, Art Rodriguez, and getting no results, it was determined that it would be a lengthy, expensive process to reach a resolution and my funds were exhausted.

June, 2014 - February, 2015 - Stayed in contact with Heidi Graham during TCEQ to PUC transformation, with still no resolution with RCH.

February, 2015 - Contacted Texas State House District 33 Representative Scott Turner's office. Spoke with Heather Sargent regarding issue with RCH. She took information to Chief of Staff, DeAnna Kuykendall, to be forwarded to Representative Scott Turner.

March, 2015 - CURRENT - Have continued to pay every water bill, on or before due date, IN PERSON, to this date. I pay by check and have an RCH Employee or the Administrative Officer sign and date they received it and they have NEVER CASHED any checks (from **July, 2013 thru March, 2015**). they just continue to increase amount due and add another late charge every month on top of the balance due. We have copies of each bill and signature of RCH Staff receiving the checks.

Non Compliance Issues:

1. Enforcement Divisions Letters
2. Non Compliant Since **2007** with Non Profit Status
3. If Not Compliant as Non Profit are they operating as an IOU?
4. President (Jackie Pullen) and Director (Gary Lovell) have been long time Board of Directors on RCH Water Board and also serve on the Local City Council as Councilmen of McLendon Chisholm, Texas, which a majority is served by RCH Water. CCN # 10087. A complete CONFLICT OF INTEREST?

Violations of Water Code:

1. Operating as a Non Profit Water Service Corporation - Deceptive Trade Practices Act
2. Late Fee Charges Continuing.
3. Threaten to cutoff services to Member.
4. Increase of Rates without approval. If non compliant with nonprofit status.
5. Refusing to transfer service to new tenant due to filed grievance on past due account per Tariff.
6. No Posted notice with County Clerk's Office regarding monthly RCH Water Board meeting dates and location. (Checked back 2-3 years, no notices filed with County Clerk). On or about **August 2014**, RCH revised their website to reflect a **2012** Tariff and Water Board Meeting notification and requirements to attend or be on the agenda. Prior to that date, a **2002** tariff was posted and no information on monthly meetings.
7. Nonpayment of personal water use for Board Members.
8. Determined to be an IOU - Board of Directors - Non Profit Corp do not exist.
9. Tax Filings: If not compliant with Non Profit Corp. status, but continuing to claim they are Non Profit, how are taxes being filed?
10. RCH Water Corp. - CCN #10087 - Non Profit status was revoked by TCEQ around **2007**.

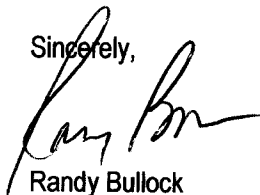
11. Rate increases from 2007 have not been approved by Rate Application for IOU Tariff Rules.
12. Failure to have copy of Tariff available on site and the approval of revised Tariff by TCEQ if determined to be an IOU. Robin Baley informed me that it was kept in Austin, Texas Corporate Office. Art Rodriguez, RCH Attorney, denies having copy per letter dated December 6, 2013 to TCEQ. (See Attached)
13. Non Compliance of the Bid Contract selection process by RCH Water for subcontractor work performed for RCH Water Corp.
14. Issues within the city limits of McLendon Chisholm and Service Provisions to the citizens of the city.
15. Knowledge they are operating outside of their CCN overlapping into another CCN.
16. Refusal of service due to a past due debt from a previous account does not meet TCEQ Rule 30 TAC 291.83(c)(1) that states; Service shall not be refused to a service applicant due to delinquency in payment for service by a previous occupant of the premises to be served. To date RCH has not allowed the new tenant to make application for new service or to account to be transferred to their name. Due to this denial, I have had to keep the account in my name and have paid every monthly bill on behalf of the new tenant for their water use. No checks have ever been cashed, a new monthly late fee has been added to the bill every month and the threat of losing water service to our operating restaurant tenant, continues to be a threat for loss of revenue. Tenant has tried on several occasions to make application and transfer account to their business name, but to no avail.

