

Control Number: 43175



Item Number: 1

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014.



RECEIVED APPLICATION FOR SALE, TRANSFER,

43175

2014 SEP 18 8:12:03
PUBLIC UTILITY COMMISSION
FILING CLERK

OR MERGER OF A RETAIL PUBLIC UTILITY

2014 JUL 11 PM 3 57
CALL CENTER DIV

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**APPLICATION FOR SALE, TRANSFER,
OR MERGER OF A RETAIL PUBLIC UTILITY**

2011 JUL 21 PM 3 57
 TCEQ
 REGISTRATION DIV.

*RN# *CN# *If known (See instructions)

1. Proposed action of application (check all the boxes that apply):
 Sale of All Portion of the Water system(s) under CCN No.:
 Acquisition Sewer system(s) under CCN No.:
 Lease/Rental

Transfer of All Portion of the Certificated water service area – CCN No.:
 Certificated sewer service area – CCN No.:

If only a portion of a system or certificated service area is affected by this transaction, please specify the areas or subdivision involved:

and to:
 Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN
 Amend the transferee's CCN No.:
 Merge or consolidate public utilities
 Cancel CCN of the transferor (seller)

2. Proposed effective date of this transaction:
 (Must be at least 120 days after proper notice is provided)

**QUESTIONS 3 THROUGH 5 APPLY TO THE TRANSFEROR
(CURRENT SERVICE PROVIDER OR SELLER)**

3. For the current CCN holder or service provider please indicate:
 A. Name:
 (Individual, Corporation or Other Legal Entity)

who is a(n):of Individual Corporation WSC HOA or POA Other

B. Utility Name (if different than above):
 Address: Telephone: (AC)

C. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name: Title:
 Address: Telephone: (AC)
 Fax: Email:

4. About the last rate increase for the system or facilities being transferred:
 A. What was the effective date of the last rate increase?

B. Was notice of this increase provided to the Texas Commission on Environmental Quality or its predecessors?

No Yes- Application/Docket Number: Date

5. Please provide a list of all customers affected by this transaction who have deposits held by the transferor or seller utility, if any, and include the following information (attach additional sheets if necessary):

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit
See Attached Sheets for Affected Customers			

Within 30 days of the actual transaction date, and prior to the transfer of the certificate by the TCEQ, the seller must provide proof to the Commission that these customer deposits were returned to the customers or transferred to the purchasing utility. Proof should include a sworn affidavit.

QUESTIONS 6 THROUGH 16 REFER TO THE TRANSFeree OR PURCHASER

6. For the person or entity acquiring the facilities and/or CCN:

Applicant:

(Individual, Corporation, or Other Legal Entity)

Utility Name:

(If different than above)

Utility Address:

Fax: Email: Telephone (AC):

CCN Numbers held prior to the filing of this application:

7. Check the appropriate box and provide information regarding the legal status of the transferee applicant:

Individual

Home or Property Owners Association

Partnership; attach copy of partnership agreement

Corporation; provide charter number as recorded with the Office of the Secretary of State for Texas:

Non-profit, member-owned, member-controlled Cooperative Corporation (Article 1434(a) Water Supply or Sewer Service Corporation); provide charter number:

Municipally-owned utility

District (MUD, SUD, WCID, etc.)

County

Other (please explain):

8. If the applicant is an *Individual* or sole proprietorship, provide the following information. If not, skip to the next question.

Name:		Email:	
Address:			
Telephone (AC):		Fax (AC):	

9. If the applicant is other than an *Individual* provide the following information regarding the officers or partners of the legal entity applying for the transfer. You must complete either question 8 or question 9, whichever applies to the transferee applicant.

•Name:	Walter Carroll	Telephone (AC):	(972) 617-0817
Address:	513 Winding Creek Trail		
Position:	President	Ownership % (if applicable):	100

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

- Attach additional sheet(s) if necessary -

- ☛ **Important:** • If the applicant is a for-profit corporation, please provide a copy of the corporation's "Certification of Account Status" from the State Comptroller Office. This "Certification of Account Status" can be obtained from:

Texas Comptroller of Public Accounts

P. O. Box 13528, Capitol Station

Austin, Texas 78711

1-800-252-5555

- If the applicant is an Article 1434a water supply or sewer service corporation or other non-profit corporation, please provide a copy of the Articles of Incorporation and By-Laws.

10. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name:	Walter Carroll	Title:	Owner
Address:	513 Winding Creek Trail	Telephone (AC):	(972) 617-0817
Fax #	(972) 617-0817	Email	
Relationship to the applicant:	self		

IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, PLEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PARTY

11. Please respond to each of the following questions. Attach additional sheets if necessary.

- A. Describe the experience and qualifications of the applicant to provide adequate utility service to the requested area

Walter J. Carroll Water Company has been in operation since 1986 and currently contains four PWS. The owner has been a license holding water operator since 1981.

- B. Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG) or the Environmental Protection Agency (EPA) in the past for noncompliance with rules, orders or State Statutes? Yes No

If yes, please attach copies of any correspondence with these regulatory agencies concerning these enforcement actions and describe any actions and efforts to comply with those requirements. Attach additional sheets if needed.

See Exhibit I

- C. Describe the source and availability of funds required to make the planned or required improvements, if any, to meet minimum requirements of the TCEQ and ensure continuous and adequate service.

The system is operating and in compliance. A water pump has already been purchased and installed in the system to improve performance.

- D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

The current owner of the system has been experience series health problems and has insisted that he will not longer be able to properly operate and maintain the system. Walter J. Carroll Water Company has an experienced staff that will be able to correctly operate the system which will increase the dependability and quality of service.

- E. How will the transaction serve the public interest?

The current owner was unable to provide required upkeep of the system. A pump failed and Walter J. Carroll Water Company installed a new pump for partial compensation towards the purchase. The current lack of maintenance could effect the public if the system were to fail. Carroll Water will be better suited to provide the required quality and capacity of water to the public.

12. Please describe the nature of the proposed transaction:

Upon approval of the transfer by TCEQ Community Water Service will deed the water system facilities for Red Oak Community Water Service to Walter J. Carroll Water Company to ensure continuous and adequate service to Red Oak customers.

13. If the transferee applicant is an Investor Owned Utility (IOU) and will be under the rate jurisdiction of the TCEQ, please provide the following information. Water supply or sewer service corporations and political subdivisions of the state should mark this section N/A:

- A. • Total Purchase Price:
• Total Original Cost (as recorded on books of seller or merging entity):
• Accumulated Depreciation as of the proposed effective date of the transaction:

• Contributions in Aid of Construction:

- Specific surcharges approved by TCEQ:
- Revenues from explicit customer agreements:

- Developer Contributions (please explain):

- Other Contributions (please explain):

Total Contributions in Aid of Construction

• Net Book Value:

☞ If the Original Cost or any of the above items has been established in a rate case proceeding by the PUC, the TWC or the TCEQ, please provide the Application/Docket Number and date:

Application/Docket Number: Date:

☞ If the applicant is not under the rate jurisdiction of the TCEQ, only the purchase price and information related to Contributions in Aid of Construction is required.

B. Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application.

[attach additional sheet(s) if necessary]:

The current owner has a terminal illness and will not be able to service the system.

C. Complete the following proposed entries listed below as shown in books of purchasing (or surviving) company. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations.

Utility Plant in Service:	\$104,174.39
Plant Acquisition Adjustment:	\$27,500
Extraordinary Loss on Purchase:	\$0
Accumulated Depreciation of Plant:	\$104,174.39
Cash:	-
Notes Payable:	-
Mortgage Payable:	-
Others (please list):	

As the purchaser, I understand that it is **my responsibility** in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service.

Purchaser's Initials: W.P.C Date: 6-19-2014

14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customers:
 All the customers will be charged the same rates as they were charged before the transaction.
 Some All customers will be charged different rates than they were charged before the transaction.

If rates are changing, please explain:

Red Oak customers currently pay according to the Community Water rate schedule (see Exhibit IX). Carroll Water proposes to charge the same rate (see Exhibit X) it currently charges its other customers.

Applicant is an IOU and intends to file with the Commission or municipal regulatory authority an application to change rates of some/all of its customers as a result of this transaction. If so, please explain:

Other. Please explain:

As stated above, Carroll would like to charge Red Oak customers the same rate they are currently charging their other customers without going through the rate change process. A copy of this rate schedule has been attached.

15. List all neighboring water and /or sewer utilities, cities, and political subdivisions providing the same service within two (2) miles of area affected by this proposed transaction. This information should be available from the water utility database (WUD) or Applicant's licensed water operator.

