

Control Number: 43890



Item Number: 19

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

Attachment #

Question #5 A i.

Water System's TCEQ Public Water System identification number(s):

2120081

0920031

RECEIVED
TCEQ
WATER SUPPLY DIV.
2011 MAY 23 PM 3 28

WATER UTILITY TARIFF
FOR

ATTACHMENT #26

Texas Water Systems, Inc.
(Utility Name)

7891 U.S. Highway 271
(Business Address)

Tyler, Texas 75708
(City, State, Zip Code)

(903) 595-2128
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

12473

This tariff is effective in the following counties:

Gregg, Henderson, Smith and Upshur

This tariff is effective in the following cities or unincorporated towns (if any):

None

This tariff is effective in the following subdivisions and public water systems:

See attached list.

TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section all pages should be numbered consecutively):

SECTION 1.0 -- RATE SCHEDULE.....	2
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APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

Texas Water Systems, Inc.

This tariff is effective in the following subdivisions or systems:

SUBDIVISION	PWS ID NUMBER	COUNTY
Cape Tranquility	1070176	Henderson
Country Club Estates	2300021	Upshur
Friendship Community	2300020	Upshur
Garden Acres Subdivision	0920031	Gregg
Garden Valley Water System	2120081	Smith
Mount Sylvan Community	2120034	Smith
Rosewood Community	2300026	Upshur
Stallion Lake	2120104	Smith

TEXAS COMM. ON ENVIRONMENTAL QUALITY
36729-R, CCN 12473, AUGUST 2, 2010
APPROVED TARIFF BY: SP/RA

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 1,000 gallons)	<u>Gallonage Charge</u> \$2.30 per 1000 gallons over the minimum
5/8" x 3/4"	\$38.85	
3/4"	\$57.13	
1"	\$93.68	
1 1/2"	\$185.05	
2"	\$294.70	
3"	\$550.55	

FORM OF PAYMENT: The utility will accept the following forms of payment:
Cash X, Check X, Money Order X, Credit Card _____, Other (specify)

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT 1.0%
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE \$800.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs) Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter) Actual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER CONVERSION FEE Actual cost to convert that meter
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS CHANGE OF SIZE OF AN EXISTING METER OR CHANGE IS REQUIRED BY MATERIAL CHANGE IN CUSTOMER'S SERVICE DEMAND

RATES LISTED ARE EFFECTIVE ONLY
IF THIS PAGE HAS TCEQ APPROVAL STAMP

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER TEST FEE.....\$25.00
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

RECONNECTION FEE
THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non payment of bill (Maximum \$25.00).....\$25.00
- b) Customer's request that service be disconnected \$40.00

TRANSFER FEE.....\$30.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)\$5.00
TCEQ RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE\$25.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) \$50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:
WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [30 TAC 291.21(K)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:
REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:
Increases in inspection fees and water testing costs imposed by state or federal law may be passed through as an adjustment to the monthly base rate charge under the terms and conditions of 30 T.A.C. 291.21(k)(2) after notice to customers and upon written approval by the TCEQ.

RATES LISTED ARE EFFECTIVE ONLY
IF THIS PAGE HAS TCEQ APPROVAL STAMP


Taxable Entity Search Results

Franchise Tax Certification of Account Status

This Certification Not Sufficient for Filings with Secretary of State

Do **not** include a certificate from this Web site as part of a filing with the Secretary of State for dissolution, merger, withdrawal, or conversion. The Secretary of State will reject a filing that uses the certification from this site.

To obtain a certificate that is sufficient for dissolution, merger, or conversion, see Publication 98-336d, Requirements to Dissolve, Merge or Convert a Texas Entity.

Certification of Account Status	Officers And Directors Information
---------------------------------	------------------------------------

Entity Information:

TEXAS WATER SYSTEMS, INC.
7891 US HIGHWAY 271
TYLER, TX 75708-4002

Status:

TEMPORARY GOOD STANDING
through July 15, 2011

Registered Agent:

GLEN TRIMBLE
7891 HWY 271
TYLER, TX 75708

Registered Agent Resignation Date:

State of Formation:

TX

File Number:

0109227500

SOS Registration Date:

October 19, 1988

Taxpayer Number:

17522535883

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TEXAS SECRETARY of STATE

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BUSINESS ORGANIZATIONS INQUIRY - VIEW ENTITY

Filing Number: 109227500 **Entity Type:** Domestic For-Profit Corporation
Original Date of Filing: October 19, 1988 **Entity Status:** In existence
Formation Date: N/A
Tax ID: 17522535883 **FEIN:**
Duration: Perpetual

Name: TEXAS WATER SYSTEMS, INC.
Address: PO BOX 131945
 TYLER, TX 75773 USA

<u>REGISTERED AGENT</u>	<u>FILING HISTORY</u>	<u>NAMES</u>	<u>MANAGEMENT</u>	<u>ASSUMED NAMES</u>	<u>ASSOCIATED ENTITIES</u>
Last Update	Name	Title	Address		
March 31, 2011	JAMES K BROWN	PRESIDENT	7891 US HWY 271 TYLER, TX 75708 USA		
March 31, 2011	JAMES K BROWN	DIRECTOR	7891 US HWY 271 TYLER, TX 75708 USA		
March 31, 2011	HUDSON WHITE	VICE PRESIDENT	7891 US HWY 271 TYLER, TX 75708 USA		
March 31, 2011	HUDSON WHITE	DIRECTOR	7891 US HWY 271 TYLER, TX 75708 USA		

Instructions:

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

Q 5 G i.

The effect on the applicant regarding regionalization is manageable, through arrangements with the developer and a neighboring licensed operator to take care of routine operation and minor issues with the system. Major repairs and concerns will be handled by crews and equipment based in Smith County. There should be no effect on compliance issues with the applicants' existing systems, and a positive economic impact is expected in the long run as construction is mostly developer funded, and basic growth of the customer base is financially positive for an I.O.U. such as Texas Water Systems, Inc.

Q 5 G ii.

The effect on the closest neighboring public utility (Big Creek West Water) regarding regionalization should be positive, since there is a potential for emergency relief to a limited extent through a system interlink. Big Creek's capacity compliance will be a bit simpler, since they won't be burdened with the new customers in the proposed area. The only economic effects would be (1) avoidance of impact on facilities and (2) limitation of growth of their customer base where the proposed amendment area is concerned. There is no practical impact on other systems in the area due to the distance involved.

Q 5 G iii.

The effects on any landowner in the area is that of positive resolution of water supply needs, since the only party applicable is the developer.


Q #6 A i.

The number of connections that we are adding does not exceed 10% of our total connections at this time.

TCEQ Interoffice Memorandum

To: Debbie Reyes
Utilities Financial Review

Date: September 28, 2011

From:  Debi Loockerman, C.P.A.

Subject: Application from Texas Water Systems, Inc. (TWS), to Amend Certificate of Convenience and Necessity No. 12473 in Limestone County; Application No. 37044-C

In my opinion, the applicant has provided sufficient information to conclude that TWS has the financial/managerial capability to provide the requested service. These conclusions are based on information provided by the applicant prior to this date and may not reflect any changes in the applicant's status subsequent to this date.

Review

This application requests an addition to its CNN to supply water to 20 additional lots in the Tall Oaks Subdivision. The addition will be less than 10% of the utility's current customer base. TWS currently provides service to approximately 722 connections. TWS provided an income statement and balance sheet for the year ending December 31, 2010 and copies of its annual report for 2010 and 2009. The income statement indicates Net Ordinary Income of \$99,805. The balance sheet indicates a debt to equity ratio of 0.01 to 1. Projections were not required. Inquiry was made via email into a credit balance in the cash accounts. Mr. Red Brown indicated that checks were written at the end of the year for tax purposes. The response was adequate. Because the applicant is currently providing service, a checklist was not required for new service.