Damages to be Recovered:

1. Legal Fees - Approximately \$3,000.00 to date. I am not represented any longer (since August, 2014) due to \$25,000 retainer required to continue further with the case.
2. Pain/Suffering and Defamation of Character every month since July, 2013 trying to resolve this issue and continued claims that we are not paying the bill.
3. Possible Loss of Revenue due to threat of water services being discontinued.
4. Economic damages as well as Treble Damages.

I have copies of all checks and signed statements to date to show proof of payment. I have all documentation, along with Heidi Graham at TCEQ, regarding conversations with RCH and Attorney Art Rodriguez. I would like a resolution to this issue and a guarantee that no retaliation or retribution will occur due to this action. As a member, I want RCH to quit operating as a rogue water company and provide water service to their CCN as was designed per the Water Service Corporate Rules. I have had others members complain about issues and they have had no recourse but to pay the bill and bow down to RCH or face disconnection. Please contact me regarding any questions or if you need any further information not provided. It has been a long and stressful two years regarding this issue and I have tried to timeline these events to detail as best as possible in this letter to bring a solution to this unjust treatment by RCH Water Corp. Because this has been an ongoing issue for several years, I may not have sent you every paper I have, be assured I have a detailed file and notes, if needed. Thank you in advance for your help with this problem. I look forward to hearing from you in the near future.

Sincerely,



Randy Bullock

Ede & Randy Bullock
P. O. Box 2303
Rockwall, Texas 75087

October 11, 2013

TCEQ
Austin, Texas

Re: RCH Water Supply Corporation

Heidi Graham or Whom It May Concern:

Due to the continued denial of resolving the issue at hand, I am left to no other alternative to settle this matter with RCH WSC. As per the following rule references in the Texas Statutes of the Texas Water Code, I am requesting an investigation of RCH Water Supply Corporation, Rockwall, Texas.

Texas Statutes: Texas Water Code, Chapter 67. Non-Profit Water Supply or Sewer Service Corporations addresses the operation requirements of a water supply or sewer service corporation.

Texas Water Code, Chapter 13. Sec. 13.002. Definitions

(11) "Member" means a person who holds a membership in a water supply or sewer service corporation and is a record owner of a fee simple title to property in an area served by a water supply or sewer service corporation or a person who is granted a membership and who either currently receives or will be eligible to receive water or sewer utility service from the corporation. In determining member control of a water supply or sewer service corporation, a person is entitled to only one vote regardless of the number of memberships the person owns.

(24) "Water supply or sewer service corporation" means a nonprofit corporation organized and operating under Chapter 67 that provides potable water service or sewer service for compensation and that has adopted and is operating in accordance with by-laws or articles of incorporation which ensure that it is member-owned and member-controlled. The term does not include a corporation that provides retail water or sewer service to a person who is not a member, except that the corporation may provide retail water or sewer service to a person who is not a member if the person only builds on or develops property to sell to another and the service is provided on an interim basis before the property is sold.

Sec. 13.004. JURISDICTION OF COMMISSION OVER CERTAIN WATER SUPPLY OR SEWER SERVICE CORPORATIONS. (a) Notwithstanding any other law, the commission has the same jurisdiction over a water supply or sewer service corporation that the commission has under this chapter over a water and sewer utility if the commission finds that the water supply or sewer service corporation:

(1) is failing to conduct annual or special meetings in compliance with Section 67.007; or

(2) is operating in a manner that does not comply with the requirements for classifications as a nonprofit water supply or sewer service corporation prescribed by Sections 13.002(11) and (24).

(b) If the water supply or sewer service corporation voluntarily converts to a special utility district operating under Chapter 65, the commission's jurisdiction provided by this section ends.

Sincerely,

Ede & Randy Bullock

Bryan W. Shaw, Ph.D., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 26, 2013

Ede and Randy Bullock
PO Box 2303
Rockwall, Texas 75087

Re: Investigation Pursuant to Texas Water Code, Section 13.004, of RCH Water Supply Corporation (WSC), Certificate of Convenience and Necessity (CCN) No. 10087, in Rockwall County, Application No. 37766-I

CN: 601361645; RN: 102682077

Dear Mr. and Mrs. Bullock:

Your petition to investigate RCH WSC, received on October 14, 2011, has been accepted for filing. Ms. Heidi Graham has been assigned to perform the technical review. It has been assigned Application No. 37766-I. Please refer to this number in future correspondence.

