

LIST OF NEIGHBORING UTILITIES

3-29-64

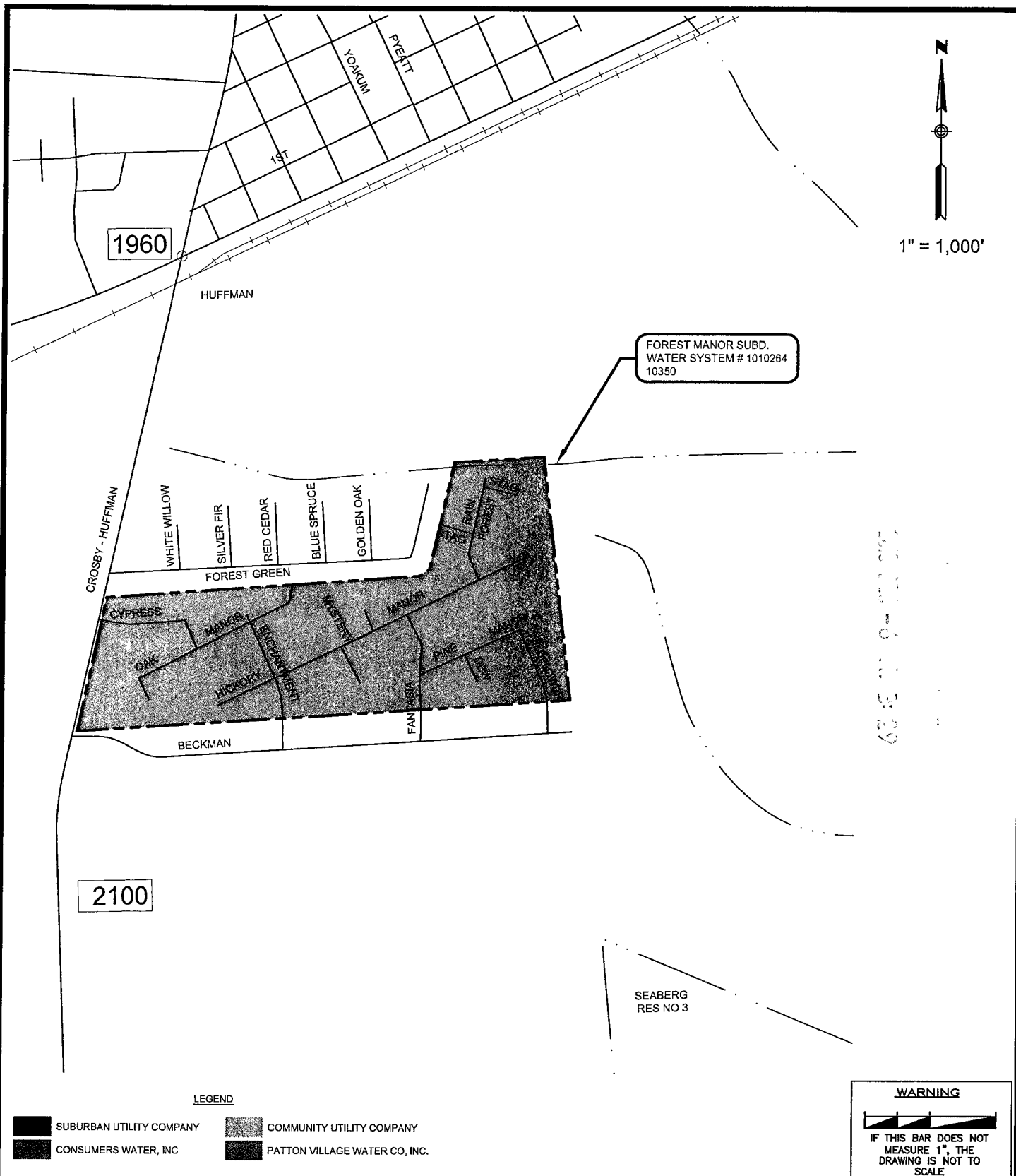
3-29-64

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MAPS

C:\Users\ThomasB.SWE\Desktop\ACAD_STUFF\0362 Martin\Work In Progress\Sale Transfer Merger\STM-LARGE SCALE-CCN.dwg Wed, Dec 01, 2010, 10:24am