Profit & Loss

January through December 2010

	<u>Jan - Dec 10</u>
Ordinary Income/Expense	
Income	
271 Contributions In Aid	1,030.00
Water Income	
400 Sales	466,995.50
408 Tap Fees	11,900.00
410-01 Penalties	5,256.00
410-02 Other Fees	4,725.00
Water Income - Other	-33.46
Total Water Income	<u>488,843.04</u>
Total Income	489,873.04
Cost of Goods Sold	
625 Purchase Water	42.90
169 Purchases	
Shop Supplies	112.50
169 Purchases - Other	1,873.86
Total 169 Purchases	<u>1,986.36</u>
611 Contract Labor	
Management Fee	147,593.08
611.1 Cape Tranquility	88.00
611.2 Mt. Sylvan	566.79
611.3 Country Club	33.00
611.4 Friendship	66.00
611.5 Rosewood	350.83
611.7 Stallion Lake	66.00
611.8 Garden Valley	66.00
611.9 Garden Acres	910.00
611 Contract Labor - Other	2,474.00
Total 611 Contract Labor	<u>152,213.70</u>
630 Chemicals	
630.1 Cape Tranquility	325.50
630.2 Mt. Sylvan	6,453.55
630.3 Country Club	220.00
630.4 Friendship	483.75
630.5 Rosewood	3,065.75
630.7 Stallion Lake	2,835.55
630.8 Garden Valley	570.50
630.9 Garden Acres	2,338.25
630 Chemicals - Other	170.50
Total 630 Chemicals	<u>16,463.35</u>
635 Water Utilities	
635.1 Cape Tranquility	2,188.38
635.2 Mt. Sylvan	16,456.30
635.3 Country Club	1,336.40
635.4 Friendship	3,128.38

Texas Water Systems, Inc. - Utility

Profit & Loss

January through December 2010

	<u>Jan - Dec 10</u>
635.5 Rosewood	3,084.82
635.6 Harmony	1,437.84
635.7 Stallion Lake	2,598.62
635.8 Garden Valley	5,839.31
635.9 Garden Acres	1,727.69
635 Water Utilities - Other	570.64
Total 635 Water Utilities	38,368.38
640 Repairs & Maintenance	
640.1 Cape Tranquility	2,446.34
640.2 Mt. Sylvan	19,535.49
640.3 Country Club	5,861.54
640.4 Friendship	3,714.10
640.5 Rosewood	23,430.19
640.6 Harmony	288.32
640.7 Stallion Lake	11,961.81
640.8 Garden Valley	4,111.64
640.9 Garden Acres	6,062.74
640.G All	1,760.40
640 Repairs & Maintenance - Other	164.81
Total 640 Repairs & Maintenance	79,337.38
655 Transportation	
Fuel	231.91
Total 655 Transportation	231.91
666 Rate Case Expense	708.42
670 Other Regulatory Expense	
670-01 Testing	
670-01.1 Cape Tranquility	1,006.83
670-01.2 Mt. Sylvan	3,124.00
670-01.3 Country Club	782.00
670-01.4 Friendship	997.00
670-01.5 Rosewood	1,987.00
670-01.6 Harmony	75.00
670-01.7 Stallion Lake	979.00
670-01.8 Garden Valley	757.00
670-01.9 Garden Acres	485.00
670-01 Testing - Other	828.00
Total 670-01 Testing	11,020.83
670-03 Inspections	
670-03.1 Cape Tranquility	175.00
670-03.2 Mt. Sylvan	485.90
670-03.3 Country Club	175.00
670-03.4 Friendship	444.80
670-03.5 Rosewood	530.37
670-03.6 Harmony	32.76
670-03.7 Stallion Lake	175.00
670-03.8 Garden Valley	205.00

Texas Water Systems, Inc. - Utility

Profit & Loss

January through December 2010

	<u>Jan - Dec 10</u>
670-03.9 Garden Acres	175.00
670-03 Inspections - Other	30.00
Total 670-03 Inspections	<u>2,428.83</u>
670-04 Training	670.00
670-05 Licenses and Permits	388.48
Total 670 Other Regulatory Expense	<u>14,508.14</u>
675 Miscellaneous	
675-05 Dep Refund Southside	509.87
675 Miscellaneous - Other	-18.70
Total 675 Miscellaneous	<u>491.17</u>
Total COGS	<u>304,351.71</u>
Gross Profit	185,521.33
Expense	
Bad Dept / Write Off	0.00
Freight and Shipping	333.50
Reconciliation Discrepancies	0.00
621 Employee Benefit	21.99
657 Office Expense	
657-01 Rent	7,104.41
657-02 Telephone	253.39
657-03 Office Supplies	1,257.15
657-10 Postage/Other	5,846.62
657 Office Expense - Other	558.51
Total 657 Office Expense	<u>15,020.08</u>
659 Professional Fees	
659-01 Fees / Service Charges	6,900.49
659-02 Legal Fees	180.00
659 Professional Fees - Other	296.96
Total 659 Professional Fees	<u>7,377.45</u>
680 Advertising	310.62
700 Taxes	
700-03 Property Taxes	
700-03.1 Cape Tranquility	437.71
700-03.2 Mt. Sylvan	7,760.37
700-03.3 Country Club	558.75
700-03.4 Friendship	199.77
700-03.5 Rosewood	2,460.16
700-03.7 Stallion Lake	2,315.97
700-03.8 Garden Valley	1,420.60
700-03.9 Garden Acres	746.42
Total 700-03 Property Taxes	<u>15,899.75</u>
700-05 Tax Penalty	<u>546.30</u>

Texas Water Systems, Inc. - Util
Profit & Loss
January through December 2010

	<u>Jan - Dec 10</u>
Total 700 Taxes	16,446.05
900 Interest Expense	
Finance Charge	146.76
Loan Interest	365.83
900 Interest Expense - Other	<u>52.50</u>
Total 900 Interest Expense	565.09
Depreciation Expense	45,600.00
Misc Employee Exp/Reimbursable	<u>42.00</u>
Total Expense	<u>85,716.78</u>
Net Ordinary Income	99,804.55
Other Income/Expense	
Other Income	
Interest Income	32.83
Other Income	<u>142.53</u>
Total Other Income	175.36
Other Expense	
Other Expenses	<u>4,197.40</u>
Total Other Expense	<u>4,197.40</u>
Net Other Income	<u>-4,022.04</u>
Net Income	<u><u>95,782.51</u></u>

Texas Water Systems, Inc. - Utility
Balance Sheet
As of December 31, 2010

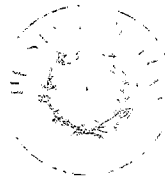
ATTACHMENT #24

	<u>Dec 31, 10</u>
ASSETS	
Current Assets	
Checking/Savings	
Petty Cash	108.05
Citizens Customer Savings Acct	6,716.93
Southside Bank	<u>-19,779.79</u>
Total Checking/Savings	<u>-12,954.81</u>
Accounts Receivable	
Accounts Receivable	<u>36,157.31</u>
Total Accounts Receivable	<u>36,157.31</u>
Other Current Assets	
Inventory Asset	<u>321.75</u>
Total Other Current Assets	<u>321.75</u>
Total Current Assets	23,524.25
Fixed Assets	
Fixed Assets	
Chlorinators	7,511.35
Computer/Software	6,661.00
Land & Rights	17,640.28
Meters / Fixtures	142,176.76
Miscellaneous	31,393.04
Pipe & Valves	497,826.06
Pumps	71,159.19
Storage & Pressure Tanks	165,768.17
Wells, Fences, Structures	176,071.14
Accumulated Depreciation	<u>-395,402.74</u>
Total Fixed Assets	<u>720,804.25</u>
Total Fixed Assets	<u>720,804.25</u>
TOTAL ASSETS	<u><u>744,328.50</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	<u>136,652.89</u>
Total Accounts Payable	<u>136,652.89</u>
Other Current Liabilities	
410-03 TCEQ Fees	226.29
Customer Deposits	<u>27,407.56</u>
Total Other Current Liabilities	<u>27,633.85</u>
Total Current Liabilities	164,286.74

Balance Sheet
As of December 31, 2010

	<u>Dec 31, 10</u>
Long Term Liabilities	
225 Notes Payable	
Joseph Z. Ornelas	5,549.75
Total 225 Notes Payable	<u>5,549.75</u>
Total Long Term Liabilities	<u>5,549.75</u>
Total Liabilities	169,836.49
Equity	
Dividends paid from U - H	-142,470.75
Additional Paid In Capita-HM-U	459,632.99
Capital Stock	36,000.00
Retained Earnings	125,547.26
Net Income	95,782.51
Total Equity	<u>574,492.01</u>
TOTAL LIABILITIES & EQUITY	<u><u>744,328.50</u></u>

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

JANUARY 19, 2011

SA

Mr. Glenn E. Trimble, General Manager
Texas Water Systems, Inc.
7891 Highway 271
Tyler, Texas 75708

Re: Notice of Compliance with Compliance Agreement
Texas Water Systems, Inc.; RN101376705; Case No. 6022
Compliance Agreement Effective Date: June 28, 2007

Dear Mr. Trimble:

This letter is to inform you that a review of Texas Commission on Environmental Quality (TCEQ) records concerning the above-referenced enforcement matter indicates that Texas Water Systems, Inc. has fulfilled the requirements of the Compliance Agreement effective on June 28, 2007. Specifically, Texas Water Systems, Inc. has fulfilled the provisions of the Compliance Agreement. Based upon this, we conclude that your response has been satisfactory and no further action is necessary at this time with respect to this enforcement matter. Effective upon the date of this letter, the subject Compliance Agreement is hereby terminated.