10098 City of Lancaster, 10099 Rockett SUD, 11059 City of Glenn Heights, 11314 Mash Carl G, 11459 City of Ovilla, 11701 Cozy Waterworks, 11074 City of Red Oak

16. Financial, Managerial and Technical information for the acquiring entity.

HISTORICAL BALANCE SHEETS

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash	\$19,783	\$25,079	\$19,783	\$15,490	\$30,251	\$30,696
Accounts Receivable	\$107,514	\$259,675	\$232,374	\$260,737	\$204,150	\$209,749
Inventories	0	0	0	0	0	0
Income Tax Receivable	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	\$127,297	\$284,754	\$252,157	\$276,227	\$234,401	\$240,445
FIXED ASSETS						
Land	\$44,190	\$44,190	\$44,190	\$44,190	\$44,190	\$44,190
Collection/Distribution System	\$314,418	\$314,418	\$314,418	\$239,999	\$239,999	\$169,600
Buildings						
Equipment						
Other	0	0	0	0	0	0
Less: Accum. Depreciation or Reserves	\$264,377	\$257,319	\$246,590	\$202,462	\$196,975	\$156,251
Total	\$94,231	\$101,289	\$112,018	\$81,727	\$87,214	\$57,539
TOTAL ASSETS	\$221,528	\$386,043	\$364,175	\$357,954	\$321,615	\$297,984
CURRENT LIABILITIES						
Accounts Payable	0	0	0	0	0	0
Notes Payable, Current	\$37,348	\$50,210	\$66,995	\$17,870	\$24,284	\$12,643
Accrued Expenses	0	0	0	0	0	0
Other	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
TOTAL	\$38,348	\$51,210	\$67,995	\$18,870	\$25,284	\$13,643
LONGTERM LIABILITIES						
Notes Payable, Long-term	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL LIABILITIES	\$38,348	\$51,210	\$67,995	\$18,870	\$25,284	\$13,643
OWNER'S EQUITY						
Paid in Capital	\$636	\$636	\$636	\$636	\$636	\$636
Retained Equity	\$165,345	\$283,814	\$247,987	\$288,732	\$237,087	\$228,131
Other	0	0	0	0	0	0
Current Period Profit or Loss	\$17,199	\$50,383	\$47,557	\$49,716	\$58,608	\$17,715
TOTAL OWNER'S EQUITY	\$183,180	\$334,833	\$296,180	\$339,087	\$296,331	\$265,990
TOTAL LIABILITIES AND EQUITY	\$221,528	\$386,043	\$364,175	\$357,954	\$321,615	\$297,984
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS						

HISTORICAL INCOME STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps	414	395	382	369	356	340
New Taps Per Year	+14	+19	+13	+13	+13	+16
Total Meters at Year End	428	414	395	382	369	356
METER REVENUE						
Fees Per Meter	\$1000	\$1000	\$1000	\$1000	\$1000	\$1000
Cost Per Meter	\$650	\$650	\$650	\$650	\$650	\$650
Operating Revenue Per Meter	\$350	\$350	\$350	\$350	\$350	\$350
GROSS WATER REVENUE						
Fees	\$252,156.93	\$276,227.23	\$234,401.47	\$231,197.64	\$220,073.86	\$215,729.17
Other	\$13,649.29	\$19,209.73	\$12,745.00	\$12,247.29	\$13,293.33	\$15,727.63
Gross Income	\$265,806.22	\$295,436.96	\$246,938.55	\$243,447.93	\$233,367.19	\$231,456.79
OPERATING EXPENSES						
General & Administrative	\$209,677.00	\$275,202.92	\$240,213.50	\$317,468.42	\$293,879.12	\$192,119.80
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
NET INCOME	\$56,129.22	\$20,234.04	\$6,725.05	-\$74,020.49	-\$60,511.93	\$21,336.99

HISTORICAL EXPENSES STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	\$7,810.00	\$7,451.00	\$6,640.00	\$6,325.00	\$5,360.00	\$6,075.00
Office Expense	\$12,800.00	\$9,972.08	\$10,354.16	\$10,496.46	\$2,864.57	\$8,676.98
Computer Expense	-	-	-	-	-	-
Auto Expense	-	-	-	-	-	-
Insurance Expense	\$3,807.00	\$5,515.16	\$3,290.08	\$4,298.58	\$8,070.74	\$7,662.08
Telephone Expense	-	-	-	-	-	-
Utilities Expense	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-
Property Taxes	\$1,610.00	\$1,518.34	\$1,769.57	\$6,883.61	\$2,781.78	\$1,583.64
Professional Fees	\$2,890.00	\$2,615.16	\$2,688.75	\$7,045.50	\$5,030.00	\$2,377.50
Other	\$8,166.00	\$23,472.68	\$19,089.74	\$20,151.37	\$17,801.13	\$16,779.30
Total	\$37,083.00	\$50,544.42	\$43,832.30	\$55,200.52	\$47,908.22	\$43,154.50
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries	\$70,290.00	\$67,059.00	\$59,760.00	\$56,925.00	\$48,240.00	\$54,675.00
Auto Expense	-	-	-	-	-	-
Utilities Expense	\$31,177.00	\$37,997.47	\$17,189.58	\$33,664.78	\$35,558.89	\$31,057.49
Depreciation Expense	\$10,729.00	\$44,128.00	\$37,537.00	\$40,724.00	\$86,377.00	\$2,868.00
Repair & Maintenance	\$36,313.00	\$38,502.83	\$31,210.93	\$98,530.64	\$53,593.93	\$11,152.35
Supplies	\$3,617.00	\$1,746.76	\$1,834.38	\$3,001.88	\$2,827.50	\$2,175.00
Other	\$20,468.00	\$35,224.39	\$19,472.75	\$29,421.62	\$19,373.53	\$47,037.42
Total	\$172,594.00	\$224,658.50	\$196,381.20	\$262,267.90	\$245,970.90	\$148,965.30
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms	6.00%	6.48%	6.42%	6.42%	6.42%	.42%
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash	\$19,783	\$21,783	\$23,583	\$25,583	\$27,383	\$29,383
Accounts Receivable	\$107,514	\$115,039	\$123,092	\$131,709	\$140,928	\$150,793
Inventories	-	-	-	-	-	-
Income Tax Receivable	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	\$127,297	\$136,822	\$146,675	\$157,292	\$168,311	\$180,176
FIXED ASSETS						
Land	\$44,190	\$44,190	\$44,190	\$44,190	\$44,190	\$44,190
Collection/Distribution System	\$341,918	\$341,918	\$341,918	\$341,918	\$341,918	\$341,918
Buildings	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Less: Accum. Depreciation or Reserves	\$264,377	\$267,596	\$271,476	\$280,049	\$271,352	\$297,419
Total	\$121,731	\$118,512	\$114,632	\$106,059	\$94,756	\$88,689
TOTAL ASSETS	\$249,028	\$255,334	\$261,307	\$263,351	\$363,067	\$268,865
CURRENT LIABILITIES						
Accounts Payable	-	-	-	-	-	-
Notes Payable, Current	\$37,348	\$32,866	\$29,251	\$25,741	\$22,395	\$19,483
Accrued Expenses	-	-	-	-	-	-
Other	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Total	\$38,348	\$33,866	\$30,251	\$26,741	\$23,395	\$20,483
LONGTERM LIABILITIES						
Notes Payable, Long-term	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL LIABILITIES	\$38,348	\$33,866	\$30,251	\$26,741	\$23,395	\$20,483
OWNER'S EQUITY						
Paid in Capital	\$636	\$636	\$636	\$636	\$636	\$636
Retained Equity	\$192,845	\$164,382	\$176,875	\$171,993	\$276,461	\$92,181
Other	-	-	-	-	-	-
Current Period Profit or Loss	\$17,199	\$56,450	\$53,545	\$63,981	\$62,575	\$56,408
TOTAL OWNER'S EQUITY	\$210,680	\$221,468	\$231,056	\$236,610	\$339,672	\$248,380
TOTAL LIABILITIES AND EQUITY	\$249,028	\$255,334	\$261,307	\$261,307	\$363,067	\$268,865
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO						
EQUITY TO TOTAL ASSETS						

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps	498	518	530	555	565	
New Taps Per Year	+20	+12	+25	+10	+5	
Total Meters at Year End	518	530	555	565	570	
METER REVENUE						
Fees Per Meter	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	
Cost Per Meter	\$650	\$650	\$650	\$650	\$650	
Operating Revenue Per Meter	\$350	\$350	\$350	\$350	\$350	
GROSS WATER REVENUE						
Fees	\$315,500	\$321,810	\$334,682	\$341,375	\$344,447	
Other	\$17,000	\$17,340	\$18,034	\$18,395	\$18,561	
Gross Income	\$332,500	\$339,150	\$352,716	\$359,770	\$363,008	
OPERATING EXPENSES						
General & Administrative	\$276,050	\$285,605	\$288,735	\$297,195	\$306,600	
Interest						
Other						
NET INCOME	\$56,450	\$53,545	\$63,981	\$62,575	\$56,408	