Additional information may be requested through future correspondence.

If you have any further questions, please contact Ms. Heidi Graham at (512) 239-0844 or if by correspondence, include MC 153 in the letterhead address.

Sincerely,

A handwritten signature in cursive script that reads "Tammy Benter".

Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division

TB/CM/sd

Rev'd 12/2/2013
MSC 12/2/2013
Increase fine
By 5th - No Response

Bryan W. Shaw, Ph.D., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 12, 2013

By Regular &
CERTIFIED MAIL

Mr. Jackie Pullen, President
RCH Water Supply Corporation
P.O. Box 2034
Rockwall, Texas 75087

NOTICE OF VIOLATION

Re: RCH Water Supply Corporation (WSC); Certificate of Convenience and Necessity (CCN) No. 10087; in Rockwall County

CN: 600666325; RN: 101454825

Dear Mr. Pullen,

It has come to our attention that RCH WSC may be in violation of Title 30 of the Texas Administrative Code Sections 291.87(c) and 291.87(l).

Per 291.87(c), a utility may charge a one-time penalty of either \$5.00 or 10%, as specified in their approved tariff, for a customer's delinquent bill. An additional late fee may not be applied to a subsequent bill for failure to pay the prior late fee. The penalty on delinquent bills may not be applied to any balance to which the penalty was applied in a previous billing. The commission may prohibit a utility from collecting late fees for a specified period if it determines that the utility has charged late fees on payments that were not delinquent.

In addition, per Section 291.87 (l), a utility may not require a customer, who has advised the utility that a bill is in dispute by written notice or in person during normal business hours, to pay the disputed portion of a bill that exceeds the amount of that customer's average monthly usage at current rates pending the completion of the determination of the dispute. In addition, a utility customer's service may not be subject to discontinuance for nonpayment of that portion of a bill under dispute pending the completion of the determination of the dispute. The customer is obligated to pay any billings not disputed.

Mr. Jackie Pullen, President

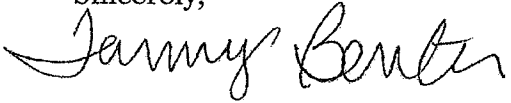
Page 2

November 12, 2013

Please provide a copy of your current tariff and response to the above allegations in writing by **December 6, 2013**. If we do not receive the requested information by this date, RCH WSC may be referred to the TCEQ Enforcement Division for further action.

If you have any questions, please contact Ms. Heidi Graham at (512) 239-0844, or if by correspondence, please include MC-159 in the letterhead address.

Sincerely,

A handwritten signature in black ink that reads "Tammy Benter". The signature is written in a cursive, flowing style.

Tammy Benter
Utilities & Districts Section
Water Supply Division
Texas Commission on Environmental Quality

TB/HG/sd

R&R
RUSSELL & RODRIGUEZ, L.L.P.
ATTORNEYS AT LAW

1633 WILLIAMS DRIVE
BUILDING 2, SUITE 200
GEORGETOWN, TEXAS 78628

PHONE (512) 930-1317
FAX (866) 929-1641
WWW.TXADMINLAW.COM

Email: arodriguez@txadminlaw.com

December 6, 2013

VIA FIRST CLASS, CERTIFIED MAIL RRR # 70100780000190165751

Ms. Heidi Graham
Texas Commission on Environmental Quality
Utilities & Districts Section, MC-159
P.O. Box 13087
Austin, Texas 78711-3087

RECEIVED
DEC 10 2013
**UTILITIES & DISTRICTS
SECTION**

RE: RCH Water Supply Corporation STM Application CCN No. 10087 in Rockwall
County

CN: 60066325; RN: 101454825

Dear Ms. Graham:

This firm represents the RCH Water Supply Corporation ("RCH") and is in receipt of your letter dated November 12, 2013. The letter recites a couple of TCEQ regulations and requests a copy of RCH's current tariff. I received a copy of your letter recently and do not have a copy of RCH's tariff. This can be forwarded to you.