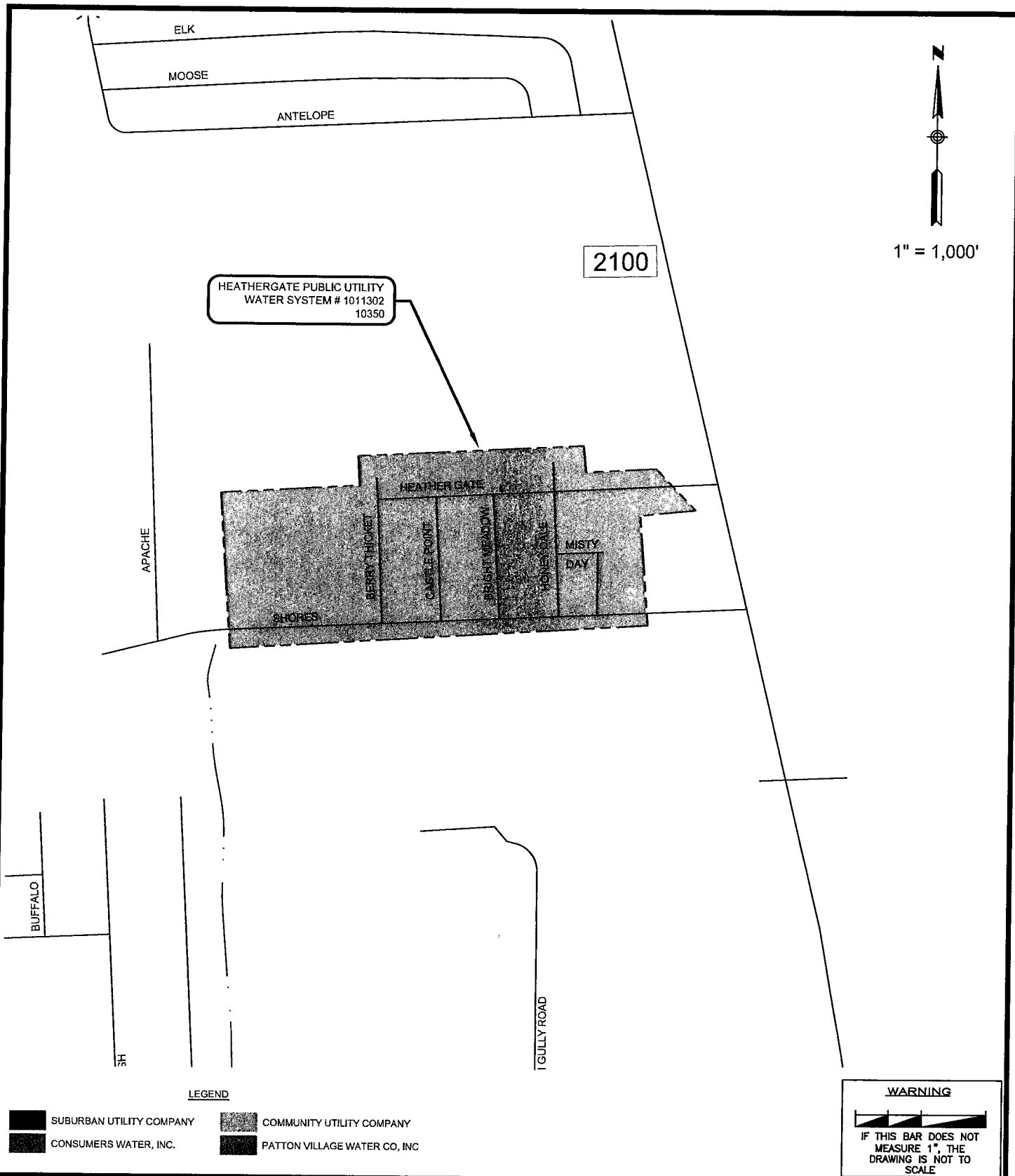
SALE, TRANSFER, MERGER APPLICATION
FOREST MANOR SUBDIVISION LARGE SCALE MAP

M.B.C. WATER SYSTEMS
HARRIS AND MONTGOMERY COUNTIES, TEXAS



Southwest Engineers, Inc.
Civil - Environmental - Planning
Gonzales Austin
www.swengineers.com
TBP# No. F-1909

C:\Users\ThomasB.SWE\Desktop\ACAD STUFF\0362 Martin\Work in Progress\Sale Transfer Merger\STM-LARGE SCALE-CON.dwg Wed, Dec 01, 2010, 10:27am



SALE, TRANSFER, MERGER APPLICATION
HEATHERGATE PUBLIC UTILITY COMPANY LARGE SCALE MAP

M.B.C. WATER SYSTEMS
HARRIS AND MONTGOMERY COUNTIES, TEXAS



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11. Notice:

remove Heathergate Estates and PWS 1011302 from notice area not certificated.

Forest Manor – OK

Sweetgum Forest – OK

Forest Trails-

Approximately 30 acres, 13.5 miles southeast of downtown Conroe

On the North by Kalka Rd.

On the East by Crystalwood Estates Dr

On the South by Pickering Rd

On the West by Dry Creek

Certificated area in Harris county

Approximately 99 acres, 10.5 miles northwest of downtown Houston

On the North by West Gulf Bank RD.

On the East by W. Montgomery Rd.

On the South by Rigel Rd.

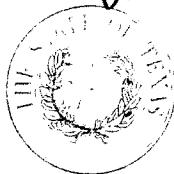
On the West by Scenic Green Dr

12. Other comments:



Kent Steelman

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



91 7108 2133 3935 2012 5944

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 16, 2010

BY FAX TO 512/863-0452 AND
BY CERTIFIED MAIL

Mr. Les Romo, Attorney
Law Office of Les Romo
307 Shannon Lane
Georgetown, Texas 78628

NOTICE OF DEFICIENCY

Re: Application from MBC Water Systems, Inc., A1945, to Purchase Facilities and to Transfer Certificate of Convenience and Necessity (CCN) No. 10350 from Mitchell Martin dba Community Utility Company, in Harris and Montgomery Counties; Application No. 36894-S

CN: pending; RN: pending (MBC Water Systems, Inc.)

CN: 603180696; RN: 101458933 (Mitchell Martin dba Community Utility Company)

Dear Mr. Romo:

Your Sale, Transfer or Merger application for MBC Water Systems, Inc., received on December 6, 2010, has been assigned Application No. 36894-S, but has not been accepted for filing. Please refer to the application number in future correspondence.

The next step towards having your application accepted is to provide the following information:

1. The maps submitted do not meet the mapping requirements. The detailed maps do not show all of the certificated systems. The location map should show **only** the areas to be transferred. Digital data is available from the Utilities & Districts Section. Please submit four (4) copies of the following maps:
 - a. Detailed maps showing all the current CCN service area to be transferred with this application; and
 - b. Location maps showing **only** the proposed area to be transferred with this application.

The following items will be needed only if this application is also amending or decertifying the existing CCN area:

- a. General location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
 - b. Map showing only the proposed service area by:
 - (1) metes and bounds survey certified by a licensed state land surveyor or a registered professional land surveyor; or
 - (2) projectable digital data with metadata (proposed areas should be in a single record and clearly labeled for each utility), or
 - (3) following verifiable natural and man-made landmarks; or
 - (4) copy of recorded plat map with metes and bounds.
 - c. Written description of the proposed service area.
2. Please submit four (4) copies of an explanation listing the actions taken or being taken to correct the deficiencies listed in the latest inspection reports, including the proposed completion dates for the Forest Manor Subdivision water system and the Heathergate Public Utility Co water system.
3. Please submit four (4) copies of the agreement, contingent contract or other documents supporting the proposed transaction.
4. *Paid* It appears Mitchell Martin dba Community Utility Company has not submitted the Regulatory Assessment fee payments for 2002, 2003, 2004, 2005, 2006 and 2008, of approximately \$2,629.43. Please submit these fees. See fee enclosure.

Processing for the above referenced application cannot proceed and notices cannot be mailed until we receive the requested information. These items must be completed and returned to our office by **January 21, 2011**. If we do not receive the requested information by this date, your application will be returned for failure to prosecute.

If you have further questions, please contact Ms. Karen Blaschke at (512) 239-6932, or if by correspondence, include Mail Code 153 in the letterhead address.

Sincerely,



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

TB/KLB/db

Enclosures: fee enclosure and fee contact list

Fee Enclosure

Date: December 13, 2010

Re: Application from MBC Water Systems, Inc., A1945, to Purchase Facilities and to Transfer Certificate of Convenience and Necessity (CCN) No. 10350 from Mitchell Martin dba Community Utility Company, in Harris and Montgomery Counties; Application No. 36894-S
CN: pending; RN: pending (MBC Water Systems, Inc.)
CN: 603180696; RN: 101458933 (Mitchell Martin dba Community Utility Company)

The staff of the Texas Commission on Environmental Quality (TCEQ) has determined that payment for the following item is required before the application can be declared administratively complete.

Fees

The fees owed are Regulatory Assessment fees for 2002 (a portion of the payment), 2003, 2004, 2005, 2006 and 2008 in the amount of approximately \$1693.94 in fees + approximately \$935.49 in late charges.