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	\$8,010	\$8,200	\$8,405	\$8,810	\$9,020	
Office Expense	\$12,800	\$12,800	\$13,000	\$13,000	\$13,200	
Computer Expense	-	-	-	-	-	
Auto Expense	-	-	-	-	-	
Insurance Expense	\$5,240	\$5,240	\$5,505	\$5,505	\$5,700	
Telephone Expense	-	-	-	-	-	
Utilities Expense	-	-	-	-	-	
Depreciation Expense	-	-	-	-	-	
Property Taxes	\$1,720	\$1,920	\$2,120	\$2,220	\$2,320	
Professional Fees	\$3,000	\$3,000	\$6,000	\$3,000	\$6,000	
Other	\$8,000	\$8,500	\$7,500	\$8,000	\$8,500	
Total	\$38,770	\$39,660	\$42,575	\$40,535	\$44,740	
% Increase Per Year	-	2.30%	7.30%	5.00%	10.4%	
OPERATIONAL EXPENSES						
Salaries	\$79,360	\$83,330	\$85,000	\$88,400	\$91,040	
Auto Expense	-	-	-	-	-	
Utilities Expense	\$41,500	\$42,745	\$43,600	\$44,400	\$44,900	
Depreciation Expense	\$40,000	\$40,000	\$38,000	\$42,000	\$43,000	
Repair & Maintenance	\$42,300	\$45,200	\$45,000	\$47,150	\$48,000	
Supplies	\$4,120	\$4,330	\$4,560	\$4,710	\$4,920	
Other	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	
Total	\$237,280	\$245,605	\$246,160	\$256,660	\$261,860	
% Increase Per Year	-	3.50%	0.23%	4.30%	2.00%	
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income	N/A					
Depreciation (If Funded)						
Loan Proceeds						
Other						
Total Sources						
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
Total Uses						
NET CASH FLOW						
DEBT SERVICE COVERAGE						
Cash Available for Debt						
SERVICE (CADS)						
Net Income (Loss)						
Depreciation, or Reserve Interest						
Total						
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest						
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS						

PLEASE ANSWER QUESTIONS 17 THROUGH 22 ON A DIFFERENT SHEET FOR EACH PHYSICALLY DISTINCT SYSTEM BEING TRANSFERRED OR ACQUIRED

17. A. For Water Systems. TCEQ Public Water System Identification Number:

0	7	0	0	0	5	6
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Date of last inspection:

03/26/2012

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q

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 -Name of Permittee:

--

 -Date of application to transfer Discharge Permit submitted:

--

 -Date of application to transfer Discharge Permit approved by TCEQ:

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18. A. Are any improvements required to meet TCEQ standards? Yes No. If yes, please explain:

--

B. Is there a moratorium on new connections? Yes No. If yes, please explain:

--

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ standards (attach additional sheets if necessary):

Description of the Required Improvement	Schedule to Complete	Estimated Cost
NONE		

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries? Yes No

If yes, indicate the number of customers within the city limits or district boundaries:

339

 Water

N/A

 Sewer

Attach copy of franchise agreement or consent letter from the city or district.

20. Do you currently purchase water or sewer treatment capacity from another source? Yes No
 Water Sewer Purchased on a Regular Seasonal Emergency Basis

• Source:

City of Red Oak

 % of total supply:

0 (emergency basis)

21. List the number of existing connections to be effected by this transaction.

Water			Sewer		
	-Non Metered		-2"meter		-Residential Connection
84	-5/8" or 3/4" meter		-3" meter		-Commercial Connection
	-1" meter		-4" meter		-Industrial Connection
	-1 1/2" meter		-Other		-Other
Total Water Connections:			84	Total Sewer Connections	

20. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? Yes No
 If yes, please explain what steps are being taken to address the capacity issues:

23. List the name, class, and license number of the operator(s) that will be responsible for the system:

Name	Class	License#
Ricky L Reeder	C	WG0008722

24. Attach the following maps with each copy of the application:
- a. One small scale map clearly showing affected service area with enough detail to accurately locate the area if the application is for the transfer of all or a portion of a CCN.
 - b. One large scale map showing the proposed service area boundaries being sold, transferred, or merged and, if available, the existing and proposed facilities. Color coding should be used to differentiate existing from proposed facilities. Facilities and service area boundaries should be shown with such exactness that they can be located on the ground. If transferring area not currently in a CCN or a portion of an existing CCN area please attach the following hard copy maps with each copy of the application:
 1. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
 2. A map showing only the proposed area by:
 - i. metes and bounds survey certified by a licensed state or registered professional land surveyor; or
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled, data disk should be included); or
 - iii. following verifiable natural and man-made landmarks, or
 - iv. a copy of recorded plat map with metes and bounds.
 3. A written description of the proposed service area.

OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF Texas

COUNTY OF Dallas

I, RAY HAWKINS, being duly sworn, file this application for sale, lease, rental or merger or consolidation as owner (indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

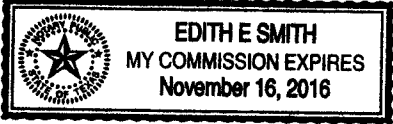
I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(j) and copies of any outstanding Orders of the Commission or Attorney General and have also complied with the notice requirements in Section 13.301(k) of the Water Code.

Ray Hawkins
AFFIANT
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, day 25 of June, 20 14.

SEAL



Edith E. Smith
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Edith E. Smith
PRINT OR TYPE NAME OF NOTARY
MY COMMISSION EXPIRES 11-16-16

One copy of this page must be submitted for each utility involved in this transaction.

OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF Texas

COUNTY OF Dallas

I, Bonnie Frame, being duly sworn, file this application for sale, lease, rental or merger or consolidation as title as officer of corporation (indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

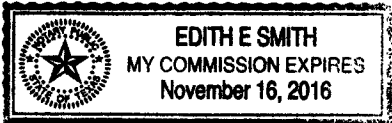
I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(j) and copies of any outstanding Orders of the Commission or Attorney General and have also complied with the notice requirements in Section 13.301(k) of the Water Code.

Bonnie Frame
AFFIANT
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, day 25 of June, 2014.

SEAL



Edith E. Smith
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Edith E Smith
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 11-16-16

One copy of this page must be submitted for each utility involved in this transaction.

OATH FOR PURCHASER OR ACQUIRING ENTITY

STATE OF Texas

COUNTY OF Ellis

I, Walter J. Carroll, being duly sworn, file this application for sale, lease, rental or merger or consolidation as Walter J. Carroll (indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I am also authorized and do agree to be bound by and comply with any outstanding orders of the Commission or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

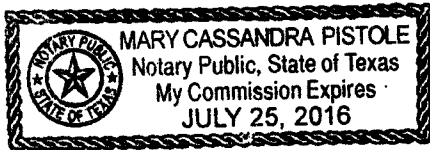
Walter J. Carroll
AFFIANT
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

Applicant represents that all other parties to this transaction have been furnished copies of this completed application.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, day 19 of June, 2011.

SEAL



Mary Pistole
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Mary Pistole
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES July 25, 2016

One copy of this page must be submitted for each utility involved in this transaction.

Notice to Current Customers, Neighboring Systems and Cities

Community Water Service, Inc 'S
(Seller's or Transferor's Name)

NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) NO 10091 TO Walter J. Carroll Water Company, Inc.

(Purchaser's or Transferee's Name)

IN Ellis COUNTY, TEXAS

To: _____ Date Notice Mailed _____, 20 ____
(Name of Customer, Neighboring System or City)

(Address)

City State Zip

Sellers or Transferors' Name	Address	City/State/Zip Code
Community Water Service, Inc.	P.O. Box 850155	Mesquite, Texas 75185

has submitted an application with the Texas Commission on Environmental Quality to sell facilities and transfer _____ or sewer (please select) CCN No. 10091 in Ellis [County Name]

County to:

Purchasers or Transferee's Name	Address	City/State/Zip Code
Walter J. Carroll Water Company, Inc.	513 Winding Creek Trail	Red Oak, Texas 75154

The sale is scheduled to take place as approved by the Executive Director (V.T.C.A., Water Code §13.301). The transaction and the transfer of the CCN include the following subdivision(s) and zip codes:

Beckley Pike Estates, 75154

The area subject to this transaction is located approximately 0.75 miles North [direction] of downtown Red Oak, [City or Town] Texas, and is **generally** bounded on the north by FM-644; on the east by I-35 East; on the south by Baldwin Street; and on the west by Overlook

The total area being requested includes approximately 63 acres and serves 339 current customers. This transaction will have the following effect on the current customer's rates and services:

Affected persons may file written protests and/or request a hearing.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number
- (2) state the applicant's name, application number and date of filing
- (3) include the statement "I/we request a public hearing on this application because:
- (4) write a brief description of how you, the person adversely affected by the proposed transaction, are affected
- (5) state your proposed adjustment to the application and the cause you wish to withdraw your request for a hearing.

Only those persons who submit a written request to be scheduled. The Executive Director will issue the CCN scheduled to consider the transaction. If no protests or requests for a hearing are received, the Executive Director may issue the CCN 30 days after the date of filing.

Persons who wish to protest or request a hearing on this application should submit their protest or request to the Texas Commission on Environmental Quality, 1701 North Water Street, Austin, Texas 78761-1498, Utilities and Distribution Division, P. O. Box 13087, Austin, Texas 78761-0887.

Se desea informacion on Espanol.

Walter Carroll

Utility Representative

Walter J. Carroll Water Company, Inc.