We appreciate your cooperation, and if we can be of any further assistance, please contact Ms. Lisa Lopez at (512) 239-1946.

Sincerely,

A handwritten signature in cursive script that reads "Eric Reese".

Eric Reese, Work Leader
Enforcement Division

cc: Mr. Noel Luper, Manager, Water Section, Tyler Regional Office, TCEQ



TEXAS WATER SYSTEMS Inc
An Investor Owned Utility

December 29, 2010

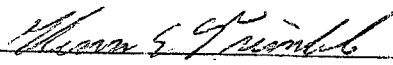
Ms. Lisa Lopez
Order Compliance Team
Enforcement Division, MC 149A
Texas Commission on Environmental Quality
PO Box 13087
Austin, TX 78711-3087

Re: Garden Acres System PWS #920031
Case #6022 – Compliance Agreement

Dear Ms. Lopez:

On Dec. 16th I left word with your office (and Kelly Wisian), that we have completed start up of new facilities required per the Compliance Agreement referenced above. I am therefore ready to certify provision of (1) total storage capacity at least 200 gallons per connection, and (2) service pumping capacity of at least 2.0 Gal. per min. per connection for this entire system, which has one pressure plane. Verification photos included, along with Bacterial test.

“I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.”



Glenn E. Trimble

cc: TWSI Officers
William Gibson, Region 5

IN WITNESS WHEREOF, this instrument is executed this 29 day of December
2010.

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

JULY 8, 2010

Mr. Glenn E. Trimble, General Manager
Texas Water Systems, Inc.
7891 Highway 271
Tyler, Texas 75708

Re: Second Amended Schedule for Compliance with Provisions
Texas Water Systems, Inc.; RN101376705
Enforcement Case No. 6022
Compliance Agreement Effective Date: March 14, 2006

Dear Mr. Trimble:

We are in receipt of your letter dated June 3, 2010, which requested an amended schedule for completion of Provision Nos. 1 and 2 of the above-referenced Compliance Agreement. Your letter also provided specific reasons for delays.

Based on the reviewed information, we approve an amended schedule as requested. The new deadline for compliance with Provision Nos. 1 and 2 is December 5, 2010.

Thank you for your continuing efforts to achieve compliance. If you have any questions, please contact Ms. Kelly Wisian of the Enforcement Division staff at (512) 239-2570.

Sincerely,

A handwritten signature in black ink, appearing to read "James Gradney", written over a horizontal line.

James Gradney, Manager
Enforcement Division

cc: Mr. Noel Luper, Manager, Water Section, Tyler Regional Office, TCEQ



TEXAS WATER SYSTEMS Inc
An Investor Owned Utility

June 3, 2010

Ms ~~Kelly Wisian~~ *LISA LOPEZ*
Compliance Team – Enforcement – MC-~~149A~~ *149*
Texas Commission on Environmental Quality
PO Box 13087
Austin, TX 78711-3087

12/16 Kelly says giving to

*LISA 512-239-1906
Lopez Luvvuu*

Review Certification

*Part 1114
Need to No*

Re: Garden Acres System PWS #920031
Case #6022

Dear Mr. Wisian:

Mr. Gilbert Angelle instructed me recently to direct correspondence on this case to you. Our compliance extension expires June 5, and while we are not fully assembled, we have achieved delivery of all major components for construction. Photos are included, which show the new ground storage tank with valves and fittings, the new pump house and chlorine room, two five horsepower three phase service pumps, and a new three phase breaker panel with wire ways installed. We have also installed a new meter pole to accommodate three phase 240V power (we've run on single phase here until now) and the power company has completed their infrastructure construction, so we are now operating on the new services. There is also a picture showing the new service wire we've acquired to run from this pole to the new panel.

Basically, we're down to final assembly and request a final six month extension of deadline to December 5, 2010 to effect completion and startup.

Sincerely,

Glenn E. Trimble
General Manager



TEXAS WATER SYSTEMS Inc
An Investor Owned Utility

July 13, 2009

*1. 100006
 1. 100006
 ...
 2. Tank Billing
 3. Power Conv. 9.11
 4. ~~Power~~
 4. Revised Pump Curves
 5. Photos*

Kelly Wisjan

Mr. Gilbert Angelle
 Compliance Team-Enforcement – MC 149A
 Texas Commission on Environmental Quality
 P. O. Box 13087
 Austin, Texas 78711-3087

Re: Texas Water System
 Garden Acres System
 PWS #920031
Case #6022

Dear Mr. Angelle:

As promised earlier, this is a status report on the above system. We have finished a high strength concrete slab, to jointly accommodate a new 20,000-gallon GST and an eight ft. x ten ft. new pump house, which is also near completion. We have taken delivery on one Myers 5 H.P. Model 150 M centrifugal pump and one Red Jacket 5 H.P. Model 500 SPHE centrifugal pump to meet the service pump requirements of the agreement. Today we received the final agreement on a tank acquisition package to provide the GST that we need here. The GST has been the hold up here as we have been successively negotiating with two different water system companies for multi-tank purchases to deal with tank issues on two other systems besides Garden Acres.

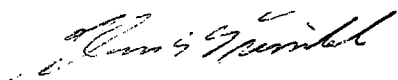
Substantiation Enclosures:

1. Photos of site work
2. Photos of new service pump
3. Pump performance curves
4. Offer letter to Walnut Grove WSC on two tanks. This offer was made after about four months of survey and evaluation. (After a meeting in late May, the Walnut Grove Board put off a response to our proposal for several months.)
5. Correspondence with Little Hope WSC to procure three GST's and two ASME pressure tanks.

We should be able to move the first 20,000-gallon tank in this package by September 30, per Little Hope WSC release (This tank has a brand new epoxy coating.). Hence, we request an extension of the compliance agreement of six months, to June 5, 2010, for completion.

Thank you for your helpful consideration.

Sincerely,



Glenn E. Trimble
General Manager

cc: TCEQ Region 5
Mr. James Brown



TEXAS WATER SYSTEMS Inc
An Investor Owned Utility

Facsimile Transmittal

July 3, 2009

Mr. Gilbert Angelle
Texas Commission on Environmental Quality

Re: Texas Water System
Garden Acres System
PWS #0920031
Case #6022

Dear Gilbert::

As I understand our compliance agreement is due July 5, 2009, for this system. I owe you a progress report on the plant workover.

We should have an information package out in Monday's mail (7/6) giving construction status, material procurements, details of delays, and extension request. This will come to your attention in Austin.

Sincerely,

Glenn E. Trimble
General Manager

cc: Ms. Rebecca Clausewitz (210-403-4069)
Mr. Red Brown

Kathleen Hartnett White, *Chairman*
R. B. "Ralph" Marquez, *Commissioner*
Larry R. Soward, *Commissioner*
Glenn Shankle, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 24, 2006

CERTIFIED MAIL - RETURN RECEIPT REQUESTED 7003 3110 0003 0835 1715

Mr. Glenn Trimble, Registered Agent
Texas Water Systems, Inc.
P.O. Box 131945
Tyler, Texas 75713

Re: **Public Water System**
Texas Water Systems, Inc.
Garden Acres Subdivision, Gregg County
Public Water Supply ID No. 0920031
Enforcement Case No. 6022
FOR SETTLEMENT PURPOSES ONLY

730 PWS
7/5/05

Dear Mr. Trimble:

On October 28, 2005, Texas Water Systems, Inc. sent the Texas Commission on Environmental Quality's ("TCEQ") Enforcement Division a letter requesting a compliance schedule to address outstanding violations of 30 TEX. ADMIN. CODE ch. 290, TEX. HEALTH & SAFETY CODE ch. 341, and a prior enforcement action involving Superior Manufactured Homes, Inc. dba Garden Acres Subdivision, Docket No. 2003-0667-PWS-E. It is our understanding that Texas Water Systems, Inc. intends to purchase the public water supply at Garden Acres Subdivision and bring all outstanding violations into compliance with the applicable rules and regulations.