Please be advised: Failure to pay fees within 30 days will result in additional administrative actions affecting your fee accounts and your application with TCEQ. With respect to fees, these actions may include enforcement and collections efforts to recover the debt owed to the state. Regarding your application, additional administrative actions may include return of your application (forfeiting the application fee), or a contested case hearing that may result in the denial of your application.

If you believe that your liability for any portion of the delinquency noted above has been discharged in bankruptcy, or if you are presently a debtor in a pending bankruptcy proceeding, please immediately furnish the undersigned with file-stamped copies of the following pleadings from the bankruptcy court where your bankruptcy case was/is filed: (1) Bankruptcy Petition; (2) Schedules and Statement of Affairs; (3) Creditor Matrix/Matrices; and (4) Discharge Order or Confirmation Order. Please mail to the TCEQ at P.O. Box 13087, Mail Code 132, Austin, TX 78711-3087 and include any additional documents from the bankruptcy court that you believe are relevant to your responsibilities for the noted delinquency. We will immediately review these pleadings and take appropriate action regarding your application.

Payment may be made through the following methods: cash, check, ACH (electronic check), money order, or credit card through TCEQ's electronic payment portal (e-pay). Additional information regarding payment options is available at <http://www.tceq.state.tx.us/agency/delin/index.html>. Upon payment, please send documentation reflecting payment of all delinquent fees to the Utilities & Districts Section. If you have any questions regarding your application, you may contact Ms. Karen Blaschke at 512/239-6932. If you have any questions regarding the delinquencies, please use the enclosed list of fee coordinators for contact information. Please use Mail Code 153 when responding by mail.

PROGRAM FEE CONTACTS - 10-14-2009

FEE	FEE TYPE	PROGRAM FEE COORD.
AEF	AIR EMISSIONS FEE	AQPI Division (512) 239-1459
AST	ABOVEGROUND STORAGE TANKS	PST Registration Team (512) 239-2160
BLP	WATERSHED MGMT. BENEF. LAND APPLIC.	Janet Wyman (512) 239-0156
CDP	HW COMMERCIAL (COUNTY)	Kimberly Sladek (512) 239-1588
CRW	CONCHO RIVER WATERMASTER	Al Segovia (210) 490-3096
		WQ Applications Team (512) 239-4671
CWQ	CONSOLIDATED WATER QUALITY FEE	Drycleaner Reg. Team (512) 239-2160
DCR	DRYCLEANING REGISTRATION FEE	AQPI Division (512) 239-1459
EIF	AIR INSPECTION FEE	Janet Wyman (512) 239-0156 (see note below)
GPS	GENERAL PERMIT STORMWATER FEE	Janet Wyman (512) 239-0156 (see note below)
GPW	GENERAL PERMIT WASTEWATER FEE	Kimberly Sladek (512) 239-1588
HWC	HW COMMERCIAL (MGMT. FEES)	Kimberly Sladek (512) 239-1588
HWF	HAZARDOUS WASTE FACILITY	Keiandre McGruder (512) 239-4112
HWG	HAZARDOUS WASTE GENERATION	Kimberly Sladek (512) 239-1588
HWX	HW COMMERCIAL (MGMT. FEES)	Diana Christiano (512) 239-5696
ILP	INNOCENT LANDOWNER	Kimberly Sladek (512) 239-1588
NWF	NONHAZARDOUS WASTE FACILITY	Keiandre McGruder (512) 239-4112
NWG	NONHAZARDOUS WASTE GENERATION	Brenda Loggins (512) 239-5136
Penalties	ADMIN PENALTIES - CAV, WDV, WQV, DCP, RAV	Trent Jennings (512) 239-6857
PFS	PLUMBING FIXTURE STANDARDS	Terri Cisneros (512) 239-6963 or x4691
PHS	PUBLIC HEALTH SERVICE	Erasmus Yarrito (956) 425-6010
RGR	RIO GRANDE WATERMASTER	Sage Chandrasoma (512) 239-6069
RLA	RADIOACTIVE MATERIALS LICENSING	Janet Wyman (512) 239-0156
SDP	SURFACE DISPOSAL FEE	Al Segovia (210) 490-3096
STX	SOUTH TEXAS WATERMASTER	Elvi Yzaguirre (512) 239-6700
SWD	SOLID WASTE DISPOSAL FACILITIES	Ita Ufot (512) 239-1935
TOX	TOXIC REPORTING FEE	PST Registration Team (512) 239-2160
UST	UNDERGROUND STORAGE TANKS	Diana Christiano (512) 239-5696
VCP	VOLUNTARY CLEAN-UP	Janet Wyman (512) 239-0156
WMB	WATERSHED MGMT. BENEF. LAND USE	Matt Southard (512) 239-1045
WMS	WATERSHED MGMT. SLUDGE HAULERS	Natalie Bell (512) 239-6941
WQA	WATER QUALITY ASSESSMENT	Matt Southard (512) 239-1045
WSS	WATERSHED SLUDGE STICKER	Dianna Tillerson (512) 239-5638
WTR	WASTEWATER TRTMT. RESRCH. COUNCIL	Natalie Bell (512) 239-6941
WUF	WATER USE ASSESSMENT (WTR. RIGHTS)	Laurie Lancaster (512) 239-4418
WWI	WASTEWATER INSPECTION	

Notes:

GPW permit processing handled by App. Review & Processing Team, x4671

GPS permit processing handled by Tx. State Univ. (512) 245-0130 or swpermit@tceq.state.tx.us



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629
www.swengineers.com
TBP# No. F-1909

Phone (830) 672-7546
Fax (830) 672-2034

LETTER OF TRANSMITTAL

DATE: 16 February 2011	FILE NO.: 03200610
ATTENTION: Mr. Karen Blaschke	
RE: MAP HARD COPIES	
STM APPLICATIONS	
M.B.C. Water Systems Inc., Conroe, TX	

TO: TCEQ UTILITIES & DISTRICTS SECT.
P.O. Box 13087, MC-153
Austin, TX 78711

WE ARE SENDING YOU THE FOLLOWING ITEMS...