Utility Name

Notice to Current Customers, Neighboring Systems, Landowner and Cities

Community Water Service, Inc. 'S NOTICE OF INTENT TO SELL FACILITIES TO
(Seller's or Transferor's Name)

Walter J. Carroll Water Company, Inc. AND FOR Walter J. Carroll Water Company, Inc.
(Purchaser's or Transferee's Name) Purchaser's or Transferee's Name)

TO OBTAIN OR AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN
_____ COUNTY, TEXAS

To: _____ Date Notice Mailed _____, 20____
(Name of Customer, Neighboring System, Landowner or City)

(Address)

City State Zip

Community Water Service P.O. Box 850155 Mesquite, Texas 75185
Sellers or Transferors' Name Address City/State/Zip Code

has submitted an application with the Texas Commission on Environmental Quality to sell _____ or sewer (please select) Facilities in Ellis [County Name] County to:

Walter J. Carroll Water Company, Inc. 513 Winding Creek Trail Red Oak, Texas 75154
Purchasers or Transferee's Name Address City/State/Zip Code

The transferee has also requested to obtain/amend a CCN in this application. The sale is scheduled to take place as approved by the Executive Director (V.T.C.A., Water Code §13.301). The transaction and the proposed service area include the following subdivision(s) and zip codes:

Beckley Pike Estates, 75154

The area subject to this transaction is located approximately 0.75 miles North [direction] of downtown Red Oak, [City or Town] Texas, and is **generally** bounded on the north by FM-644; on the east by I-35 East; on the south by Baldwin Street; and on the west by Overlook

The total area being requested includes approximately 63 acres and serves 339 current customers. This transaction will have the following effect on the current customer's rates and services:

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Executive Director will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Executive Director may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087, Austin, TX 78711-3087

Se desea informacion on Espanol, puede llamar al 512-239-0200.

Walter Carroll

Utility Representative

Walter J. Carroll Water Company, Inc.

Utility Name

EXHIBIT INDEX

EXHIBIT

- I - Agreed Order Docket No. 2001-1379-PWS-E
- II - List of Current Red Oak Customers with Deposit Amount
- III - Cost of Acquisition Worksheet
- IV - Copy of Contract Agreement
- V - Copy of CCN Map
- VI - Copy of Red Oak TCEQ Annual Inspection Report
- VII - Copies of Sworn Affidavits (Transferor)
- VIII - Copies of Sworn Affidavits (Transferee)
- IX - Existing Rate Schedule for Red Oak System
- X - Proposed Rate Schedule for Walter J Carroll Water Company

EXHIBIT I

Agreed Order Docket No. 2001-1379-PWS-E

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



<p>IN THE MATTER OF AN ENFORCEMENT ACTION AGAINST WALTER J. CARROLL WATER COMPANY, INC. TCEQ PWS NOS. 0700057, 0700058, 0700063, AND 0700064 CCN NO. 11543</p>	<p>§ § § § § § § §</p>	<p>BEFORE THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</p>
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AGREED ORDER
DOCKET NO. 2001-1379-PWS-E

At its JUL 23 2003 agenda, the Texas Commission on Environmental Quality, ("Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Walter J. Carroll Water Company, Inc. ("Carroll Water") under the authority of TEX. HEALTH & SAFETY CODE ch. 341 (the "Code") and 30 TEX. ADMIN. CODE chs. 290 and 291. The Executive Director of the TCEQ, represented by the Litigation Division, and Carroll Water represented by Jimmy Alan Hall and Randall Wilburn of the law firm of Hall and Kleeman, P.L.L.C., presented this agreement to the Commission.

Carroll Water understands that it has certain procedural rights at certain points in the enforcement process, including, but not limited to, the right to formal notice of violations, notice of an evidentiary hearing, the right to an evidentiary hearing, and a right to appeal. By entering into this Agreed Order, Carroll Water agrees to waive all notice and procedural rights.

It is further understood and agreed that this Agreed Order represents the complete and fully-integrated agreement of the parties. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable. The duties and responsibilities imposed by this Agreed Order are binding upon Carroll Water.

The Commission makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. Carroll Water owns a retail public utility which operates the following four public water systems (the "Facilities"):

- a. Emerald Forest, PWS No. 0700058, located five miles west of Interstate 35 on FM 1446, Waxahachie, Ellis County;
- b. Grande Casa, PWS No. 0700063, located at the intersection of Old Maypearl Road and Grande Casa Street, Waxahachie, Ellis County;
- c. Spanish Grant, PWS No. 0700064, located 11.4 miles west of Interstate 35 on FM 1446, Waxahachie, Ellis County; and
- d. Lakeview Ranchettes, PWS No. 0700057, located at the west edge of Midlothian, a quarter mile west of Highway 67 on Old Ft. Worth Road, Waxahachie, Ellis County.

The Facilities have a total of 391 service connections and serve at least 25 people per day for at least 60 days per year.

2. During an inspection conducted on February 7 and 8, 2001, a TCEQ Dallas/Fort Worth ("DFW") Regional Office investigator documented that Carroll Water violated the following requirements:
 - a. Failed to issue a boil water notice within 24 hours following low distribution pressures (below 20 pounds per square inch ("psi")), or water outages. Specifically, on February 1, 2001, equipment failure caused a complete system outage in which there was no recordable pressure at Emerald Forest, PWS No. 0700058.
 - b. Failed to maintain a residual disinfectant of at least 0.2 milligrams per liter ("mg/L") free chlorine in the far reaches of the distribution system and failure to monitor chlorine residuals in the distribution system at least once every seven days at the facilities set-out below.
 1. Emerald Forest, PWS No. 0700058. Specifically, the chlorine residuals measured on February 7 and February 8, 2001 were 0.15 mg/L at 131 Oak Hill.
 2. Spanish Grant, PWS No. 0700064. Specifically, the chlorine residual measured on February 8, 2001 was 0.15 mg/L at 252 Mesa Road.
 3. Lakeview Ranchettes, PWS No. 0700057. Specifically, the chlorine residual measured on February 8, 2001 was 0.10 mg/L at 3351 Cement Valley Road.
 4. Grande Casa, PWS No. 0700063. Specifically, the chlorine residuals measured on February 8, 2001 were 0.17 and 0.19 mg/L.

- c. Failed to provide well No. 2 with a flow measuring device to measure production yields and provide for the accumulation of water production data at Spanish Grant, PWS No. 0700064.
- d. Failed to use chemicals which conform to American National Standards Institute/National Sanitation Foundation (ANSI/NSF) Standard 60 for direct additives and ANSI/NSF Standard 61 for indirect additives at Emerald Forest, PWS No. 0700058.
- e. Failed to initiate maintenance and housekeeping practices which ensure the reliability of the systems' facilities and equipment at Emerald Forest, PWS No. 0700058; Lakeview Ranchettes, PWS No. 0700057; Grande Casa, PWS No. 0700063; and Spanish Grant, PWS No. 0700064. Specifically, the pump houses were cluttered and contained spare parts and trash thrown about. Additionally, Carroll Water failed to repair the cracked sealing blocks at well No. 1 at Emerald Forest and well No. 1 at Grande Casa.
- f. Failed to complete a customer service inspection ("CSI") certificate prior to providing continuous water service to new construction, on any existing service when the water purveyor has reason to believe that cross-connections or other potential contaminant hazards exist, or after material improvement, correction, or addition to the private water distribution at the facilities set-out below.
 - 1. Emerald Forest, PWS No. 0700058. Specifically, the number of new connections increased from 42 in November 1999 to 44 in February 2001.
 - 2. Lakeview Ranchettes, PWS No. 0700057. Specifically, the number of new connections increased from 91 in November 1999 to 94 in February 2001.
 - 3. Grande Casa, PWS No. 0700063. Specifically, the number of new connections increased from 129 in November 1999 to 132 in February 2001.
- g. Failed to maintain records of the date, location, and nature of water quality, pressure, or outage complaints received by the system and the results of any subsequent complaint investigation at Emerald Forest, PWS No. 0700058; Lakeview Ranchettes, PWS No. 0700057; Grande Casa, PWS No. 0700063; and Spanish Grant, PWS No. 0700064.
- h. Failed to seal the well head on wells Nos. 1 and 2 with a gasket or sealing compound to prevent the possibility of contaminating the well water at Spanish Grant, PWS. No. 0700064.

- i. Failed to protect completed well units by intruder-resistant fences, the gates of which are provided with locks or enclosed in locked, ventilated well houses to exclude possible contamination or damage to the facilities by trespassers at Spanish Grant, PWS No. 0700064.
- j. Failed to install the electrical wiring for the wells in a securely mounted conduit in compliance with a local or national electrical code at Emerald Forest, PWS No. 0700058 and Spanish Grant, PWS No. 0700064.
- k. Failed to enclose the ground storage tank with a properly constructed intruder resistant fence at Emerald Forest, PWS No. 0700058, and Spanish Grant, PWS No. 0700064.
- l. Failed to ensure the system's ground storage tank is inspected annually by water system personnel or a contracted inspection service at Emerald Forest, PWS No. 0700058.
- m. Failed to maintain records of annual ground storage tank inspections at Lakeview Ranchettes, PWS No. 0700057; Grande Casa, PWS No. 0700063; and Spanish Grant, PWS No. 0700064.
- n. Failed to ensure the system's pressure tank is inspected annually by water system personnel or a contracted inspection service at Emerald Forest, PWS No. 0700058, and Grande Casa, PWS No. 0700063.
- o. Failed to maintain records of annual pressure tank inspections at Lakeview Ranchettes, PWS No. 0700057, and Spanish Grant, PWS No. 0700064.
- p. Failed to ensure the ground storage tank was thoroughly tight against leakage at Emerald Forest, PWS No. 0700058, and Grande Casa, PWS No. 0700063.
- q. Failed to provide the ground storage tank vent with a 16-mesh or finer screen fabricated of corrosion-resistant material at Emerald Forest, PWS No. 0700058, and Spanish Grant, PWS No. 0700064.
- r. Failed to provide an accurate and up-to-date map of the distribution system so that valves and mains can be easily located during emergencies at Emerald Forest, PWS No. 0700058; Lakeview Ranchettes, PWS No. 0700057; Grande Casa, PWS No. 0700063; and Spanish Grant, PWS No. 0700064.
- s. Failed to make all reasonable efforts to prevent interruptions of service and make reasonable provisions to meet emergencies resulting from failure of service at Emerald Forest, PWS No. 0700058.