Your letter concludes with a request to respond to allegations made in your letter. RCH has reviewed the letter many times and cannot determine what allegations are made. There are no facts or circumstances contained in the letter that allege that RCH has violated any applicable TCEQ rule. Again, the letter merely recites two TCEQ regulations. With the letter being deficient in any facts that might give RCH notice of how it has violated any TCEQ regulation, it is impossible for RCH to provide a response to any "allegations."

If you have any questions, please feel free to call me at the number above.

Sincerely,


Arturo D. Rodriguez, Jr.

cc: Ms. Robin Baley
Ms. Tammy Benter

Bryan W. Shaw, Ph.D., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 3, 2014

By Regular &
CERTIFIED MAIL

Mr. Arturo D. Rodriguez, Jr.
Russell & Rodriguez, L.L.P.
1633 Williams Drive, Suite 200
Georgetown, Texas 78628

FINAL NOTICE OF VIOLATION

Re: RCH Water Supply Corporation (WSC); Certificate of Convenience and Necessity (CCN) No. 10087; in Rockwall County

CN: 600666325; RN: 101454825

Dear Mr. Rodriguez,

In a letter dated November 12, 2013, we requested information concerning violations of the above stated utility. A deadline of December 6, 2013, was given to submit a copy of their current tariff and to provide a response in writing to the allegations listed below. To date, we have received neither a copy of RCH WSC's current tariff nor a response to the allegations.

RCH WSC may be in violation of Title 30 of the Texas Administrative Code (TAC) Sections 291.87(c) and 291.87(l) regarding the water service account of RCH WSC customer Mr. Randy Bullock.

TAC 291.87(c) states that a utility may charge a one-time penalty of either \$5.00 or 10%, as specified in their approved tariff, for a customer's delinquent bill. An additional late fee may not be applied to a subsequent bill for failure to pay the prior late fee. The penalty on delinquent bills may not be applied to any balance to which the penalty was applied in a previous billing. The commission may prohibit a utility from collecting late fees for a specified period if it determines that the utility has charged late fees on payments that were not delinquent. According to the copies of bills and receipts we have received, a late fee has been assessed every month even though receipts for payment to RCH WSC were given to Mr. Bullock.

Mr. Arturo D. Rodriguez, Jr.

Page 2

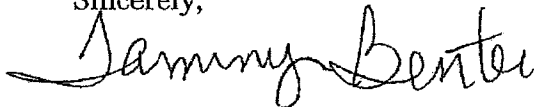
January 3, 2014

In addition, TAC 291.87 (1) states that a utility may not require a customer, who has advised the utility that a bill is in dispute by written notice or in person during normal business hours, to pay the disputed portion of a bill that exceeds the amount of that customer's average monthly usage at current rates pending the completion of the determination of the dispute. Also, a utility customer's service may not be subject to discontinuance for nonpayment of that portion of a bill under dispute pending the completion of the determination of the dispute. The customer is obligated to pay any billings not disputed. It appears that Mr. Bullock's water service account may be terminated even though a portion of his bill is under dispute with RCH WSC.

Please provide a copy of your current tariff and a written response to the above allegations by **January 13, 2014**. If we do not receive the requested information by this date, RCH WSC will be referred to the TCEQ Enforcement Division for further action. In addition, Texas Water Code Chapter 13 Section 13.131(e) authorizes the TCEQ to examine and audit all accounts of a utility. RCH WSC may be contacted to schedule an audit of their books and records at a future date by TCEQ staff.

If you have any questions, please contact Ms. Heidi Graham at (512) 239-0844, or if by correspondence, please include MC-159 in the letterhead address.