- | | | | |
|--|-------------------------------------|--|---|
| <input type="checkbox"/> Shop Drawing(s) | <input type="checkbox"/> Print(s) | <input checked="" type="checkbox"/> ATTACHED | <input type="checkbox"/> UNDER SEPARATE COVER VIA |
| <input type="checkbox"/> Letter(s) | <input type="checkbox"/> Drawing(s) | <input type="checkbox"/> Specification(s) | <input type="checkbox"/> Bid Invitation(s) |
| | | <input type="checkbox"/> Change Order(s) | <input type="checkbox"/> Quote Request(s) |
| | | | <input checked="" type="checkbox"/> Invoice(s) |
| | | | <input checked="" type="checkbox"/> See Below |

QNTY	DATE	c = COPY or o = ORIGINAL	DESCRIPTION of ITEM
4	.	o	Hearthgate Large Scale Map

RECEIVED
FEB 18 2011
TEXAS COMMISSION
ON
ENVIRONMENTAL QUALITY

THESE ITEMS ARE BEING TRANSMITTED AS INDICATED BELOW...

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> As Requested | <input type="checkbox"/> For Processing | <input type="checkbox"/> Approved As Submitted |
| <input type="checkbox"/> As Reference | <input type="checkbox"/> For Execution | <input type="checkbox"/> Approved As Noted |
| <input type="checkbox"/> For Your Use | <input type="checkbox"/> For Approval | <input type="checkbox"/> Approved For Construction |
| <input type="checkbox"/> For Review | <input type="checkbox"/> For Quotes Due _____ | <input type="checkbox"/> Returning After Loan |
| <input type="checkbox"/> For Distribution | <input type="checkbox"/> For Bids Due _____ | <input type="checkbox"/> See Below |

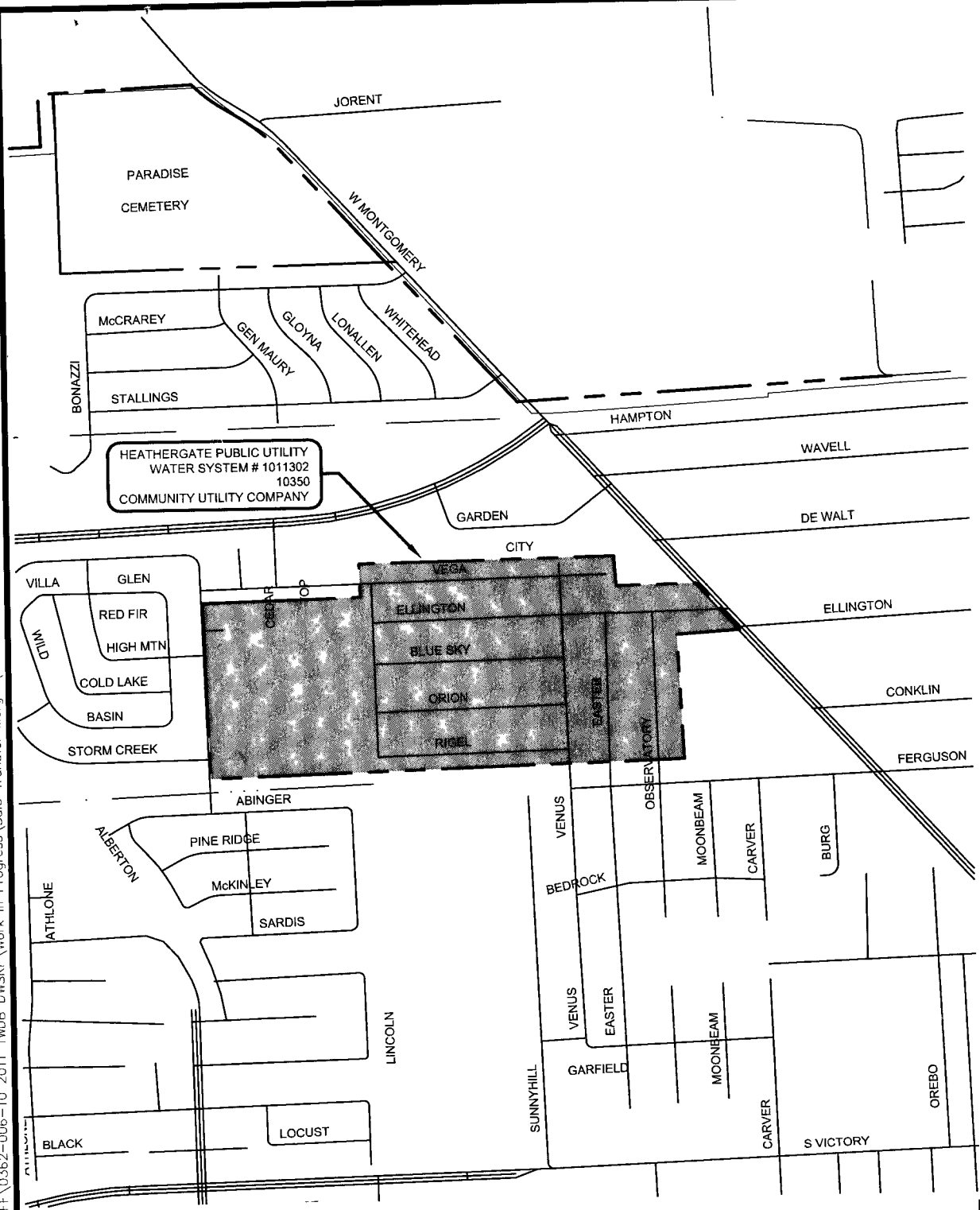
MESSAGE or COMMENT(S)

CC: MBC w/1 original map
Bret Feamer w/1 original map
Les Reno w/1 original map

SIGNED:

Jerry G. Shepherd, P.E.

C:\Users\ThomasB SWE\Desktop\ACAD STUFF\0362-006-10 2011 TWDB DWSRF\Work In Progress\Sale Transfer Merger\STM-LARGE SCALE-CCN.dwg Thu, Jan 05, 2011, 1:41pm



1" = 1,000'

WARNING

IF THIS BAR DOES NOT
MEASURE 1", THE
DRAWING IS NOT TO
SCALE

SALE, TRANSFER, MERGER APPLICATION
HEATHERGATE PUBLIC UTILITY COMPANY LARGE SCALE MAP

M.B.C. WATER SYSTEMS
HARRIS AND MONTGOMERY COUNTIES, TEXAS



Southwest Engineers, Inc.
Civil - Environmental - Planning
Gonzales Austin
www.swengineers.com
TBP# No. F-1909



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

Phone (830) 672-7546
Fax (830) 672-2034

www.swengineers.com
TBP# NG. F-1909

LETTER OF TRANSMITTAL

DATE: 31 January 2011	FILE NO.: 036200610
ATTENTION: Ms. Karen Blaschke	
RE: MAP HARD COPIES	
STM APPLICATIONS	
M.B.C. Water Systems, Inc., Conroe, TX	

TO: TCEQ UTILITIES & DISTRICTS SECT.
P.O. Box 13087, MC-153
AUSTIN, TX 78711

WE ARE SENDING YOU THE FOLLOWING ITEMS...