- t. Failed to provide properly sized water lines through Spanish Grant, PWS No. 0700064.
 - u. Failed to equip the ground storage tank with a water meter, PWS No. 0700064.
 - v. Failed to provide the pressure tank with a device having a volume ratio at Spanish Grant, PWS No. 0700064.
 - w. Failed to install a backflow prevention assembly at connection control program where an actual or potential backflow exists at Lakeview Ranchettes, PWS No. 0700057, and at Spanish Grant, PWS No. 0700064.
 - x. Failed to modify the overflow pipe flap valve as required to provide no more than a 1/16 inch gap, in strict accordance with the American Water Works Association (AWWA) standards at Spanish Grant, PWS No. 0700064.
3. Carroll received a notice of enforcement on or about March 15, 2002.
4. The Executive Director recognizes that Carroll Water Company has taken corrective measures as documented during inspection on December 5, 2002:
- a. Emerald Forest:
 - 1. Began operating the water system's chlorine residual of 0.2 mg/L in the far reaches of the distribution system as required by 30 TEX. ADMIN. CODE §§ 290.110(c)(5)(b) and 290.110(c)(6)(b).
 - 2. Began operating the Facility so as to provide a minimum chlorine residual throughout the distribution system under the conditions specified as required by 30 TEX. ADMIN. CODE § 290.110(c)(5)(b).
 - 3. Began conducting and recording the results of chlorine residual testing at representative locations in the distribution system as required by 30 TEX. ADMIN. CODE § 290.110(c)(5)(b).
 - 4. Equipped the vents on the ground storage tanks as required by 30 TEX. ADMIN. CODE § 290.110(c)(5)(b).

5. Installed all water system electrical wiring in a securely mounted conduit in compliance with a local or national electrical code at well Nos. 1 and 2, as required by 30 TEX. ADMIN. CODE § 290.46(v).
 6. Began conducting and recording the results of annual inspections of the ground storage tank, as required by 30 TEX. ADMIN. CODE § 290.46(m)(1)(A).
 7. Began conducting and recording the results of annual inspections of the pressure tank, as required by 30 TEX. ADMIN. CODE § 290.46(m)(1)(B).
 8. Began using disinfection chemicals that conform to ANSI/NSF Standard 60 for direct additives, as required by 30 TEX. ADMIN. CODE § 290.42(i).
 9. Initiated maintenance and housekeeping practices to ensure the reliability and general appearance of the system's facilities and equipment, as required by 30 TEX. ADMIN. CODE § 290.46(m).
 10. Updated the Facility's distribution system map so that the valves and mains may be easily located during emergencies, as required by 30 TEX. ADMIN. CODE § 290.46(n).
 11. Provided all potable water storage tanks and pressure maintenance facilities with an intruder resistant fence, as required by 30 TEX. ADMIN. CODE § 290.43(e).
 12. Ensured clearwells and potable water storage tanks are thoroughly tight against leakage, as required by 30 TEX. ADMIN. CODE § 290.43(c)(6).
 13. Properly repaired the concrete sealing block at well No. 1, as required by 30 TEX. ADMIN. CODE § 290.41(c)(3)(J) and § 290.46(m).
 14. Additionally, on or about August 2, 2001, Carroll Water interconnected to Buena Vista Bethel Special Utility District.
- b. Grande Casa:
1. Began conducting and recording the results of disinfectant residual tests taken at representative locations in the distribution system, as required by 30 TEX. ADMIN. CODE § 290.110(c)(5).
 2. Began conducting and recording the results of annual inspections of the pressure tank, as required by 30 TEX. ADMIN. CODE § 290.46(m)(1)(B).

3. Ensured the overflow pipe hinged flap valve on the elevated storage tank fits tight with a gap of no more than 1/16 inch, as required by 30 TEX. ADMIN. CODE § 290.43(c)(3).
4. Updated the Facility's distribution system map so that the valves and mains may be easily located during emergencies, as required by 30 TEX. ADMIN. CODE § 290.46(n).
5. Ensured clearwells and potable water storage tanks are thoroughly tight against leakage, as required by 30 TEX. ADMIN. CODE § 290.43(c)(6).
6. Properly repaired the concrete sealing block at well No. 1, as required by 30 TEX. ADMIN. CODE § 290.41(c)(3)(J).

c. Spanish Grant:

1. Began operating the water system's chlorination facilities to maintain a free chlorine residual of 0.2 mg/L in the far reaches of the distribution system, as required by 30 TEX. ADMIN. CODE §§ 290.110(b)(4) and 290.46(d)(2)(A).
2. Began conducting and recording the results of disinfectant residual tests taken at representative locations in the distribution system, as required by 30 TEX. ADMIN. CODE § 290.110(c)(5).
3. Sealed the wellhead and pump bases at well Nos. 1 and 2 with gaskets or a pliable crack-resistant sealing compound, as required by 30 TEX. ADMIN. CODE § 290.41(c)(3)(K).
4. Provided a flow meter for well No. 2 to measure production yields and provide for the accumulation of water production data, as required by 30 TEX. ADMIN. CODE § 290.41(c)(3)(N).
5. Equipped the vents on the storage tank with an approved screen, as required by 30 TEX. ADMIN. CODE § 290.43(c)(1).
6. Installed all water system electrical wiring in a securely mounted conduit in compliance with a local or national electrical code at well No. 1, as required by 30 TEX. ADMIN. CODE § 290.46(v).
7. Provided a water level indicator on the ground storage tank, in accordance with 30 TEX. ADMIN. CODE § 290.43(c)(4).

8. Provided well site No. 1 with an intruder resistant fence, as required by 30 TEX. ADMIN. CODE § 290.41(c)(3)(O).
9. Provided the ground storage and pressure tanks with an intruder resistant fence, as required by 30 TEX. ADMIN. CODE § 290.43(e).
10. Updated the Facility's distribution system map so that the valves and mains may be easily located during emergencies, as required by 30 TEX. ADMIN. CODE § 290.46(n).
11. Provided an air-water volume indicator for the pressure tank, in accordance with 30 TEX. ADMIN. CODE § 290.43(d)(3).

d. Lakeview Ranchettes:

1. Began operating the water system's chlorination facilities to maintain a free chlorine residual of 0.2 mg/L in the far reaches of the distribution system, as required by 30 TEX. ADMIN. CODE §§ 290.110(b)(4) and 290.46(d)(2)(A).
2. Began conducting and recording the results of disinfectant residual tests taken at representative locations in the distribution system, as required by 30 TEX. ADMIN. CODE § 290.110(c)(5).
3. Updated the Facility's distribution system map so that the valves and mains may be easily located during emergencies, as required by 30 TEX. ADMIN. CODE § 290.46(n).

CONCLUSIONS OF LAW

1. As evidenced by Finding of Fact No. 1, Carroll Water is subject to the jurisdiction of the TCEQ pursuant to TEX. HEALTH & SAFETY CODE ch. 341 and the rules of the Commission.
2. As evidenced by Finding of Fact No. 2.a., Carroll Water has failed to issue a boil water notice within 24 hours following low distribution pressures (below 20 psi), or water outages at Emerald Forest, PWS No. 0700058, in violation of 30 TEX. ADMIN. CODE § 290.46(q).
3. As evidenced by Finding of Fact No 2.b., Carroll Water failed to maintain a residual disinfectant of at least 0.2 mg/L free chlorine in the far reaches of the distribution system and failure to monitor chlorine residuals in the distribution system at least once every seven days at Emerald Forest, PWS No. 0700058; Spanish Grant, PWS No. 0700064; Lakeview

Ranchettes, PWS No. 0700057; and Grande Casa, PWS No. 0700063, in violation of 30 TEX. ADMIN. CODE §§ 290.46(d)(2)(A), 290.110(b)(4), and 290.110(c)(5)(b)