Sincerely,



Tammy Benter
Utilities & Districts Section
Water Supply Division
Texas Commission on Environmental Quality

TB/HG/sd

cc: Mr. Jackie Pullen
Mr. Randy Bullock

cc addresses:

Mr. Jackie Pullen
460 Pullen Rd.
Rockwall, Texas 75032

Mr. Jackie Pullen, President
RCH Water Supply Corporation
P.O. Box 2034
Rockwall, Texas 75087

Mr. Randy Bullock
PO Box 2303
Rockwall, Texas 75087

bcc: Ms. Heidi Graham, TCEQ (MC 159)
TCEQ Region 9 Office



3800 Lincoln Plaza
500 N Akard Street
Dallas, Texas 75201-6659
Main 214.855.7500
Fax 214.855.7584
munsch.com

Direct Dial 214.855.7507
Direct Fax 214.978.4367
jray@munsch.com

July 8, 2014

Via CM RRR #9314 7699 0430 0004 3319 09

Arturo Rodriguez, Jr.
1633 Williams Dr
Building 2, Suite 200
Georgetown, Texas 78628

Via CM RRR #9314 7699 0430 0004 3319 47

Lowell English, Director
2251 English Rd
Rockwall, Texas 75032

Via CM RRR #9314 7699 0430 0004 3319 16

Jackie Pullen, President
460 Pullen Rd
Rockwall, Texas 75032

Via CM RRR #9314 7699 0430 0004 3319 54

Gary Lowell, Director
1411 S State Hwy 205
Rockwall, Texas 75032

Via CM RRR #9314 7699 0430 0004 3319 23

Warren Hodges, Vice President
1511 Pullen Rd
Rockwall, Texas 75032

Via CM RRR #9314 7699 0430 0004 3319 61

Robin Baley
Administrative Officer, H2O Services
5763 Hwy 205 South, Ste 101
Rockwall, Texas 75032

Via CM RRR #9314 7699 0430 0004 3319 30

Odis Lowe, Secretary
P.O Box 156
Rockwall, Texas 75087

Re: RCH Water Supply Corporation ("**RCH**") and the water service account of Mr. Randy Bullock

Dear Mr. Rodriguez:

This firm represents Randy Bullock regarding RCH's ongoing mismanagement of its corporate affairs, mistreatment of its customers, and intentionally deceptive misrepresentations. Please direct all future correspondence concerning this matter to me.

On or about July 31, 2000, Mr. Bullock became a member and owner of RCH. The documents which govern RCH's obligations to Mr. Bullock (and each and every one of its members) include its Tariff and By-laws.

In August of 2013, through certified correspondence directed to RCH's board of directors (and correspondence with Robin Baley and H2O Services, RCH's agent and representative), Mr. Bullock initiated the grievance procedures described in the Tariff. In fact, Mr. Bullock attempted for more than a year to resolve his issues with RCH, including his current billing issues. Unfortunately, no response

was received and RCH has done nothing to address Mr. Bullock's concerns. Instead, RCH proceeds with an intentional disregard for its governing rules and regulations (including the Tariff and By-laws), and persists in sending inaccurate bills to Mr. Bullock.

Since August of 2013, Mr. Bullock has regularly made payments on his water service charges. Nevertheless, RCH, through H2O Services and Robin Baley, has refused to cash his timely tendered checks. Moreover, RCH continues to charge Mr. Bullock a \$15.00 late fee each month. Despite numerous requests, RCH has provided no explanation as to why the checks have not been cashed or why Mr. Bullock is continuously charged a late fee. The Texas Commission on Environmental Quality (TCEQ) has specifically indicated that RCH's practice of charging a late fee is illegal.

Mr. Bullock has endured enough. As a courtesy, Mr. Bullock will delay filing suit against RCH, its board of directors, and H2O Services until July 18, 2014 at 5:00 p.m., C.S.T. If a resolution is not reached by that date, Mr. Bullock has authorized me to file suit and seek all available remedies provided by law from RCH, its board of directors in their individual capacities, and H2O Services and Robin Baley in her individual capacity, including but not limited to, actual damages, reasonable attorney's fees, exemplary damages, pre- and post-judgment interest and court costs. The illegal conduct is further detailed below.

I. RCH has violated the Deceptive Trade Practices Act

RCH was originally a member-owned and purported non-profit corporation incorporated under Title 4, Chapter 67 of the Texas Water Code. However, due to RCH's failure to follow the TCEQ's rules and regulations, TCEQ has informed Mr. Bullock that RCH has lost its status as a Water Supply Corporation.