☐ Shop Drawing(s)

☐ Print(s)

☒ ATTACHED ☐ UNDER SEPARATE COVER VIA

☐ Specification(s)

☐ Bid Invitation(s)

☐ Invoice(s)

☐ Letter(s)

☐ Drawing(s)

☐ Change Order(s)

☐ Quote Request(s)

☒ See Below

QNTY	DATE	c = COPY or o = ORIGINAL	DESCRIPTION of ITEM
4	01.11	o	Overall Small Scale Map of Community Utility Company
4	01.11	o	Overall Small Scale Map of Consumers Water, Inc.
4	.	o	Forest Trails Large Scale Map

THESE ITEMS ARE BEING TRANSMITTED AS INDICATED BELOW...

☒ As Requested

☐ As Reference

☐ For Your Use

☐ For Review

☐ For Distribution

☐ For Processing

☐ For Execution

☐ For Approval

☐ For Quotes Due

☐ For Bids Due

☐ Approved As Submitted

☐ Approved As Noted

☐ Approved For Construction

☐ Returning After Loan

☐ See Below

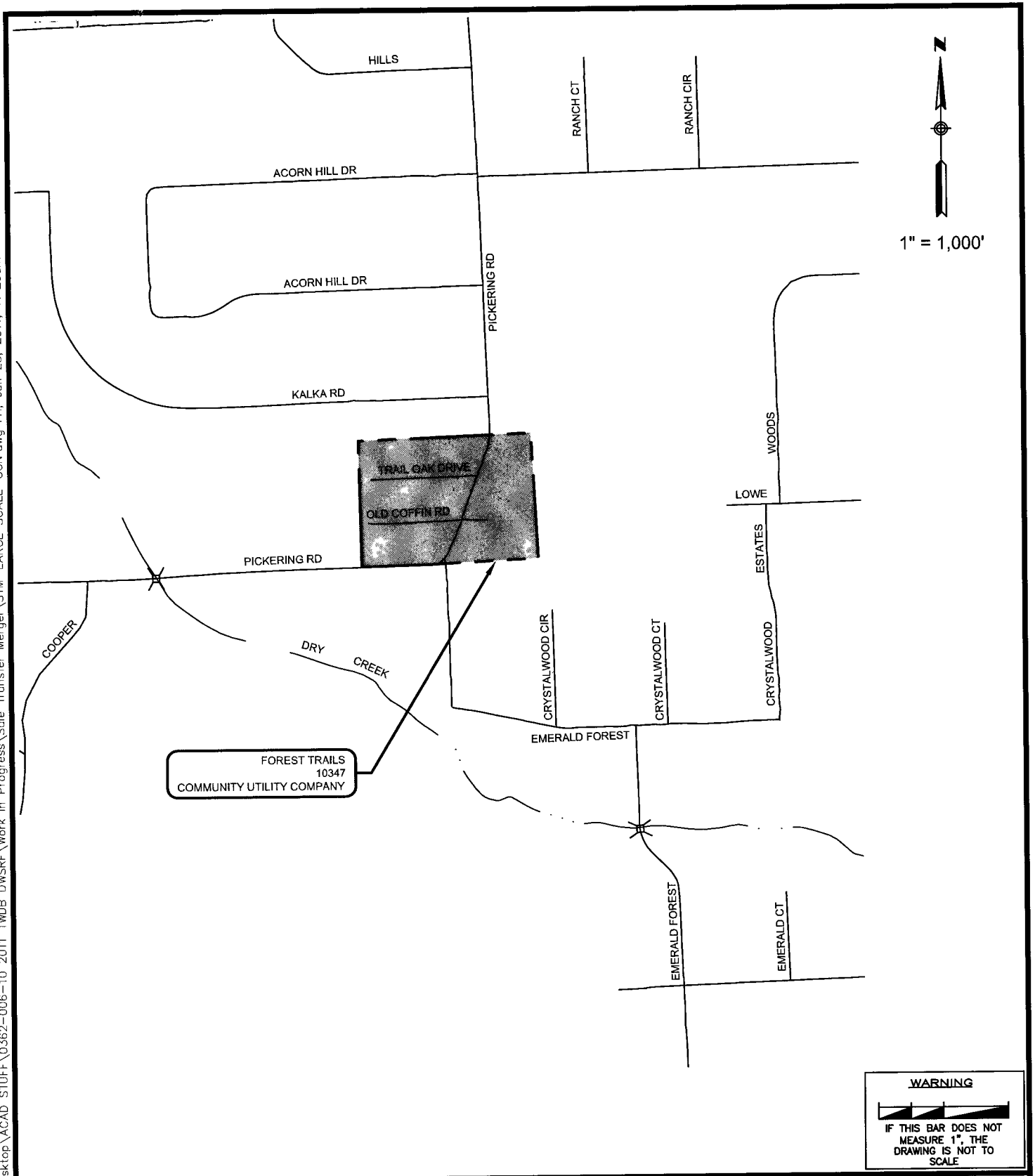
MESSAGE or COMMENT(S)

cc: MBC w/1 original of each map
LesRomo w/1 original of each map
Bret Jenner w/1 original of each map

SIGNED:

Jerry G. Shepherd, P.E.

C:\Users\ThomasB SWE\Desktop\ACAD_STUFF\0362-006-10 2011 TWDB DWSRF\Work In Progress\Sale Transfer Merger\STM-LARGE SCALE-CCN dwg Fri, Jan 28, 2011, 11:26am



SALE, TRANSFER, MERGER APPLICATION
FOREST TRAILS LARGE SCALE MAP

M.B.C. WATER SYSTEMS
HARRIS AND MONTGOMERY COUNTIES, TEXAS



Southwest Engineers, Inc.
Civil - Environmental - Planning
Gonzales Austin
www.swengineers.com
TBPE No. F-1909

To: Administrative Reviewer

Date: February 14, 2011

From: Cartographer-Utilities & Districts Section

Subject: Overlap & Notice Check for Administrative Review No. A-142-10/36894-S
MBC Water Systems Inc to acquire all of Community Utility Co. (10350) in Harris and
Montgomery counties.