4. As evidenced by Finding of Fact No. 2.c., Carroll Water failed to provide well No. 2 with a flow measuring device to measure production yields and provide for the accumulation of water production data at Spanish Grant, PWS No. 0700064, in violation of 30 TEX. ADMIN. CODE § 290.41(c)(3)(N).
5. As evidenced by Finding of Fact No. 2.d., Carroll Water failed to use chemicals which conform to ANSI/NSF Standard 60 for direct additives and ANSI/NSF Standard 61 for indirect additives at Emerald Forest, PWS No. 0700058, in violation of 30 TEX. ADMIN. CODE § 290.42(i).
6. As evidenced by Finding of Fact No. 2.e., Carroll Water failed to initiate maintenance and housekeeping practices which ensure the reliability of the systems' facilities and equipment at Emerald Forest, PWS No. 0700058; Lakeview Ranchettes, PWS No. 0700057; Grande Casa, PWS No. 0700063; and Spanish Grant, PWS No. 0700064. Additionally, Respondent failed to repair the cracked sealing blocks at well no. 1 at Emerald Forest and well no. 1 at Grande Casa, in violation of 30 TEX. ADMIN. CODE § 290.46(m).
7. As evidenced by Finding of Fact No. 2.f., Carroll Water failed to complete a CSI certificate prior to providing continuous water service to new construction, on any existing service when the water purveyor has reason to believe that cross-connections or other potential contaminant hazards exist, or after material improvement, correction, or addition to the private water distribution at Emerald Forest, PWS 0700058; Lakeview Ranchettes, PWS No. 0700057; and Grande Casa, PWS 0700063, in violation of 30 TEX. ADMIN. CODE § 290.46(j).
8. As evidenced by Finding of Fact No. 2.g., Carroll Water failed to maintain records of the date, location, and nature of water quality, pressure, or outage complaints received by the system and the results of any subsequent complaint investigation at Emerald Forest, PWS No. 0700058; Lakeview Ranchettes, PWS No. 0700057; Grande Casa, PWS No. 0700063; and Spanish Grant, PWS No. 0700064, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(3)(A)(iii).
9. As evidenced by Finding of Fact No. 2.h., Carroll Water failed to seal the well head on wells Nos. 1 and 2 with a gasket or sealing compound to prevent the possibility of contaminating the well water at Spanish Grant, PWS. No. 0700064, in violation of 30 TEX. ADMIN. CODE § 290.41(c)(3)(K).

10. As evidenced by Finding of Fact No. 2.i., Carroll Water failed to protect completed well units by intruder-resistant fences, the gates of which are provided with locks or enclosed in locked, ventilated well houses to exclude possible contamination or damage to the facilities by trespassers at Spanish Grant, PWS No. 0700064, in violation of 30 TEX. ADMIN. CODE § 290.41(c)(3)(O).
11. As evidenced by Finding of Fact No. 2.j., Carroll Water failed to install the electrical wiring for the wells in a securely mounted conduit in compliance with a local or national electrical code at Emerald Forest, PWS No. 0700058, and Spanish Grant, PWS No. 0700064, in violation of 30 TEX. ADMIN. CODE § 290.46(v).
12. As evidenced by Finding of Fact No. 2.k., Carroll Water failed to enclose the ground storage tank with a properly constructed intruder resistant fence at Emerald Forest, PWS No. 0700058, and Spanish Grant, PWS No. 0700064, in violation of 30 TEX. ADMIN. CODE § 290.43(e).
13. As evidenced by Finding of Fact No. 2.l., Carroll Water failed to ensure the system's ground storage tank is inspected annually by water system personnel or a contracted inspection service at Emerald Forest, PWS No. 0700058, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(1)(A).
14. As evidenced by Finding of Fact No. 2.m., Carroll Water failed to maintain records of annual ground storage tank inspections at Lakeview Ranchettes, PWS No. 0700057; Grande Casa, PWS No. 0700063; and Spanish Grant, PWS No. 0700064, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2).
15. As evidenced by Finding of Fact No. 2.n., Carroll Water failed to ensure the system's pressure tank is inspected annually by water system personnel or a contracted inspection service at Emerald Forest, PWS No. 0700058, and Grande Casa, PWS No. 0700063, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(1)(B).
16. As evidenced by Finding of Fact No. 2.o., Carroll Water failed to maintain records of annual pressure tank inspections at Lakeview Ranchettes, PWS No. 0700057, and Spanish Grant, PWS No. 0700064, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2).
17. As evidenced by Finding of Fact No. 2.p., Carroll Water failed to ensure the ground storage tank was thoroughly tight against leakage at Emerald Forest, PWS No. 0700058, and Grande Casa, PWS No. 0700063, in violation of 30 TEX. ADMIN. CODE § 290.43(c)(6).
18. As evidenced by Finding of Fact No. 2.q., Carroll Water failed to provide the ground storage tank vent with a 16-mesh or finer screen fabricated of corrosion-resistant material at Emerald Forest, PWS No. 0700058, and at Spanish Grant, PWS No. 0700064, in violation of 30 TEX. ADMIN. CODE § 290.43(c)(1).

19. As evidenced by Finding of Fact No. 2.r., Carroll Water failed to provide an accurate and up-to-date map of the distribution system so that valves and mains can be easily located during emergencies at Emerald Forest, PWS No. 0700058; Lakeview Ranchettes, PWS No. 0700057; Grande Casa, PWS No. 0700063; and Spanish Grant, PWS No. 0700064, in violation of 30 TEX. ADMIN. CODE § 290.46(n).
20. As evidenced by Finding of Fact No. 2.s., Carroll Water by failing to make all reasonable efforts to prevent interruptions of service and make reasonable provisions to meet emergencies resulting from failure of service at Emerald Forest, PWS No. 0700058, in violation of 30 TEX. ADMIN. CODE § 291.90(a)(1) and (2).
21. As evidenced by Finding of Fact No. 2.t., Carroll Water failed to provide properly sized water lines throughout the distribution system at Spanish Grant, PWS No. 0700064, in violation of 30 TEX. ADMIN. CODE § 290.44(c).
22. As evidenced by Finding of Fact No. 2.u., Carroll Water failed to equip the ground storage tank with a water level indicator at Spanish Grant, PWS No. 0700064, in violation of 30 TEX. ADMIN. CODE § 290.43(c)(4).
23. As evidenced by Finding of Fact No. 2.v., Carroll Water failed to provide the pressure tank with a device for determining the air-water-volume ratio at Spanish Grant, PWS No. 0700064, in violation of 30 TEX. ADMIN. CODE § 290.43(d)(3).
24. As evidenced by Finding of Fact No. 2.w., Carroll Water failed to install a backflow prevention assembly or have an adequate internal cross-connection control program where an actual or potential contamination hazard exists at Lakeview Ranchettes, PWS No. 0700057 and Grande Casa, PWS No. 0700063, in violation of 30 TEX. ADMIN. CODE § 290.44(h).
25. As evidenced by Finding of Fact No. 2.x., Carroll Water failed to modify the overflow pipe flap valve assembly on the ground storage tank to provide no more than a 1/16 inch gap, in strict accordance with AWWA standards at Grande Casa, PWS No. 0700063, in violation of 30 TEX. ADMIN. CODE § 290.43(c)(3).
26. Pursuant to the Code § 341.049, the Commission has the authority to assess an administrative penalty against Carroll Water for violations of the Code, TCEQ rules, and orders adopted under the Code.
27. An administrative penalty in the amount of thirteen thousand eight hundred seventy-six dollars (\$13,876.00) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Financial Assurance Section of the Commission's Financial Administration Division reviewed the financial documentation submitted by

Carroll Water and determined that Carroll Water is unable to pay part of the administrative penalty. Therefore, eight thousand three hundred seventy-six dollars (\$8,376.00) of the penalty is deferred contingent upon Carroll Water's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If Carroll Water fails to timely and satisfactorily comply with all requirements of this Agreed Order, including the payment schedule, the Executive Director may require Carroll Water to pay all or part of the deferred penalty.

Carroll Water has paid four hundred sixty-two dollars (\$462.00) dollars of the undeferred administrative penalty. The remaining amount of five thousand thirty-eight dollars (\$5,038.00) shall be payable in 11 monthly payments of four hundred fifty-eight dollars (\$458.00) dollars each. The first monthly payment shall be paid within 30 days after the effective date of this Agreed Order. The subsequent payments shall each be paid not later than 30 days following the due date of the previous payment. If Carroll Water fails to timely and satisfactorily comply with the payment requirements of this Agreed Order, the Executive Director may, at his option, accelerate the maturity of the remaining installments, in which event the unpaid balance shall become immediately due and payable without demand or notice. In addition, the acceleration of any remaining balance constitutes the failure by Carroll Water timely and satisfactorily comply with all the terms of this Agreed Order and the Executive Director may demand payment of any deferred penalty amount.