We propose that the TCEQ and Texas Water Systems, Inc. enter into the enclosed Compliance Agreement ("CA") to facilitate resolution of the outstanding violations. The CA lists the alleged violations addressed by this action and any specific technical requirements necessary to resolve them. We are proposing this one time offer to defer formal enforcement action and penalties, if you agree to sign the CA and to comply with all its provisions within any applicable time frames. We believe that handling this matter expeditiously could save Texas Water Systems, Inc. and the TCEQ a significant amount of time, as well as the expense associated with litigation.

Please review the CA, affix your signature and the date, and return it to this office within 30 days after the date of this letter. A copy of the CA is provided for your files. Also, enclosed for your convenience is a return envelope. **If the CA is not signed and postmarked within 30 days after the date of this letter**, we will assume that you do not wish to participate in this informal process, and formal enforcement action may be initiated, including the assessment of administrative penalties.

If you observe any inaccuracies in the document, please contact us immediately so that an amended CA can

Mr. Glenn Trimble

Page 2

be considered within the 30-day deadline. If you have any questions, please contact Ms. Rebecca Clausewitz of my staff at (210) 403-4012.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bryan Sinclair".

Bryan Sinclair, Manager
Enforcement Division
Texas Commission on Environmental Quality

BS/rc

Enclosures: Original CA, File Copy, Return Envelope

cc: Manager, Water Section, Tyler Regional Office, TCEQ
Mr. Joseph Ornalas, CEO, Texas Water Systems, Inc., 2512 Alta Mira Drive, Tyler, Texas 75701

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



COMPLIANCE AGREEMENT

Texas Water Systems, Inc.
Enforcement ID No. 6022; RN101376705
Public Water Supply ID No. 0920031
Gregg County, Texas

The Texas Commission on Environmental Quality ("Commission" or "TCEQ") is the state agency charged with enforcing TEX. HEALTH & SAFETY CODE ch. 341 (the "Code") and the regulations promulgated pursuant to the Code.

Garden Acres Subdivision ("the System") is a public water supply that provides water for human consumption and is currently owned and operated by Superior Manufactured Homes, Inc. The System is in a state of disrepair and Superior Manufactured Homes, Inc. is presently noncompliant with the terms of Agreed Order Docket No. 2003-0667-PWS-E. Texas Water Systems, Inc. ("Texas Water Systems") intends to acquire the System with the objective of upgrading the system to achieve compliance with applicable rules and regulations and to provide consistent quality service to its customers.

This System is in substantial violation of the TCEQ's requirements found in TEX. HEALTH & SAFETY CODE ch. 341, 30 TEX. ADMIN. CODE ch. 290, and the requirements of Agreed Order Docket No. 2003-0667-PWS-E. Such violations are on-going and will continue to occur until such time as the System can be upgraded in accordance with the terms and conditions herein.

Texas Water Systems denies any and all liability or responsibility for any and all violations of the TEX. HEALTH & SAFETY CODE ch. 341, 30 TEX. ADMIN. CODE ch. 290, and the Commission's rules and orders that arose or occurred prior to Texas Water System's acquisition of the System.

Texas Water Systems will be required to take all corrective actions listed in the following paragraphs to ensure a reduction of risk to the public health and compliance with the Commission's rules, regulations, and requirements.

It has been determined that the System continues to be in substantial violation of the Commission's minimum water system capacity requirements. These requirements include a total storage capacity of 200 gallons per connection and two or more service pumps with a rated capacity of 2.0 gallons per minute per connection at each pump station or pressure plane.

VIOLATIONS

Prior to the acquisition, Texas Water Systems has documented that the System has:

- a. Failed to provide a total storage capacity of 200 gallons per connection, as required by 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(ii) and TEX. HEALTH & SAFETY CODE § 341.0315(c), and
- b. Failed to provide two or more service pumps having a pumping capacity of 2.0 gallons per minute per connection at each pump station or pressure plane, as required by 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(iii) and TEX. HEALTH & SAFETY CODE § 341.0315(c)

Texas Water Systems and TCEQ hereby agree to the terms and provisions contained herein, and accept such terms and provisions as binding upon each of them and their successors and assigns. In return for Texas Water Systems agreement and adherence to these terms, the Commission will withhold, and shall not pursue, enforcement actions related to the deficiencies noted in this Compliance Agreement ("CA")

The provisions of this CA are as follows:

1. Within 730 days after the effective date of this CA, Texas Water Systems shall begin providing a total storage capacity of 200 gallons per connection and two or more service pumps with a pumping capacity of 2.0 gallons per minute per connection at each pump station or pressure plane.
2. Within 745 days after the effective date of this CA, Texas Water Systems shall submit written documentation as described below to demonstrate compliance with Provision 1.

The certification shall be notarized by a State of Texas Notary Public and include the following certification language:

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

The certification shall be submitted to:

Order Compliance Team
Enforcement Division, MC 149A
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

with a copy to:

Water Section Manager
Tyler Regional Office
Texas Commission on Environmental Quality
2916 Teague Drive
Tyler, Texas 75701-3756

Although neither party may unilaterally amend the anticipated schedule, Texas Water Systems and TCFQ both recognize that it may be appropriate to alter the anticipated schedule due to a force majeure event, deficiencies not previously identified or new deficiencies, or due to other changes in circumstance which relate to specific organizational, physical, economic, natural conditions or changes in applicable laws or regulations which may affect the practicability or desired priority of certain actions.

Should unforeseen circumstances indicate a need to alter the above mentioned schedule, Texas Water systems must request from the Executive Director that an extension be grant of any deadline in this Compliance Agreement. All requests for extensions by Texas Water Systems shall be made in writing to the Executive Director. Extensions are not effective until Texas Water systems receives written approval from the Executive Director.

The effective date of this CA is the date the sale, transfer, or merger is approved by the Commission. Acceptance of the terms of this CA is indicated by the signatures below.

Thomas G. Givins
Authorized representative of
Texas Water Systems, Inc.

President
Title

March 17, 2006
Date

Clara F. Tjorn
Printed Name of authorized representative
for Texas Water Systems, Inc.

Bryan Sinclair
Bryan Sinclair, Manager, Enforcement Division

2/22/06
Date

Instructions Send this signed, original Compliance Agreement to Rebecca Clausewitz, Enforcement Coordinator, Texas Commission on Environmental Quality, San Antonio Regional Office, 14250 Judson Road, San Antonio, Texas 78233-4480.

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

October 25, 2010

Mr. Glenn Trimble, President
Garden Valley Resort
7891 Highway 271
Tyler, Texas 75708-4002

Re: Comprehensive Compliance Investigation at:
Garden Valley Resort WS, on FM 1995, W of Lindale (Smith Co.), Texas
RN102665965 TCEQ Additional ID 2120081, Investigation No. 865665

Dear Mr. Trimble:

On August 31, 2010, Samantha Smith of the Texas Commission on Environmental Quality (TCEQ) Tyler Region Office conducted an investigation of the above-referenced system to evaluate compliance with applicable requirements for public water systems. Other than an Area of Concern which was resolved, no violations are being alleged as a result of this investigation; however, please see the attached Additional Issue.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Samantha Smith in the Tyler Region Office at (903) 535-5159.

Sincerely,

A handwritten signature in cursive script that reads "William D. Gibson".

William D. Gibson, Work Leader
Tyler Region Office

WDG/SSS

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Summary of Investigation Findings

GARDEN VALLEY RESORT

Investigation # 865665

, SMITH COUNTY,

Investigation Date: 08/31/2010

Additional ID(s): 2120081

ALLEGED VIOLATION(S) NOTED AND RESOLVED

Track No: 210747

30 TAC Chapter 290.38(25)

30 TAC Chapter 290.43(e)

Alleged Violation:

Investigation: 399878

Comment Date: 7/12/2005

Failure to enclose the pressure maintenance facilities with an intruder-resistant fence with lockable gates or a locked, ventilated house. The gates and doors must be kept locked whenever the facility is unattended.

It was observed during the investigation on 05/20/2005 that the Garden Valley Resort failed to maintain in good condition the barbed wire at the top of the fence around the pressure tank at plant # 1.

Investigation: 465006

Comment Date: 7/13/2006

Above comments still apply. On 6/2/2006, TCEQ Tyler office was informed by telephone that the facility fencing for the new plant will be constructed as the final phase of the new plant's construction, estimated to be several months in the future.

Investigation: 610596

Comment Date: 12/10/2007

See descriptive wording from the previous investigation above.

The entire plant, including the pressure tank, has fairly recently been moved to a new location. The final phase of construction is to build a fence, which is estimated to be accomplished in May 2008.