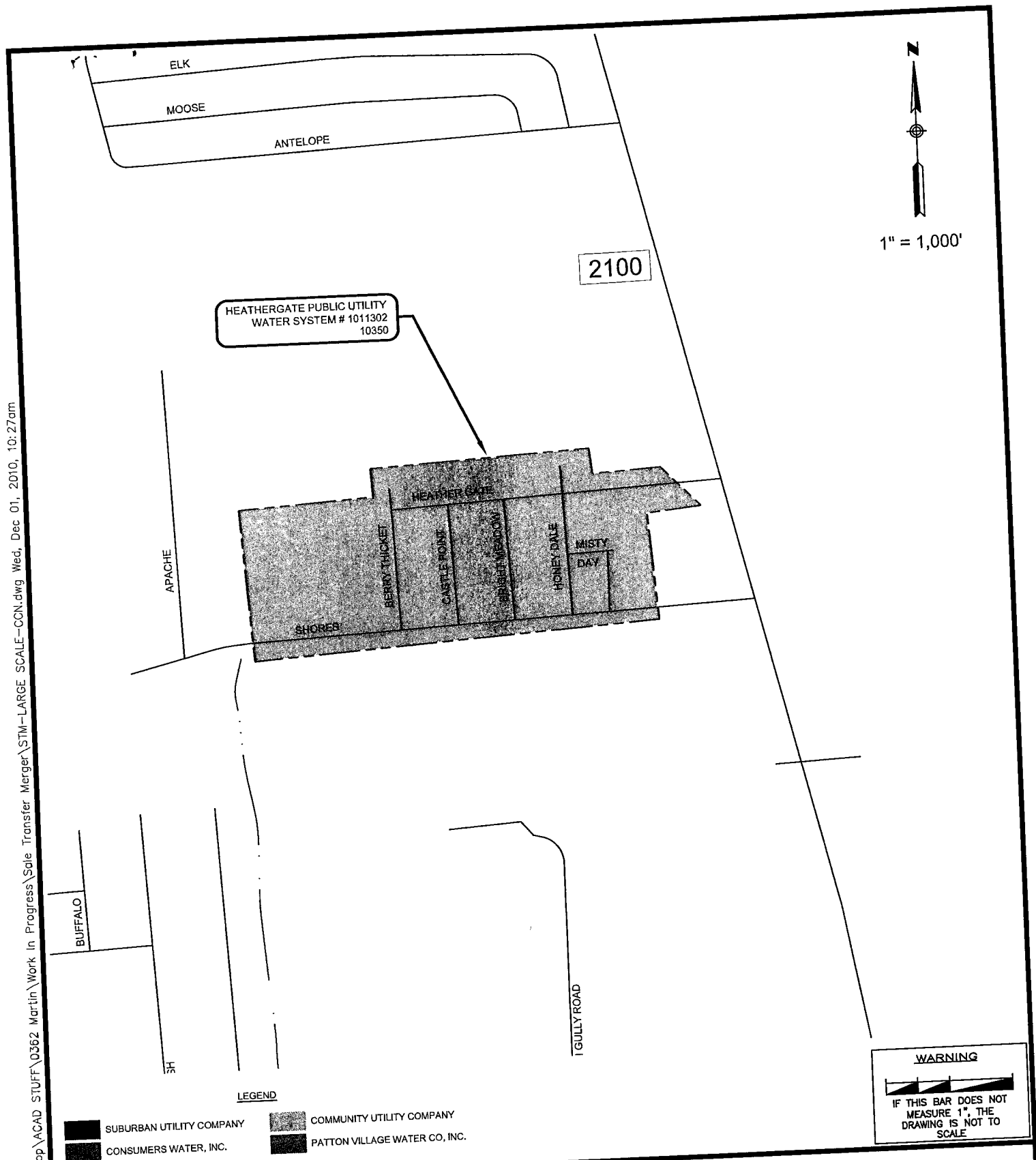
1. No new overlap of service areas exists.
2. An overlap:
3. Dual certification:
4. An overlap exists with the city limits of:
5. If this is a Sale, Transfer, or Merger, is additional area being requested?
7. Map submitted is digital request digital data.
9. Utility notice was sufficient.
10. Utility notice was insufficient. In addition to those systems listed in the application, they will also need to notify:

TWO MILES:

- X 11. Notice: DO NOT NOTICE
- X 12. Other comments: Large map of "Heathergate Estates" shows the area in the wrong place. Need large map showing in correct place. This is another area the utility does not appear to be certificated to.


Kent Steelman

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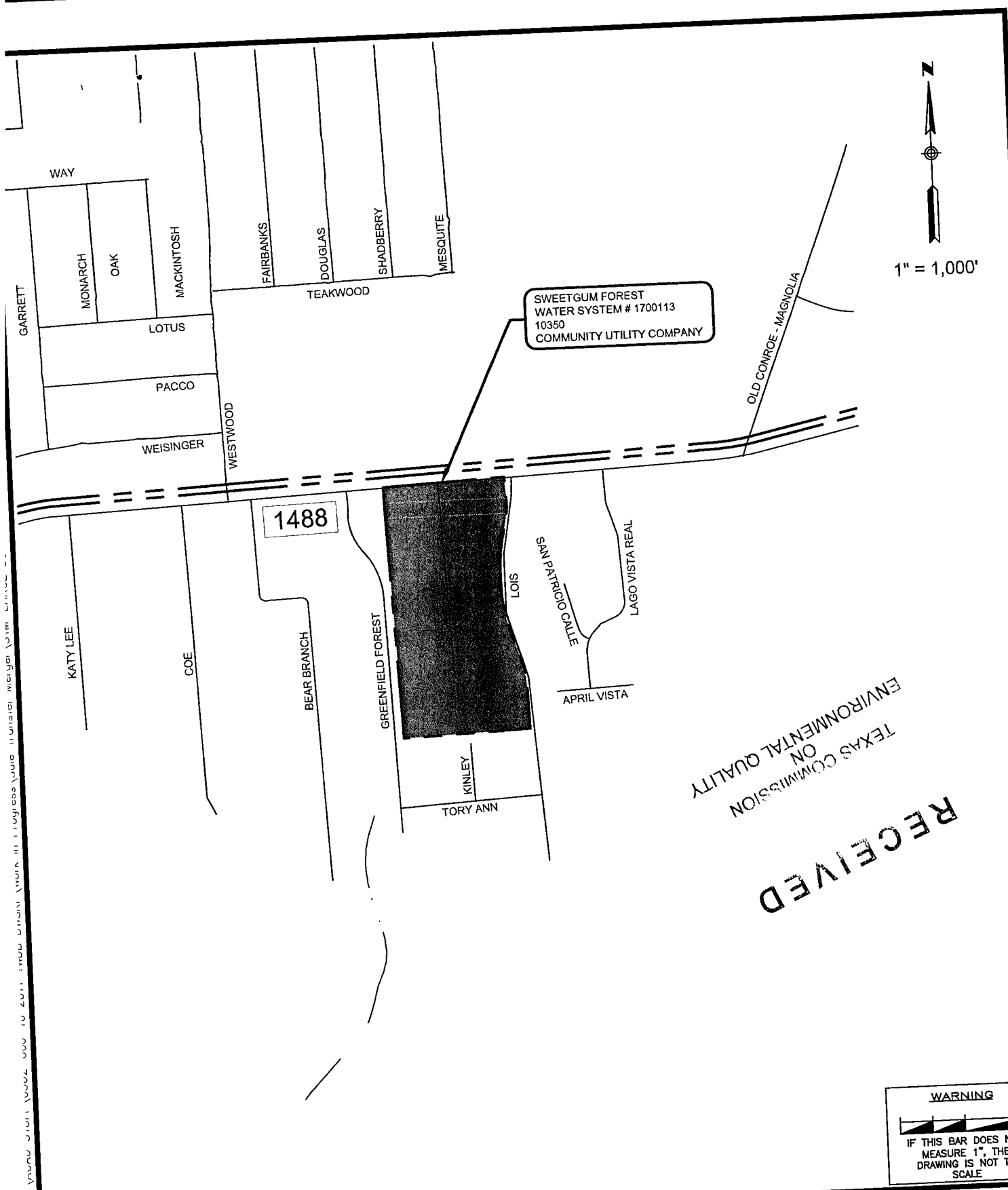