ORDERING PROVISIONS

NOW, THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS that:

1. Carroll Water is assessed an administrative penalty as set forth in Conclusion of Law No. 27 for violations of TEX. HEALTH & SAFETY CODE ch. 341 and the rules of the TCEQ. The imposition of this administrative penalty and Carroll Water's compliance with all the terms and conditions set forth in this Agreed Order completely resolve the violations set forth by this Agreed Order in this action. However, the Commission shall not be constrained in any manner from requiring corrective actions or penalties for other violations that are not raised here. Administrative penalty payments shall be sent with the notation "Re: Walter J. Carroll Water Company, Inc.; Docket No. 2001-1379-PWS-E; Enforcement ID No.16096" to:

Financial Administration Division, Revenues
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

2. Carroll Water shall undertake the following technical requirements at Emerald Forest:
 - a. Immediately upon the effective date of the Commission Order, begin maintaining operational records detailing the date, location, and nature of water quality, pressure, or outage complaints received by the system and the results of any subsequent complaint investigation, as required by 30 TEX. ADMIN. CODE § 290.46(f)(3)(A)(iii).
 - b. Within 15 days after the effective date of the Commission Order, submit written certification of compliance with Ordering Provisions 2.a.
 - c. Within 30 days after the effective date of the Commission Order, begin completing service inspection certifications prior to providing continuous water service to new construction, on any existing service when the water purveyor has reason to believe that cross-connections or other unacceptable plumbing practices exist, or after any material improvement, correction, or addition to the private plumbing facilities, as required by 30 TEX. ADMIN. CODE § 290.46(j).
 - d. Within 45 days after the effective date of the Commission Order, submit written certification of compliance with Ordering Provision 2.c.

3. Carroll Water shall undertake the following technical requirements at Grande Casa:
 - a. Immediately upon the effective date of the Commission Order:
 1. Begin operating the water system's chlorination facilities to maintain a free chlorine residual of 0.2 mg/L in the far reaches of the distribution system, as required by 30 TEX. ADMIN. CODE §§ 290.110(b)(4) and 290.46(d)(2)(A); and
 2. Begin maintaining operational records detailing the date, location, and nature of water quality, pressure, or outage complaints received by the system and the results of any subsequent complaint investigation, as required by 30 TEX. ADMIN. CODE § 290.46(f)(3)(A)(iii).
 - b. Within 15 days after the effective date of the Commission Order, submit written certification of compliance with Ordering Provisions 3.a.1 and 3.a.2.
 - c. Within 30 days after the effective date of the Commission Order:
 1. Initiate maintenance and housekeeping practices to ensure the reliability and general appearance of the system's facilities and equipment, as required by 30 TEX. ADMIN. CODE § 290.46(m) which shall include, but not be limited to maintaining the sealing block surrounding the well free of debris and excess vegetation;

2. Begin maintaining and making accessible, the results of annual inspections of the ground storage tank, as required by 30 TEX. ADMIN. CODE § 290.46(f)(2); and
 3. Begin completing service inspection certifications prior to providing continuous water service to new construction, on any existing service when the water purveyor has reason to believe that cross-connections or other unacceptable plumbing practices exist, or after any material improvement, correction, or addition to the private plumbing facilities, as required by 30 TEX. ADMIN. CODE § 290.46(j).
 - d. Within 45 days after the effective date of the Commission Order, submit written certification of compliance with Ordering Provisions 3.c.1 through 3.c.3.
 - e. Within 90 days after the effective date of the Commission Order, ensure no water connection to any residence or establishment be allowed where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination, as required by 30 TEX. ADMIN. CODE § 290.44(h).
 - f. Within 105 days after the effective date of the Commission Order, submit written certification of compliance with Ordering Provision 3.e.
4. Carroll Water shall undertake the following technical requirements at Spanish Grant:
- a. Within 30 days after the effective date of the Commission Order:
 1. Begin maintaining operational records detailing the date, location, and nature of water quality, pressure, or outage complaints received by the system and the results of any subsequent complaint investigation, as required by 30 TEX. ADMIN. CODE § 290.46(f)(3)(A)(iii);
 2. Initiate maintenance and housekeeping practices to ensure the reliability and general appearance of the system's facilities and equipment, as required by 30 TEX. ADMIN. CODE § 290.46(m) which shall include, but not be limited to maintaining the sealing block surrounding wells No. 1 and No. 2 free of debris and excess vegetation;
 3. Begin maintaining and making accessible, the results of annual inspections of the ground storage tank, as required by 30 TEX. ADMIN. CODE § 290.46(f)(2); and

4. Begin maintaining and making accessible the results of annual inspections of the pressure tank, as required by 30 TEX. ADMIN. CODE § 290.46(f)(2).
 - b. Within 45 days after the effective date of the Commission Order, submit written certification of compliance with Ordering Provisions 4.a.1 through 4.a.4.
 - c. Within 180 days after the effective date of the Commission Order, install properly sized distribution water lines, as required by 30 TEX ADMIN. CODE § 290.44(c).
 - d. Within 195 days after the effective date of the Commission Order, submit written certification of compliance with Ordering Provision 4.c.
5. Carroll Water shall undertake the following technical requirements at Lakeview Ranchettes:
- a. Within 30 days after the effective date of the Commission Order:
 1. Begin maintaining and making accessible, the results of annual inspections of the pressure tank, as required by 30 TEX. ADMIN. CODE § 290.46(f)(e);
 2. Begin maintaining and making accessible, the results of annual inspections of the ground storage tank, as required by 30 TEX. ADMIN. CODE § 290.46(f)(2);
 3. Initiate maintenance and housekeeping practices to ensure the reliability and general appearance of the system's facilities and equipment, as required by 30 TEX. ADMIN. CODE § 290.46(m) which shall include, but not be limited to maintaining the sealing block surrounding the well free of debris and excess vegetation;
 4. Begin completing service inspection certifications prior to providing continuous water service to new construction, on any existing service when the water purveyor has reason to believe that cross-connections or other unacceptable plumbing practices exist, or after any material improvement, correction, or addition to the private plumbing facilities, as required by 30 TEX. ADMIN. CODE § 290.46(j); and
 5. Begin maintaining operational records detailing the date, location, and nature of water quality, pressure, or outage complaints received by the system and the results of any subsequent complaint investigation, as required by 30 TEX. ADMIN. CODE § 290.46(f)(3)(A)(iii).

- b. Within 45 days after the effective date of the Commission Order, submit written certification of compliance with Ordering Provisions 5.a.1. through 5.a.5.
- c. Within 90 days after the effective date of the Commission Order, ensure no water connection to any residence or establishment be allowed where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination, as required by 30 TEX. ADMIN. CODE § 290.44(h).
- d. Within 105 days after the effective date of the Commission Order, submit written certification of compliance with Ordering Provision 5.c.
- e. Submit certification of compliance letters and all other documents required by these Ordering Provisions to:

Mr. Shawn Stewart, Coordinator
Enforcement, MC 149
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087

with a copy to:

Mr. Sid Slocum, Manager
Water Section
Dallas/Fort Worth Regional Office
Texas Commission on Environmental Quality
2301 Gravel Dr.
Fort Worth, TX 76118-6951

- 6. The provisions of this Agreed Order shall apply to and be binding upon Carroll Water. Carroll Water is ordered to give notice of this Agreed Order to personnel who maintain day-to-day control over the Facility operations referenced in this Agreed Order.
- 7. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by Carroll Water shall be made in writing to the Executive Director. Extensions are not effective until Carroll Water receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.

8. The Executive Director may refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings without notice to Carroll Water if the Executive Director determines that Carroll Water has not complied with one or more of the terms or conditions in this Agreed Order.
9. This Agreed Order shall terminate five years from its effective date or upon compliance with all terms and conditions set forth in this Agreed Order, whichever is later.
10. This Agreed Order, issued by the Commission, shall not be admissible against Carroll Water in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of the TEX. WATER CODE or the TEX. HEALTH & SAFETY CODE.
11. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties. Pursuant to 30 TEX. ADMIN. CODE § 70.10(b) and TEX. GOV'T CODE § 2001.142, the effective date is the date of hand-delivery of the Order to Carroll Water, or three days after the date on which the Commission mails notice of the Order to Carroll Water, whichever is earlier.

SIGNATURE PAGE

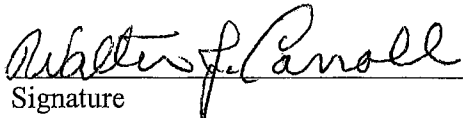
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



For the Commission

I, the undersigned, have read and understand the attached Agreed Order in the matter of Walter J. Carroll Water Company, Inc. I am authorized to agree to the attached Agreed Order on behalf of Walter J. Carroll Water Company, Inc., and do agree to the specified terms and conditions.

I understand that by entering into this Agreed Order, Walter J. Carroll Water Company, Inc. waives certain procedural rights, including, but not limited to, the right to formal notice of violations addressed by this Agreed Order, notice of an evidentiary hearing, the right to an evidentiary hearing, and the right to appeal. I agree to the terms of the Agreed Order in lieu of an evidentiary hearing. This Agreed Order constitutes full and final adjudication by the Commission of the violations set forth in this Agreed Order.



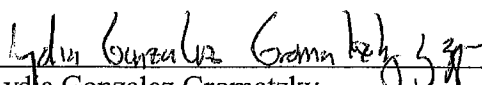
Signature

5-8-03

Date

WALTER J. CARROLL WATER Co. Inc President
Name (printed or typed) Title
Authorized Representative
Walter J. Carroll Water Company, Inc.

I, the undersigned, on behalf of the Executive Director of the Texas Commission on Environmental Quality, hereby agree to the terms of this Agreed Order in lieu of an evidentiary hearing. This Agreed Order represents full and final adjudication of the violations giving rise to this Agreed Order.