Investigation: 865665

Comment Date: 9/29/2010

This alleged violation is being resolved as noted in the "resolution" section.

Resolution: On January 15, 2008, the water system sent a compliance plan with a compliance date of May 31, 2008. On December 3, 2008, the water system provided photographs indicating that the fence had been constructed.

Track No: 296200

30 TAC Chapter 290.42(e)(4)(C)

Alleged Violation:

Investigation: 610596

Comment Date: 12/10/2007

Failure to provide the chlorination room with both high level and floor level screened vents. If the room contains more than one operating 150 pound cylinder of chlorine, a fan which is located at and draws air in through the top vent and discharges to the outside atmosphere through the

floor level vent must be provided, with the fan switch located outside the enclosure.

During the investigation on December 7, 2007, the investigator observed that the floor level and high level vents were completely covered with tape, preventing the chlorination room from venting.

Investigation: 865665

Comment Date: 9/29/2010

This alleged violation is being resolved as noted in the "resolution" section.

Resolution: On January 15, 2008, the water system provided photographs indicating that the obstructions to the vents had been removed.

Track No: 296211

30 TAC Chapter 290.43(c)(3)

Alleged Violation:

Investigation: 610596

Comment Date: 12/10/2007

Failure to provide an overflow pipe gravity-hinged and weighted cover on the ground storage tank with a good mechanical seal when closed in order to prevent the possible entrance of insects or other contaminants into the water supply. The cover must seat properly with a gap of no more than 1/16 inch.

During the investigation on December 7, 2007, the investigator observed that there was a gap of approximately 1/8 inch at the cover of the overflow pipe of the ground storage tank.

Investigation: 865665

Comment Date: 9/29/2010

This alleged violation is being resolved as noted in the "resolution" section.

Resolution: On December 17, 2007, the water system provided photographs indicating that the gap in the overflow cover had been repaired.

ADDITIONAL ISSUES

Description

Item #4

Additional Comments

According to 30 TAC 290.46(s)(1), well meters must be calibrated at least once every three years.

Recent clarification of the calibration requirement entails that certified testers, having the proper testing equipment, verify the meters to be operating within AWWA specifications.

During the investigation on August 31, 2010, the investigator documented through a review of records and in speaking with Mr. Trimble that the water system employs a different method to satisfy the calibration requirement. At this time, the matter is being noted as an additional issue. However, if the water system has not proven its calibration procedure to be an acceptable substitute prior to the next investigation, the matter will be brought forward as an alleged violation at that time.

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

October 25, 2010

Mr. Glenn Trimble, President
Stallion Lake Ranch Water System
7891 Highway 271
Tyler, Texas 75708-4002

Re: Comprehensive Compliance Investigation at:
Stallion Lake Ranch WS, N frontage of IH 20, just W of FM 1995, W of Lindale
(Smith Co.), Texas
RN102321544, TCEQ Additional ID 2120104, Investigation No. 864954

Dear Mr. Trimble:

On August 31, 2010, Samantha Smith of the Texas Commission on Environmental Quality (TCEQ) Tyler Region Office conducted an investigation of the above-referenced system to evaluate compliance with applicable requirements for public water systems. Other than an Area of Concern which was resolved, no violations are being alleged as a result of this investigation; however, please see the attached Additional Issue.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Samantha Smith in the Tyler Region Office at (903) 535-5159.

Sincerely,

A handwritten signature in cursive script that reads "William D. Gibson".

William D. Gibson, Work Leader
Tyler Region Office

WDG/SSS

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Summary of Investigation Findings

STALLION LAKE RANCH

Investigation # 864954

Investigation Date: 08/31/2010

, SMITH COUNTY,

Additional ID(s): 2120104

AREA OF CONCERN

Track No: 412844

30 TAC Chapter 290.42(j)

Alleged Violation:

Investigation: 864954

Comment Date: 9/21/2010

Failure to certify the chemicals used for disinfection. All chemicals used in the treatment of water supplied by public water systems must conform to American National Standards Institute / National Sanitation Foundation (ANSI/NSF) Standard 60 for direct additives and ANSI/NSF Standard 61 for indirect additives. Conformance with these standards must be obtained by certification of the product by an organization accredited by ANSI.

During the investigation on August 31, 2010, the investigator documented through a review of records that the water system failed to provide certification on the caustic being used for treatment.

Resolution: On September 3, 2010, the water system delivered the necessary certification documents by hand to the Tyler Region office.

ADDITIONAL ISSUES

Description

Additional Comments

Item #1

According to 30 TAC 290.46(s)(1), well meters must be calibrated at least once every three years.

Based on the comprehensive compliance investigation on October 9, 2007, Investigator Samantha Smith issued an alleged violation (track number 279098) for this matter. Based on the bacteriological focused investigation on June 24-25, 2009, Investigator Daniel Dawson resolved this alleged violation in response to his review of documents submitted by the water system.

Recent clarification of the calibration requirement entails that certified testers, having the proper testing equipment, verify the meters to be operating within AWWA specifications.

During the investigation on August 31, 2010, the investigator documented through a review of records and in speaking with Mr. Trimble that the water system employs a different method to satisfy the calibration requirement. At this time, the matter is being noted as an additional issue. However, if the water system has not proven its calibration procedure to be an acceptable substitute prior to the next investigation, the matter will be brought forward as an alleged violation at that time.



TEXAS WATER SYSTEMS Inc
An Investor Owned Utility

Texas Commission on Environmental Quality
Region 5, ATTN: Mr. William D. Gibson
2916 Teague Drive
Tyler, TX 75701-3734

Re: Notice of Violation for the Complaint Investigation at:
Rosewood WS, Located on Mimosa Rd, S off SH 154, Rosewood (Upshur Co.),
Texas, RN 101182474, TCEQ additional ID 2300026, Investigation No. 842486

Track Number 406528

Suspense: September 1, 2010

Dear Mr. Gibson:

This letter and the attached documentation are forwarded to serve as a compliance plan for the above mentioned complaint. An explanation is included below and additional documentation is provided as an enclosure to this letter.

The low pressure found at the address listed in the complaint is the result of the unanticipated catastrophic failure of Rosewood well number two. Texas Water Systems is currently in the process of gaining approval to drill a new well near the location of the failed water well. I am currently obtaining the necessary easements for submission of the well plans, which are currently being prepared by Mr. Charles Thomson, PE. I anticipate that Mr. Thomson will forward the well packet for review and approval not later than October 31, 2010. We will bid and begin construction of the new well immediately upon receipt of the approved plans. In the interim, I have entered into an agreement with Harmony Independent School District (PWS 2300029) to provide emergency back-up in the event of pressure and volume reductions at the Rosewood water plant. Enclosure one is a copy of this agreement which details our agreement to purchase water from their PWS. We have installed the tap, meter and necessary monitoring equipment to purchase water from HISD. Enclosure two is a picture of this installation. We are currently purchasing water from their system as necessary to maintain our required volume and pressure.

Please contact me at 903-595-2128 if you have any questions concerning this response.

Sincerely,

Glenn E. Trimble

Encls
as



TEXAS WATER SYSTEMS Inc
An Investor Owned Utility

Wholesale Water Agreement

By the terms of this accord, Texas Water Systems, Inc. and Harmony ISD, as two Public Water Supply Systems, affect a method of mutual emergency supply with conditions permitting.

Infrastructure will be provided by Texas Water Systems, Inc. at it's own expense and will include two one-way meters on a common line, each with a pressure reducing device set at 35PSI. By this arrangement, segregate valves and flow accounting will be provided for each direction, and if one party requests to leave it's valve open for indefinite period, water would only flow on demand of low pressure. Harmony ISD has initially stipulated that it prefers to leave it's flow valve closed until further notice.

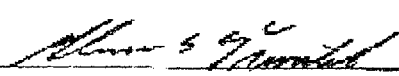
It is hereby agreed that neither party will open a flow valve to receive water without obtaining authority of the other through an appropriate representative. Further, neither party offers any warranty of service or quality of water, and there is a mutual covenant for each to hold the other harmless should any question of user complaint or public health issue arise. This agreement has no chronological frame, and either party is free to cancel it at will, by giving notice to the counterpart and closing the valve at their end. It is also understood, that during the course of one party assisting the other, should the provider encounter threat of shortage, he may shut down supply in as immediate fashion as necessary to maintain his own adequacy.