SALE, TRANSFER, MERGER APPLICATION
HEATHERGATE PUBLIC UTILITY COMPANY LARGE SCALE MAP

M.B.C. WATER SYSTEMS
HARRIS AND MONTGOMERY COUNTIES, TEXAS



Southwest Engineers, Inc.
Civil - Environmental - Planning
Gonzales Austin
www.swengineers.com
TBE No. F-1909



WARNING
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SALE, TRANSFER, MERGER APPLICATION
SWEETGUM FOREST LARGE SCALE MAP

M.B.C. WATER SYSTEMS
 HARRIS AND MONTGOMERY COUNTIES, TEXAS



Southwest Engineers, Inc.
 Civil - Environmental - Planning
 Gonzales Austin
 www.swengineers.com
 TBPE No. F-1909

$$1'' = 1,000'$$


DEVELOPMENT

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HEATHERGATE PUBLIC UTILITY COMPANY LARGE SCALE MAP

Civil - Environmental - Planning
Gonzales Austin
www.swengineers.com
TBPE No. F-1909



1" = 1,000'

1960

HUFFMAN

FOREST MANOR SUBD.
WATER SYSTEM # 1010264
10350
COMMUNITY UTILITY COMPANY

CROSBY - HUFFMAN

WHITE WILLOW

SILVER FIR

RED CEDAR

BLUE SPRUCE

GOLDEN OAK

RAIN
STAG

CYPRESS

OAK

BECKMAN

2100

SEABERG
RES NO 3

RECEIVED
TEXAS COMMISSION
ON
ENVIRONMENTAL QUALITY

WARNING

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SALE, TRANSFER, MERGER APPLICATION

FOREST MANOR SUBDIVISION LARGE SCALE MAP

M.B.C. WATER SYSTEMS
HARRIS AND MONTGOMERY COUNTIES, TEXAS



Southwest Engineers, Inc.

Civil - Environmental - Planning
Gonzales Austin

www.swengineers.com
T&PE No F-1909

BILL OF SALE

STATE OF TEXAS)
)
COUNTY OF MONTGOMERY)

The undersigned, is COMMUNITY UTILITY COMPANY, a corporation formed and doing business in the State of Texas, that is located in Montgomery County, Texas; known herein as "Grantor," and for and in consideration of the sum of Ten and NO/100 DOLLARS (\$10.00) and other good and valuable consideration paid to it by M.B.C. WATER SYSTEMS, INC., of Montgomery County, Texas, referred to herein as "Grantee", the receipt of which is acknowledged in the manner and form stated as follows, has and hereby does BARGAIN, SALE and DELIVER, to Grantee the following described personal property in both Harris County, Texas and Montgomery County, Texas, to wit:

The complete water system owned by Grantor, including all wells, master water meters, chlorination and treatment systems, ground storage tanks, service pumps, pressure tanks, and the water distribution lines owned by the Grantor in Montgomery County, Texas, as well all other assets and real property owned by Grantor.

The above-referenced sale price also includes the sale of certain real property from Grantor to Grantee that is covered by a Deed Without Warranty of even date herewith.

Terms of Payment:

Payment for the above-referenced property has been received by the Grantor, and Grantor acknowledges receipt of the payment of the consideration for the sale of the above-referenced personal property, all other water system and other assets owned by Grantor.

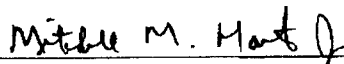
Grantor warrants that it is the lawful owner of the subject personal property and assets, and that the sale and conveyance of the personal property and assets is free of all encumbrances and liens. Grantor covenants and warrants that it has the right to sell the subject personal property and assets and will warrant and defend that right against the lawful claims and demands of all persons, and Grantor hereby sells and conveys all of Grantor's right, title and interest in the above-stated personal property and assets owned by Grantor for the same to Grantee.

This Bill of Sale is effective as to the transfer of all personal property and assets listed above from Grantor to Grantee and becomes effective upon the date of the approval of the sale and transfer of Grantor's assets by the Texas Commission on Environmental Quality.

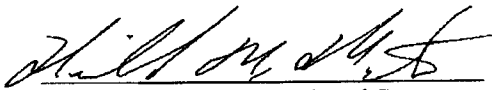
Dated this 1st day of NOVEMBER, 2010.

GRANTOR:

COMMUNITY UTILITY COMPANY

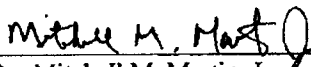

By: Mitchell M. Martin, Jr.
Its: Board President

ATTEST:

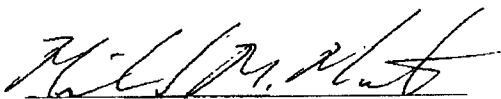

Michael M. Martin, Sr., Board Secretary

GRANTEE:

M.B.C. WATER SYSTEMS, INC.


By: Mitchell M. Martin, Jr.
Its: Board President

ATTEST:


Michael M. Martin, Sr., Board Secretary

Reply to Request for Information Number 2 in the December 16, 2010 Letter from Tammy Benter:

2. As to the designated deficiencies in the inspection reports for Forest Manor Subdivision and Heathergate Public Utility Co water systems, M.B.C. Water Systems, Inc. ("M.B.C.") has applied for a loan from the Drinking Water State Revolving Fund ("DWSRF") from the Texas Water Development Board (the "Board"). The Board has given notice it has tentatively accepted my client's loan application for the sum of thirteen million four hundred fifty-five thousand six hundred twenty-four and No/100 dollars (\$13,455,624.00) to purchase the Community Utility Company ("Community") water system, and to perform work on addressing any deficiencies in the water system. Community Utility Company has filed a surcharge applications as part of the process of getting the DWSRF loan funds. As we discussed, Consumer's officers and representatives and I believe that Community's customers will protest the surcharge application, and since the Board has placed a time-limit on Community getting approval for the surcharge by the Commission, it is requested that the Commission voluntarily protest the surcharge application so the hearing process can take place as soon as possible. Once the surcharge is approved, and the DWSRF loan funds are obtained by M.B.C., it will begin to make the necessary repairs and/or upgrades as may be needed to address the deficiencies noted in the inspection reports for Forest Manor Subdivision and Heathergate Public Utility Co water systems.