RCH, and its board of directors, have in the course of trade and commerce engaged in false, misleading and deceptive acts and practices declared unlawful in sections 17.46(a) and (b) of the DTPA as follows:

(a) By implicitly representing to consumers that the water service would be provided pursuant to the By Laws of the Corporation, pursuant to the Texas Water Code, the Texas Non-Profit Corporations Act and congruent with its status as a 501 (c) (12) corporation, when in fact it did not provide the services under those conditions, RCH represented that its goods and services had characteristics, uses or benefits which they did not have, in violation of section 17.46(b)(5) of the DTPA; and

(b) By failing to disclose that funds collected from the consumers for the benefit of the Water Supply Corporation and the consumers were being used for nefarious purposes, including the personal expenses of the board of directors, when such failure to disclose was intended to induce the consumers into purchasing a membership into the corporation, a transaction into which the consumers would not have entered had the

Arturo Rodriguez, Jr.
July 8, 2014
Page 3

information been disclosed, Defendant is in violation of section 17.46(b)(24) of the DTPA.

The State of Texas has recognized such conduct is actionable under the DTPA. *The State of Texas, Plaintiff, v. Kennedy Ridge Water Supply Corporation, Defendant*, 2010 WL 7207141 (Tex. Dist. Nov. 10, 2010).

I have also spoken with Heidi Graham of TCEQ. Ms. Graham informed me TCEQ will initiate enforcement proceedings against RCH for RCH's multiple violations of the Texas Administrative Code, including charging excessive late fees and failing to follow proper dispute procedures outlined in RCH's Tariff. A copy of TCEQ's Final Notice of Violation is enclosed for your review.

Mr. Bullock cannot, and will not, wait for TCEQ to take action. RCH's, and its board of directors', violations of the DTPA entitles Mr. Bullock to economic damages, as well as treble damages, under Section 17.50 of the DTPA. Please let this letter serve as Mr. Bullock's notice of intention to file suit pursuant to section 17.505 of the DTPA for damages. To date, Mr. Bullock has incurred \$1,500.00 in attorneys' fees.

II. RCH has also violated the Open Meetings Act

Under its By-laws, RCH is required to have a regular annual meeting of its members between January 1 and May 1 of each year. The Secretary-Treasurer must give at least fifteen days' written notice of this annual meeting. For several years, the board of directors has failed to properly notice and call these annual meetings.

Instead, RCH has operated in a shroud of secrecy, intentionally disregarding its obligations under the Tariff and By-laws. Not only that, but as a Water Supply Corporation¹, RCH is subject to the Open Meetings Act (OMA). Under the OMA,

(a) A member of a governmental body commits an offense if a closed meeting is not permitted under this chapter and the member knowingly:

- (1) calls or aids in calling or organizing the closed meeting, whether it is a special or called closed meeting;
- (2) closes or aids in closing the meeting to the public, if it is a regular meeting; or
- (3) participates in the closed meeting, whether it is a regular, special, or called meeting.

(b) An offense under Subsection (a) is a misdemeanor punishable by:

¹ It is unclear whether RCH is still a Water Supply Corporation or Investor Owned Utility. In either event, RCH has violated the DTPA and its board of directors have breached their fiduciary duties to RCH and its members.

Arturo Rodriguez, Jr.
July 8, 2014
Page 4

- (1) a fine of not less than \$100 or more than \$500;
- (2) confinement in the county jail for not less than one month or more than six months; or
- (3) both the fine and confinement.

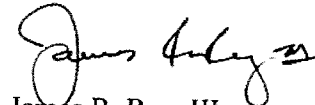
TEX. GOV'T CODE Section 551.144.

An interested person, as Mr. Bullock most certainly is, may bring an action by injunction to stop, prevent, or reverse a violation or threatened violation of the OMA. *Id.* at 551.142. Courts may award costs of litigation and reasonable attorneys' fees incurred to prevailing parties on a cause of action under the OMA. *Id.*

Please contact me immediately to discuss this matter. I am hopeful a resolution can be reached without the need for litigation. If litigation is necessary, however, Mr. Bullock is ready to proceed accordingly.

Very truly yours,

MUNSCH, HARDT, KOPF, & HARR, P.C.