Texas Water Systems, Inc. shall read the meters in the first week of each month and in the event of over 1000 gallons differential in any flow that may have occurred, either disburse payment to Harmony ISD for water received or issue billing for water provided.

The agreed rate of mutual exchange of water for both parties is 50% of the Texas Water Systems, Inc. gallonage rate (currently \$2.30/1000 gallons) which would currently net at \$1.15/1000 gallons. There are no other charges for either party involved and it is agreed that maintenance of the connecting line will be performed at the burden of Texas Water Systems, Inc. A key to the Texas Water Systems, Inc. Plant shall be provided to Harmony ISD for emergency access or inspection as desired.

Date: June 9/2010

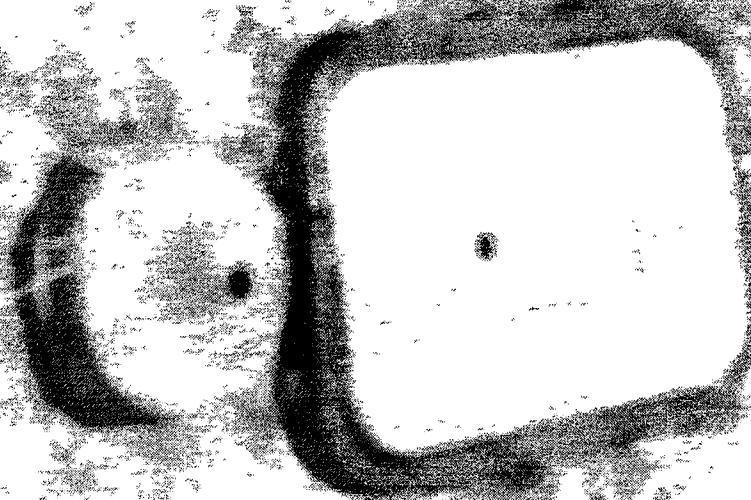
Date: 6-15-10



Glenn E. Trimble
 General Manager
 Texas Water Systems, Inc.

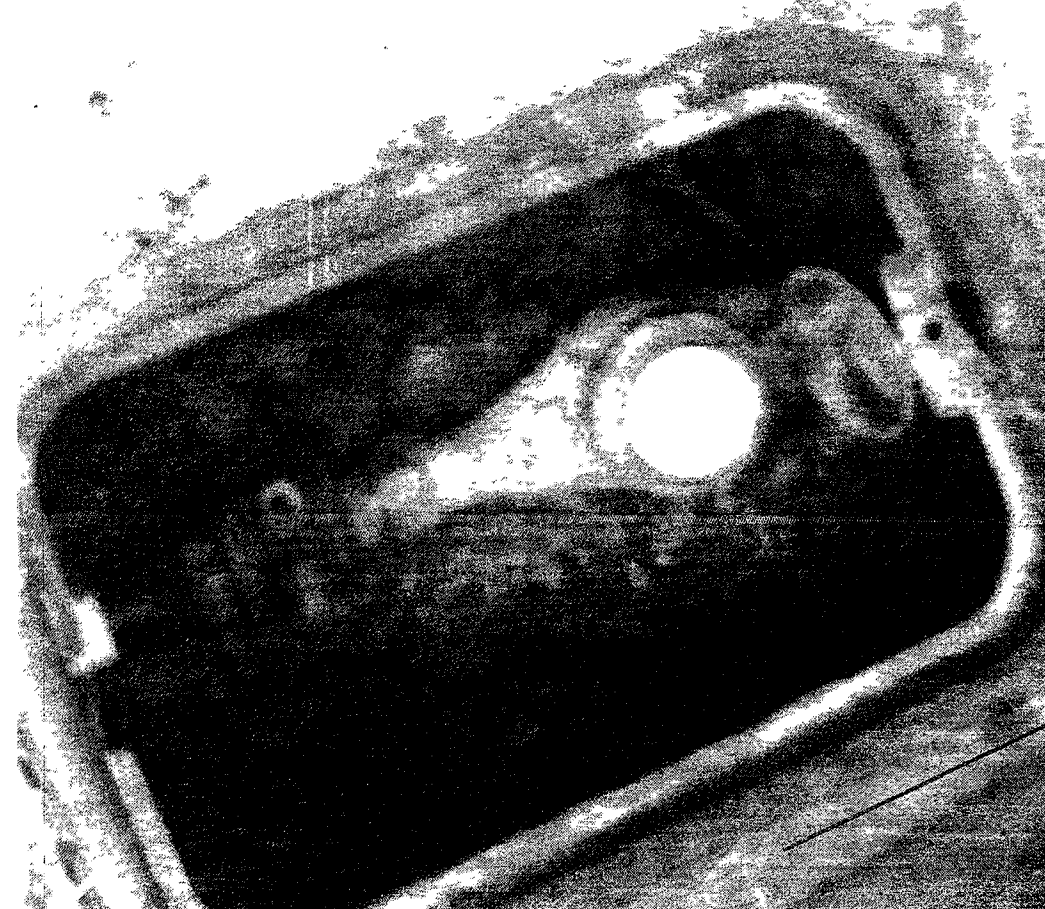
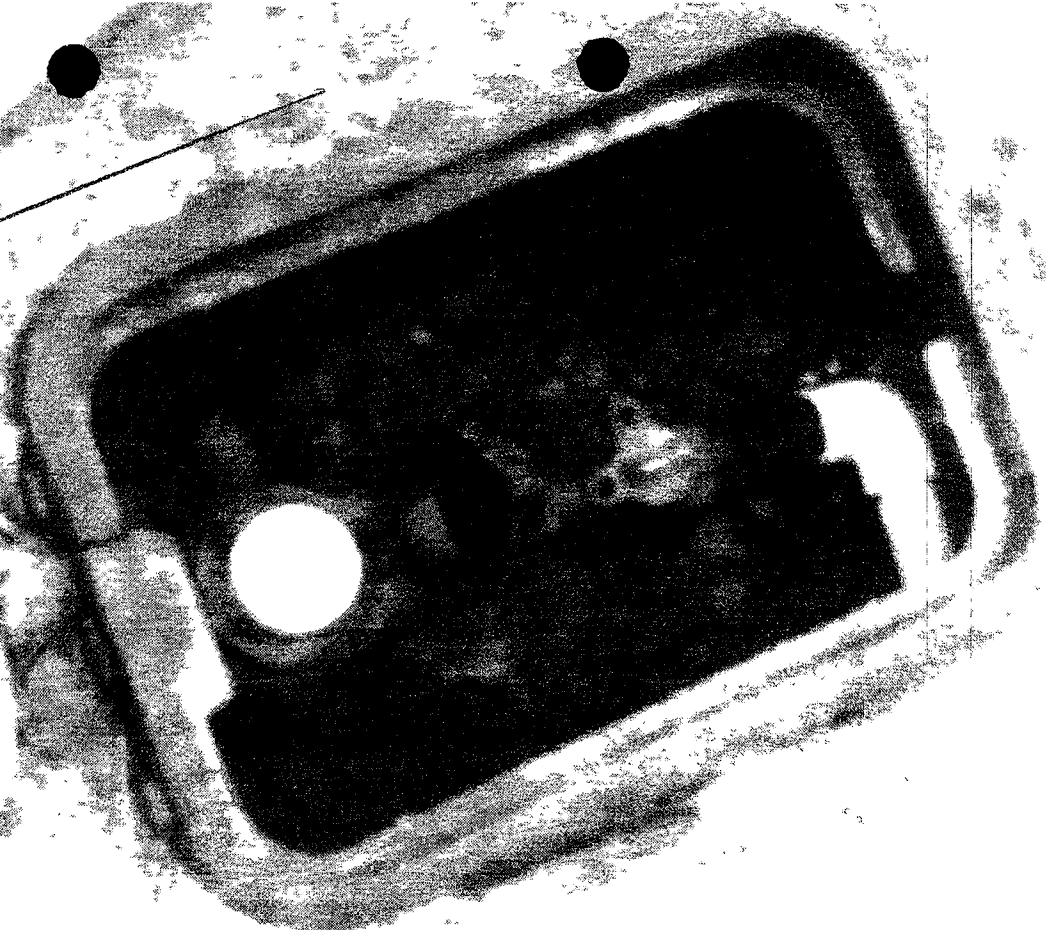


Jed Whitaker
 Superintendent
 Harmony ISD



✓
To TMSI

PRV



PRV

✓
✓
PRV

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 2, 2010

CERTIFIED MAIL 91 7108 2133 3937 7291 6260
RETURN RECEIPT REQUESTED

Mr. Glenn E. Trimble, President
Rosewood Water System
7891 SH 271
Tyler, Texas 75708-4002

Re: Notice of Violation for the Complaint Investigation at:
Rosewood WS, Located on Mimosa Rd, S off SH 154, Rosewood (Upshur Co.), Texas
RN101182475, TCEQ Additional ID 2300026, Investigation No. 842486

Dear Mr. Trimble:

On June 22-29, 2010, Samantha Smith of the Texas Commission on Environmental Quality (TCEQ) Tyler Region Office conducted an investigation of the above-referenced system to evaluate compliance with applicable requirements for public water supply systems. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified for which compliance documentation is required.