Lydia Gonzalez Gromatzky
Deputy Director
Office of Legal Services
Texas Commission on Environmental Quality

5-20-03

Date

Robert J. Huston, *Chairman*
R. B. "Ralph" Marquez, *Commissioner*
Kathleen Hartnett White, *Commissioner*
Margaret Hoffman, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 4, 2003

CERTIFIED MAIL

Walter J. Carroll
Walter J. Carroll Water Company, Inc.
513 Winding Creek Trail
Red Oak, Texas 75154

RE: Carroll Walter J. Water Company, Inc.
TCEQ Docket No. 2001-1379-PWS-E; PWS Nos. 0700057, 0700058, 0700063
and 0700064
Agreed Order assessing administrative penalties and requiring certain actions

Enclosed is a copy of an order issued by the Commission.

Questions regarding the order should be directed to the Enforcement Coordinator or the Staff Attorney. If there are questions pertaining to the mailing of the order, then please contact Irma Salazar of the Texas Commission on Environmental Quality's Office of the Chief Clerk (MC 105) at (512) 239-1328.

Sincerely,

A handwritten signature in cursive script, appearing to read "LaDonna Castañuela".

LaDonna Castañuela
Chief Clerk

LDC/is

Enclosure

cc: Todd Jones, Field Investigator, TCEQ Region 4
Lisa Lemanczyk, Staff Attorney, TCEQ Litigation Division (MC 175)
Christopher Stewart, Enforcement Coordinator, TCEQ Enforcement Division (MC 149)
Jimmy Alan Hall and Randall Wilburn, Hall & Kleeman, P.L.L.C., 1515 South Capital of
Texas Highway, Suite 415, Austin, Texas 78746-6544

EXHIBIT II

List of Current Red Oak Customers with Deposit Amount

<u>NAME & Service Address of Utility Customer</u>	<u>DATE OF Deposit</u>	<u>Amount of Deposit</u>	<u>Amount of unpaid Interest on Deposit</u>
NICK TORREZ 110 CARSON	2009	50.00	.20
Rick Evans 204 CARSON	2009	50.00	.04
Luis GARCIA 415 N. I-35 Serv. Rd	2013	50.00	.04
ALAN Gell 421 Industrial	2000	50.00	1.26
Raul Osorto I-35 Service Rd	1985	25.00	2.61
Jinginta Chapa 403 N. I-35 Serv. Rd	1968	15.00	.46
E. Woodall I-35 Serv. Rd	1987	50.00	1.08
A&J Repair 319 I-35 E	2008	50.00	.24
Rosales Rogeberto 313 N. Industrial	2008	50.00	.24
JA MARGETIS 305 N. Industrial	2001	50.00	.52
Ernest Bell 302 N. Industrial	1994	50.00	.80
Phillip Butler I-35 Serv. Rd	1988	50.00	1.04
Freddy TAMEZ I-35 Serv. Rd	1985	50.00	2.61
Kenneth Clemons 102 Baldwin	2012	50.00	.08
David Bell 104 Baldwin	2002	50.00	.48
David Bell 105 Baldwin	2013	50.00	.04
Sylvia Cortez 107 Baldwin	1999	50.00	.60
Francis Sanford 207 Baldwin	1981	50.00	.66
Rainbow Paint & Body 324 Moreview	1982	25.00	.64
Antonio Lovato 322 Moreview	1978	25.00	.72
MARK Hansen 314 Moreview	2002	50.00	.48
Talmadge Ellis 313 Moreview	1999	50.00	.60
Tim Gibbons 310 Moreview	2010	50.00	.16
Tow Pro Wrecker Serv. 306 Moreview	2010	50.00	.16
Estrella Ortiz 307 Moreview	2000	50.00	.48

<u>NAME & Service Address of utility Customer</u>	<u>Date of Deposit</u>	<u>Amount of Deposit</u>	<u>Amount of unpaid Interest on Deposit</u>
Frank McCoy 302 Moreview	1997	50.00	.68
Linda Baggs 303 Moreview	2012	50.00	.08
Kevin Smith 301 Moreview	2012	50.00	.08
Sarah Horne 300 Moreview	2013	50.00	.04
Robert McNally II 220 Moreview	2005	50.00	.36
Etsel Montes 219 Moreview	2013	50.00	.04
Erik Faulkner 217 Moreview	2012	50.00	.08
Robert P. McNally 216 Moreview	1999	50.00	.60
Matias Alvarado 214 Moreview	2001	50.00	.52
Daniel Ramirez 215 Moreview	2002	50.00	.48
Angela Guinn 213 Moreview	1977	15.00	.37
Ismael Padron 211 Moreview	2003	50.00	.44
William Hailey 210 Moreview	1981	25.00	.66
Bessie Carrott 209 Moreview	1985	25.00	2.61
Jaime Gonzalez 205 Moreview	2013	50.00	.04
Juan Antonio Gonzales 206 Moreview	2008	50.00	.24
Salvador Trajillio 204 Moreview	1999	50.00	.60
Larry Pogue 202 1/2 Moreview	2002	50.00	.48
Larry Pogue 202 Moreview	2002	50.00	.48
Larry Pogue 200 Moreview	2002	50.00	.48
Mario Gonzales 100 Moreview	1969	15.00	.90
Rick Evans 201 Carson	1996	50.00	.72
Allen W. Homeier, Jr. 206 Carson	2013	50.00	.04
Dottie Settle 208 Carson	1979	25.00	.70
Rick Evans 203 1/2 Carson	1992	50.00	.88
Rick Evans 203 Carson	2006	50.00	.33

<u>NAME & Service Address of utility Customers</u>	<u>Date of Deposit</u>	<u>Amount of Deposit</u>	<u>Amount of unpaid Interest on Deposits</u>
Dottie Settle 210 Carson	1983	25.00	.62
Ray Garcia 212 Carson	1990	50.00	.96
R.C. Garcia 214 Carson	2010	50.00	.16
Christina Hernandez 216 Carson	2013	50.00	.04
Linda Jackson 211 #1 Carson	2014	50.00	.04
Dottie Settle 211 Carson	1982	25.00	.64
Joe Crow 211 #2 Carson	2013	50.00	.04
Jessica A. Sapolio 213 Carson	2014	50.00	.04
Rhonda Bishop 218 Carson	2009	50.00	.04
Betty Nalls 222 Carson	1988	50.00	1.04
Wendy Williams 224 Carson	2011	50.00	.36
Victoria Gonder 225 Carson	1982	25.00	25.64
Rae Clayburn 301 Carson	1978	25.00	1.08
Pennye Wilkerson 300 B Carson	1996	50.00	.72
Milburn Arnold 305 Carson	1991	50.00	.92
Daniel J. Nunez 307 Carson	2009	50.00	.20
Linda Seamanski 302 1/2 Carson	2013	50.00	.04
Amber Sikes 304 Carson	2012	50.00	.08
Brittany Buchanan 309 Carson	1989	50.00	1.00
Francisco J. Panales 306 Carson	2000	50.00	.56
Ronald Scott 312 Carson	2010	50.00	.16
Frances Johnson 317 Carson	2003	50.00	.44
Billy Johnson 317 Carson	2006	50.00	.32
Mark Daniel 317 Carson	2014	50.00	.04
John Wooten 314 Carson	2013	50.00	.04
Lorrie Parrie 311 Carson	2002	50.00	.48

<u>Name & Service Address of Utility Customers</u>	<u>Date of Deposit</u>	<u>Amount of Deposit</u>	<u>Amount of unpaid Interest on Deposits</u>
Juan Herta 318 Carson	2013	50.00	.04
Chris Carrillo 320 Carson	2013	50.00	.04
Bessie L. James 305 Baldwin	1983	25.00	.62
Valente & Vincent Leyva 307 Baldwin	2010	50.00	.16
Yolanda Buretago 309 Baldwin	2013	50.00	.04
Emily Hiles 330 Overlook	2009	50.00	.20
John Garza 327 Overlook	1977	15.00	.37
Harold B. Woods 325 Overlook	2011	50.00	.62
Mildred Ramirez 323 Overlook	2002	50.00	.48
Roque Rico, Jr 321 Overlook	2006	50.00	.32
Charlie Orton 315 Overlook	1983	50.00	1.24
Brad Selmon 317 Overlook	2013	50.00	.04
Carlo Vela 311 Overlook	2013	50.00	.04
Ignacio Tellez 308 Overlook	1995	50.00	.76
Genaro Alvarez 307 A Overlook	1986	25.00	.50
Pam Russell 306 Overlook	2003	50.00	.44
Kara Hill 304 Overlook	2010	50.00	.16
Justino Villanueva 302 Overlook	1994	50.00	.80
Justino Villanueva 301 Overlook	1990	50.00	.96
Bennie Everhart 221 Overlook	1987	50.00	1.08
Aurora D. Montoya 217 Overlook	2003	50.00	.44
John Boehringer 218 Overlook	1987	50.00	1.08
Leo Hernandez 213 Overlook	2006	50.00	.32
Zulena Amador 209 Overlook	2012	50.00	.08
Mary McGinley 205 Overlook	1977	15.00	.37
Stephen Allison 200 Overlook	2006	75.00	.31