James R. Ray, III



Franchise Tax Account Status

As of: 03/13/2015 04:47:30 PM

This Page is Not Sufficient for Filings with the Secretary of State

RCH WATER SUPPLY CORPORATION

Texas Taxpayer Number 32019810947

Mailing Address 811 E YELLOWJACKET LN STE 102
ROCKWALL, TX 75087-4819

Right to Transact Business FRANCHISE TAX INVOLUNTARILY ENDED
in Texas

State of Formation TX

Effective SOS Registration 07/24/1961
Date

Texas SOS File Number 0017642701

Registered Agent Name ODIS LOWE

Registered Office Street 5763 SH 205 SOUTH
Address ROCKWALL, TX 75032

TEXAS SECRETARY of STATE












CARLOS CASCOS

[UCC](#) | [Business Organizations](#) | [Trademarks](#) | [Notary](#) | [Account](#) | [Help/Fees](#) | [Briefcase](#) | [Logout](#)

BUSINESS ORGANIZATIONS INQUIRY - VIEW ENTITY

Filing Number: 17642701 **Entity Type:** Domestic Nonprofit Corporation
Original Date of Filing: July 24, 1961 **Entity Status:** Involuntarily dissolved
Formation Date: N/A **Non-Profit Type:** Water Supply Corporation
Tax ID: 32019810947 **FEIN:**
Duration: Perpetual

Name: RCH WATER SUPPLY CORPORATION
Address: 811 YELLOW JACKET LN STE 102
 Rockwall, TX 750874819 USA

<u>REGISTERED</u>		<u>FILING HISTORY</u>		<u>NAMES</u>	<u>MANAGEMENT</u>	<u>ASSUMED NAMES</u>	<u>ASSOCIATED</u>	
<u>AGENT</u>							<u>ENTITIES</u>	
<u>View</u>	<u>Document</u>	<u>Filing Type</u>	<u>Filing Date</u>	<u>Effective Date</u>	<u>Eff. Cond</u>	<u>Page Count</u>		
<u>Image</u>	<u>Number</u>							
	7268808	Articles of Incorporation	July 24, 1961	July 24, 1961	No	4		
	3585478	Nonprofit Periodic Report	June 9, 1986	June 9, 1986	No	1		
	145148460001	Report Notice	September 26, 2006	September 26, 2006	No	1		
	149069900001	Notice of Forfeited Rights for Non-Filing of Periodic Report	October 27, 2006	October 27, 2006	No	1		
	161839060001	Involuntary Dissolution	February 28, 2007	February 28, 2007	No	1		
	183644780002	Nonprofit Periodic Report	August 23, 2007	August 23, 2007	No	2		
	272966800002	Articles of Amendment	August 31, 2009	August 31, 2009	No	2		
	496293540002	Certificate of Amendment	August 20, 2013	August 20, 2013	No	3		
	496870910001	Report Notice	August 27, 2013	August 27, 2013	No	1		
	507085820001	Notice of Forfeited Rights for Non-Filing of Periodic Report	October 3, 2013	October 3, 2013	No	1		
	528241910001	Certificate of Involuntary Termination	February 7, 2014	February 7, 2014	No	1		

[Order](#)

[Return to Search](#)

Instructions:

- To place an order for additional information about a filing press the 'Order' button.



Office of the Secretary of State

**INVOLUNTARY TERMINATION
OF
RCH WATER SUPPLY CORPORATION**
File Number: 17642701

The Secretary of State hereby determines and finds the following:

1. That the corporation is required to file the periodic report specified by Title 2, Section 22.357 of the Texas Business Organizations Code.
2. That the corporation has failed to file the periodic report prescribed by law when the same has become due.
3. That the corporation forfeited its right to conduct affairs in this state for failure to file said report.
4. That the corporation was mailed notice of such forfeiture following a period of not less than thirty (30) days of the requirement to file said report and simultaneously therewith given an additional period of not less than one hundred twenty (120) days to correct the delinquency.
5. That the corporation has failed prior to this action to correct the neglect, omission or delinquency.

It is therefore ordered, as prescribed by Title 2, Section 22.364 of the Texas Business Organizations Code, that the domestic corporation be terminated without judicial ascertainment.