Please submit a compliance plan by **September 1, 2010** for track number **406528**. The plan should include the proposed actions to be taken to correct the alleged violation and a schedule for the completion of the corrections. If the violation has already been corrected, please submit compliance documentation, such as photographs, purchase orders, results of analyses, etc., demonstrating what actions were taken.

In the listing of alleged violations, we have cited applicable requirements, including TCEQ rules. If you would like to obtain a copy of the applicable TCEQ rules, you may contact any of the sources listed in the enclosed brochure entitled "Obtaining TCEQ Rules."

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements.

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Mr. Glenn Trimble
August 2, 2010
Page 2

We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violation documented in this notice. Should you choose to do so, you must notify the Tyler Region Office within 10 days from the date of this letter. At that time, C. Noel Luper, P.E., Water Program Manager will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

If you or members of your staff have any questions, please feel free to contact Samantha Smith in the Tyler Region Office at (903) 535-5159.

Sincerely,



William D. Gibson
PWS Work Leader
Tyler Region Office

WDG/SSS

Enclosures: Summary of Investigation Findings
Obtaining TCEQ Rules

Summary of Investigation Findings

ROSEWOOD WATER SYSTEM

Investigation # 842486

Investigation Date: 06/22/2010

, UPSHUR COUNTY,

Additional ID(s): 2300026

OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 406528

Compliance Due Date: To Be Determined

30 TAC Chapter 290.44(d)

Alleged Violation:

Investigation: 842486

Comment Date: 7/22/2010

Failure to design and maintain a water distribution system to provide at all points within the distribution network a minimum pressure of 35 pounds per square inch (psi) at flow rates of at least 1.5 gallons per minute per connection at each service outlet or connection. When the regulated entity is intended to provide fire fighting capability, it must also be designed to maintain a minimum pressure of 20 psi under combined fire and drinking water flow conditions.

During the complaint investigation on June 22-29, 2010, the investigator tested the water pressure using a pressure recorder programmed to read continuously at 10-minute intervals. The recorder was installed inside a meter box next to the plant on CR 262 N.

A graph of the resulting pressures is attached.

Based on the specific readings, it appeared that there were many readings below 35 psi. Readings of note at which the pressure dipped below 35 psi, occurred as follows.

June 22, 2010: 2:21, 2:31, 3:41, 4:01, 4:31, 4:41, 4:51, 5:31-10:11, and 10:41 pm.

June 23, 2010: 12:21, 2:21, 11:01, 11:11, 11:21, 11:41, and 11:51 am;
12:11, 12:41-2:41, 6:11, 7:31, 7:41, 8:01, and 8:41 pm.

June 24, 2010: 12:51, 2:11, 3:41, 6:51, and 7:01 am;
12:31, 4:31, 5:51, 8:21, and 9:11 pm.

June 25, 2010: 5:01 and 5:51 am;
4:51, 6:11, 6:31, 7:31, and 10:31pm.

June 26, 2010: 12:11 am;
5:11, 7:41, 9:31, and 9:51 pm.

June 27, 2010: 8:31 am;
6:21, 8:01, 8:11, 9:41, and 10:21 pm.

June 28, 2010: 1:51 am;
3:21, 3:31, 4:51, 5:21, 7:31, 7:41, 8:31, 8:41, 8:51, 9:11, and 9:51 pm.

June 29, 2010: 7:11 and 10:11 am.

The numerical data, which contains the specific pressures recorded at these times, is 30 pages in length. Therefore, only the pages with low values are being sent to the water system.

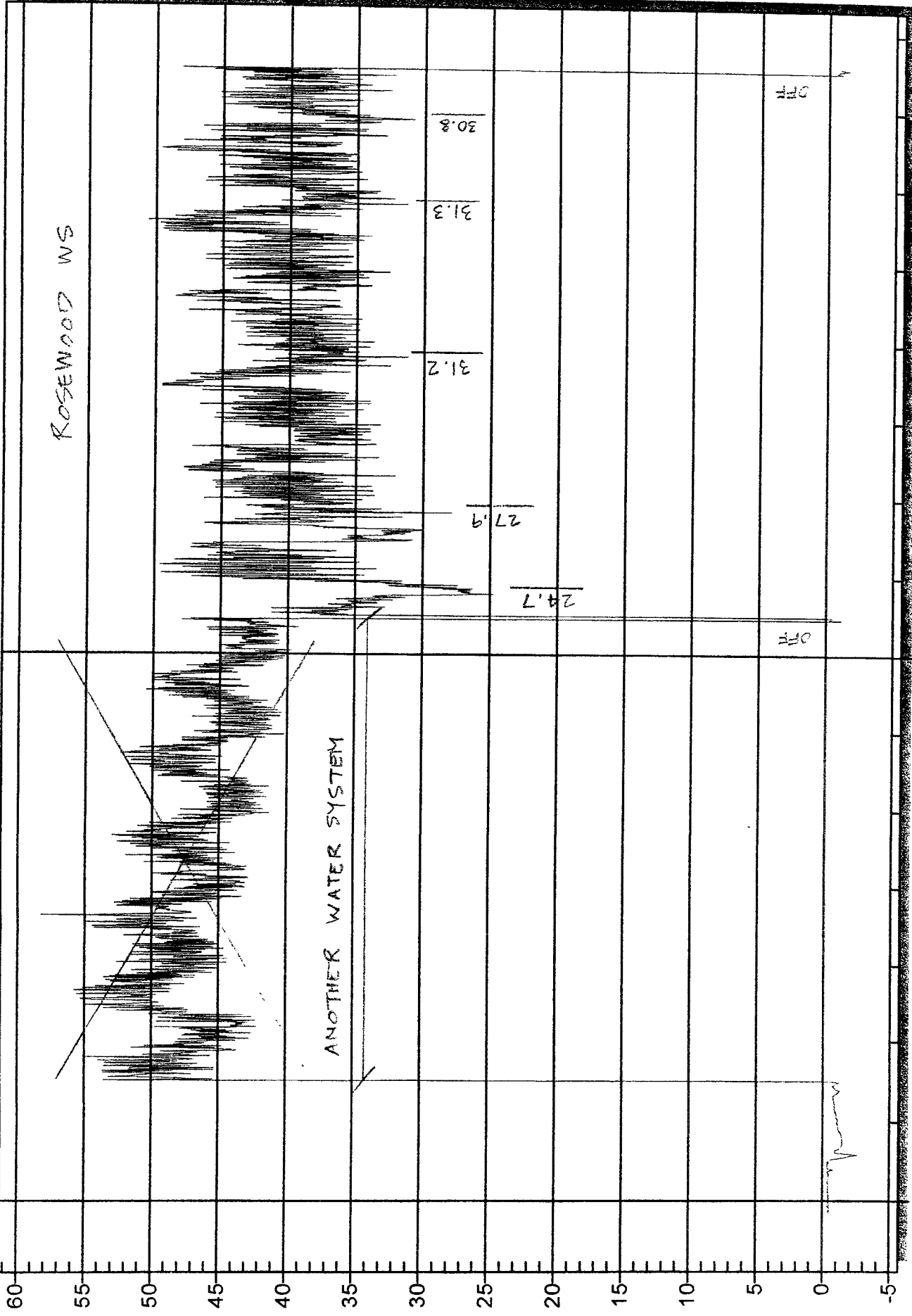
In summary, low pressures ranged from 24.7 to 34.4.

Recommended Corrective Action: Please submit a compliance plan by September 1, 2010. The plan should include the proposed actions to be taken to correct the alleged violation and a schedule

for the completion of the corrections. If this violation has already been corrected, please submit compliance documentation, such as photographs, purchase orders, results of analyses, etc., demonstrating what actions were taken.