Dated: February 7, 2014



NANDITA BERRY

Nandita Berry
Secretary of State

Reports Unit
P.O. Box 12028
Austin, Texas 78711-2028



John Steen
Secretary of State

Office of the Secretary of State

October 3, 2013

Odis Lowe
RCH WATER SUPPLY CORPORATION
5763 SH 205 South
Rockwall, TX 75032

Nonprofit Periodic Report – Second Notification Letter

Re: RCH WATER SUPPLY CORPORATION
File Number: 17642701

Dear Registered Agent:

Our records show that the above referenced corporation was notified over thirty (30) days ago of the need to file with this office the report required by law. You are hereby notified that the corporation's right to conduct affairs has been forfeited as of the date of this letter for failure to file the report. The corporation's right to conduct affairs may be revived by submitting the attached periodic report. It should be completed and received by this office on or before **January 31, 2014**.

One copy of the required periodic report is enclosed. Make any necessary changes to the preprinted information only for items 3 through 7 by striking through any incorrect information and typing or printing the new information in the area provided. If additional space is needed for item 6 and/or 7, include the information as an attachment to the form. Submit the periodic report in duplicate, along with the required filing fee that is shown on the attached report, made payable to the **Secretary of State**, to the mailing address on the report form. Upon filing the document, the secretary of state will return the appropriate evidence of filing to the submitter together with a file-stamped copy of the document, if a duplicate copy was provided as instructed.

Failure to file the periodic report when due could ultimately result in the involuntary termination of the domestic corporation or the revocation of the registration of the foreign corporation.

For your convenience, you may file online through SOSDirect using your existing client account or if you do not have an established client account, you can file via **FAST TRACK** (see enclosed colored insert for login information). SOSDirect is located at: <http://www.sos.state.tx.us/corp/sosda/index.shtml>.

Please disregard this notice if you have mailed your document for processing within the last seven (7) days. If your records reflect that you filed the required report, please send a copy of your cancelled check showing payment of the filing fee.

If you have any questions about filing the periodic report or require assistance filing online using SOSDirect, please call 512-475-2705 or e-mail: ReportsUnit@sos.state.tx.us.

Sincerely,
Reports Unit
Business and Public Filings Division
Enclosure



Office of the Secretary of State

August 27, 2013

Odis Lowe
RCH WATER SUPPLY CORPORATION
5763 SH 205 South
Rockwall, TX 75032

Nonprofit Periodic Report – First Notification Letter

Re: RCH WATER SUPPLY CORPORATION
File Number: 17642701

Dear Registered Agent:

A nonprofit corporation is required by law to file a periodic report with the Secretary of State not more than once every four years. You are hereby notified that the above referenced nonprofit corporation is required to file the periodic report at this time. This periodic report should be completed and received by this office on or before **September 26, 2013**.

One copy of the required periodic report is enclosed. Make any necessary changes to the preprinted information only for items 3 through 7 by striking through any incorrect information and typing or printing the new information in the area provided. If additional space is needed for item 6 and/or 7, include the information as an attachment to the form. Submit the periodic report in duplicate, along with payment of the required filing fee of \$5, made payable to the **Secretary of State**, to the mailing address on the report form. Upon filing the document, the secretary of state will return the appropriate evidence of filing to the submitter together with a file-stamped copy of the document, if a duplicate copy was provided as instructed.

Failure to file the periodic report when due will result, after notice, in the forfeiture of the corporation's right to conduct affairs in the state of Texas and could ultimately result, after notice, in the involuntary termination of the domestic corporation or the revocation of the registration of the foreign corporation.

For your convenience, you may file online through SOSDirect using your existing client account or if you do not have an established client account, you can file via **FAST TRACK** (see enclosed colored insert for login information). SOSDirect is located at: <http://www.sos.state.tx.us/corp/sosda/index.shtml>

If you have any questions about filing the periodic report or require assistance filing online using SOSDirect, please call 512-475-2705 or e-mail: ReportsUnit@sos.state.tx.us

Sincerely,
Reports Unit
Business and Public Filings Division

Enclosure