Downloaded Data - Tuesday, June 29, 2010

(PR100)-Pressure/psig



15 Tue
Jun 2010

22 Tue
Date/Time

Date/Time	(PR100)-Pressure/psig	Index
6/22/2010 7:21:30 AM	45.9	1077
6/22/2010 7:31:30 AM	40.8	1078
6/22/2010 7:41:30 AM	41.9	1079
6/22/2010 7:51:30 AM	43.1	1080
6/22/2010 8:01:30 AM	46.0	1081
6/22/2010 8:11:30 AM	43.4	1082
6/22/2010 8:21:30 AM	39.2	1083
6/22/2010 8:31:30 AM	41.3	1084
6/22/2010 8:41:30 AM	40.3	1085
6/22/2010 8:51:30 AM	42.8	1086
6/22/2010 9:01:30 AM	42.7	1087
6/22/2010 9:11:30 AM	42.4	1088
6/22/2010 9:21:30 AM	43.0	1089
6/22/2010 9:31:30 AM	41.4	1090
6/22/2010 9:41:30 AM	41.8	1091
6/22/2010 9:51:30 AM	43.4	1092
6/22/2010 10:01:30 AM	45.5	1093
6/22/2010 10:11:30 AM	42.7	1094
6/22/2010 10:21:30 AM	47.9	1095
6/22/2010 10:31:30 AM	41.8	1096
6/22/2010 10:41:30 AM	44.2	1097
6/22/2010 10:51:30 AM	47.2	1098
6/22/2010 11:01:30 AM	-1.2	1099
6/22/2010 11:11:30 AM	-0.5	1100
6/22/2010 11:21:30 AM	-0.2	1101
6/22/2010 11:31:30 AM	-0.4	1102
6/22/2010 11:41:30 AM	-0.4	1103
6/22/2010 11:51:30 AM	-0.5	1104
6/22/2010 12:01:30 PM	37.6	1105
6/22/2010 12:11:30 PM	35.5	1106
6/22/2010 12:21:30 PM	35.7	1107
6/22/2010 12:31:30 PM	38.9	1108
6/22/2010 12:41:30 PM	41.2	1109
6/22/2010 12:51:30 PM	37.3	1110
6/22/2010 1:01:30 PM	36.2	1111
6/22/2010 1:11:30 PM	36.7	1112

BEGIN ROSSWOOD W. S.
DATA

Date/Time	(PR100)-Pressure/psig	Index
6/22/2010 1:21:30 PM	38.2	1113
6/22/2010 1:31:30 PM	35.5	1114
6/22/2010 1:41:30 PM	36.2	1115
6/22/2010 1:51:30 PM	35.2	1116
6/22/2010 2:01:30 PM	41.2	1117
6/22/2010 2:11:30 PM	39.0	1118
6/22/2010 2:21:30 PM	33.4	1119
6/22/2010 2:31:30 PM	32.8	1120
6/22/2010 2:41:30 PM	36.0	1121
6/22/2010 2:51:30 PM	35.8	1122
6/22/2010 3:01:30 PM	35.2	1123
6/22/2010 3:11:30 PM	35.3	1124
6/22/2010 3:21:30 PM	37.0	1125
6/22/2010 3:31:30 PM	35.4	1126
6/22/2010 3:41:30 PM	33.3	1127
6/22/2010 3:51:30 PM	35.2	1128
6/22/2010 4:01:30 PM	33.4	1129
6/22/2010 4:11:30 PM	35.2	1130
6/22/2010 4:21:30 PM	35.5	1131
6/22/2010 4:31:30 PM	34.1	1132
6/22/2010 4:41:30 PM	32.2	1133
6/22/2010 4:51:30 PM	33.9	1134
6/22/2010 5:01:30 PM	36.4	1135
6/22/2010 5:11:30 PM	34.9	1136
6/22/2010 5:21:30 PM	34.9	1137
6/22/2010 5:31:30 PM	31.3	1138
6/22/2010 5:41:30 PM	31.3	1139
6/22/2010 5:51:30 PM	33.7	1140
6/22/2010 6:01:30 PM	33.3	1141
6/22/2010 6:11:30 PM	32.0	1142
6/22/2010 6:21:30 PM	27.6	1143
6/22/2010 6:31:30 PM	26.9	1144
6/22/2010 6:41:30 PM	24.7	1145
6/22/2010 6:51:30 PM	26.4	1146
6/22/2010 7:01:30 PM	26.8	1147
6/22/2010 7:11:30 PM	27.1	1148

LOWEST

Date/Time	(PR100)-Pressure/psig	Index
6/22/2010 7:21:30 PM	26.4	1149
6/22/2010 7:31:30 PM	27.4	1150
6/22/2010 7:41:30 PM	27.2	1151
6/22/2010 7:51:30 PM	26.4	1152
6/22/2010 8:01:30 PM	26.9	1153
6/22/2010 8:11:30 PM	28.5	1154
6/22/2010 8:21:30 PM	26.3	1155
6/22/2010 8:31:30 PM	29.5	1156
6/22/2010 8:41:30 PM	27.5	1157
6/22/2010 8:51:30 PM	30.9	1158
6/22/2010 9:01:30 PM	32.1	1159
6/22/2010 9:11:30 PM	32.5	1160
6/22/2010 9:21:30 PM	27.4	1161
6/22/2010 9:31:30 PM	28.9	1162
6/22/2010 9:41:30 PM	31.9	1163
6/22/2010 9:51:30 PM	32.9	1164
6/22/2010 10:01:30 PM	31.6	1165
6/22/2010 10:11:30 PM	33.5	1166
6/22/2010 10:21:30 PM	38.0	1167
6/22/2010 10:31:30 PM	35.6	1168
6/22/2010 10:41:30 PM	31.5	1169
6/22/2010 10:51:30 PM	38.2	1170
6/22/2010 11:01:30 PM	43.4	1171
6/22/2010 11:11:30 PM	36.2	1172
6/22/2010 11:21:30 PM	39.0	1173
6/22/2010 11:31:30 PM	45.3	1174
6/22/2010 11:41:30 PM	45.3	1175
6/22/2010 11:51:30 PM	47.2	1176
6/23/2010 12:01:30 AM	42.4	1177
6/23/2010 12:11:30 AM	37.7	1178
6/23/2010 12:21:30 AM	34.3	1179
6/23/2010 12:31:30 AM	36.1	1180
6/23/2010 12:41:30 AM	47.1	1181
6/23/2010 12:51:30 AM	49.1	1182
6/23/2010 1:01:30 AM	49.5	1183
6/23/2010 1:11:30 AM	46.1	1184

Date/Time	(PR100)-Pressure/psig	Index
6/23/2010 1:21:30 AM	41.8	1185
6/23/2010 1:31:30 AM	37.9	1186
6/23/2010 1:41:30 AM	42.3	1187
6/23/2010 1:51:30 AM	46.5	1188
6/23/2010 2:01:30 AM	41.8	1189
6/23/2010 2:11:30 AM	36.9	1190
6/23/2010 2:21:30 AM	33.4	1191
6/23/2010 2:31:30 AM	45.4	1192
6/23/2010 2:41:30 AM	47.9	1193
6/23/2010 2:51:30 AM	42.3	1194
6/23/2010 3:01:30 AM	38.3	1195
6/23/2010 3:11:30 AM	41.8	1196
6/23/2010 3:21:30 AM	49.3	1197
6/23/2010 3:31:30 AM	49.6	1198
6/23/2010 3:41:30 AM	45.7	1199
6/23/2010 3:51:30 AM	42.1	1200
6/23/2010 4:01:30 AM	39.0	1201
6/23/2010 4:11:30 AM	36.9	1202
6/23/2010 4:21:30 AM	34.7	1203
6/23/2010 4:31:30 AM	41.1	1204
6/23/2010 4:41:30 AM	47.0	1205
6/23/2010 4:51:30 AM	48.5	1206
6/23/2010 5:01:30 AM	47.5	1207
6/23/2010 5:11:30 AM	39.2	1208
6/23/2010 5:21:30 AM	37.3	1209
6/23/2010 5:31:30 AM	44.1	1210
6/23/2010 5:41:30 AM	41.5	1211
6/23/2010 5:51:30 AM	34.9	1212
6/23/2010 6:01:30 AM	38.2	1213
6/23/2010 6:11:30 AM	46.0	1214
6/23/2010 6:21:30 AM	39.0	1215
6/23/2010 6:31:30 AM	39.5	1216
6/23/2010 6:41:30 AM	44.8	1217
6/23/2010 6:51:30 AM	44.1	1218
6/23/2010 7:01:30 AM	45.4	1219
6/23/2010 7:11:30 AM	44.8	1220