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
September 10, 2009

CERTIFIED MAIL #7007 0710 0004 7392 5345
RETURN RECEIPT REQUESTED

Mr. Mitchell M. Martin Jr., President
Community Utility Company
P.O. Box 58
Spring, Texas 77383-0058


Re Additional Compliance Documentation Needed for:
Sweetgum Forest, Sweetgum and FM 1488, Montgomery County, Texas
Investigation # 76.818 TCEQ ID No. 1700113

Dear Mr. Martin

On November 12, 2008 and July 31, 2009 the Texas Commission on Environmental Quality (TCEQ) Houston Region Office received compliance documentation for the alleged violations noted during the investigation of the above-referenced facility conducted on July 17, 2008. The compliance documentation contained in your response appears to indicate that some of the problems documented during the investigation have been corrected. However, information is still needed for the outstanding alleged violations listed in the enclosed *Summary of Investigation Findings*. Please submit to our office by October 10, 2009, a written description of corrective actions taken and the required compliance documentation demonstrating that these remaining alleged violations have been resolved.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to protect the State's environment. We look forward to receiving your response for the remaining alleged violations. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. If you or members of your staff have any questions, please feel free to contact Ms. LaTrichia Spikes in the Houston Region Office at (713)767-3650.

Sincerely,


Leticia De Leon, Team Leader
Public Water Supply
Houston Region Office

LD/I S/ra

cc Montgomery County Environmental Health Dept
Kelly Wisian, Water Enforcement, TCEQ, Austin, MC-149

Enclosure Summary of Investigation Findings

REPLY TO: REGION 12 • 5425 P.O. Box STE. H • HOUSTON, TEXAS 77023-1452 • 713-767-3500 • FAX 713-767-3520

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • Internet address: www.tceq.state.tx.us

Summary of Investigation Findings

COPY

SWEETGUM FOREST

Investigation # 761818

Investigation Date 07/20/2009

MONTGOMERY COUNTY

Additional ID(s): 1700113

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

Track No. 343509

Compliance Due Date: 10/01/2008

30 TAC Chapter 290.44(d)

30 TAC Chapter 290.46(r)

Alleged Violation

Investigation 689559

Comment Date 08/12/2008

Water Distribution

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.

At the time of the investigation the pressure in distribution was 29 psi.
Investigation 761818

Comment Date 08/03/2009

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).

Recommended Corrective Action: Submit documentation verifying the pressure of at least 35 psi has been obtained and maintained to verify compliance.

Track No. 343510

Compliance Due Date: 10/01/2008

30 TAC Chapter 290.121

Alleged Violation:

Investigation 689559

Comment Date 08/12/2008

Monitoring Plans

Failure by the regulated entity to develop and maintain an up to date system monitoring plan. The plan shall identify all bacteriological and chemical sampling locations, describe the sampling frequency, and specify the analytical procedures and laboratories to be used to comply with monitoring requirements. The completed plan must be retained at each water plant, and made available to agency personnel for review during succeeding sanitary surveys.

At the time of the investigation no monitoring plan was made available.
Investigation 761818

Comment Date 08/03/2009

Failure by the regulated entity to develop and maintain an up to date system monitoring plan.

Recommended Corrective Action: Submit a copy of the monitoring plan to verify compliance.

Track No. 343511

Compliance Due Date 12/10/2008

30 TAC Chapter 290.46(n)(2)

**SWEETGUM FOREST**

Investigation # 761818

Alleged Violation

Investigation 689559

Comment Date 08/12/2008

Operating Practices for Public Water Systems

Failure to prepare and maintain a map of the distribution system so that valves and mains may be easily located during emergencies

No distribution map was made available at the time of the investigation

Investigation 761818

Comment Date 08/03/2009

Failure to provide at the time of the investigation a distribution map

Recommended Corrective Action Submit a copy of the accurate distribution map as to verify compliance

Track No 343512

Compliance Due Date 03/10/2009

30 TAC Chapter 290 46(u)

Alleged Violation

Investigation 689559

Comment Date 08/12/2008

Abandoned Wells

Failure to plug an abandoned public water supply well(s) owned by the system, with cement according to 16 TAC Chapter 76 (relating to Water Well Drillers and Water Well Pump Installers)

It is noted that the well has dried up. The entity receives purchased water and alleges no future plans to use well

We have enclosed a copy of the plugging report which must be submitted when the operation has been completed

Investigation 761818

Comment Date 08/03/2009

Failure to plug the well

Recommended Corrective Action: Submit a copy of the plugging report to verify compliance

**ALLEGED VIOLATION(S) NOTED AND RESOLVED
ASSOCIATED TO A NOTICE OF VIOLATION**

Track No 343507

30 TAC Chapter 290 44(g)

30 TAC Chapter 290 46(k)

Alleged Violation

Investigation 689559

Comment Date 08/12/2008

Interconnections

Failure to provide documents showing the approved proposal for a direct connection between public drinking water systems

At the time of the investigation no documentation was provided to show the interconnect between Greenfield Forest (Wholesaler) and Sweetgum Forest (Purchaser) has been approved

It is noted that at the time of the investigation the entity originally was provided an interconnect for emergency purposes. The entity is now provided water on a permanent basis

Investigation 761818

Comment Date 08/03/2009

Summary of Investigation Findings

Page 2 of 3

COPY

DO NOT WRITE IN THESE SPACES
MAIL ROOM USE ONLY

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas from Air, Water, and Land Pollution

September 25, 2008

CERTIFIED MAIL #7002 2030 0003 4747 9301
RETURN RECEIPT REQUESTED

Mr. Mitchell Martin, President
Community Utility Company
P.O. Box 58
Spring, Texas 77383-0058

Re: Notice of Violation for the Comprehensive Compliance Investigation at
Forest Manor Subdivision, 1615 Beckman Drive, Harris County, Texas
RN101198554, Investigation No. 68,126, TCEQ Additional ID 1010264

Dear Mr. Martin:

On July 22, 2008, Ms. Leticia De Leon of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supply. Enclosed is a summary which lists the investigation findings. During the investigation, the investigator resolved some apparent instances of noncompliance noted during previous investigations. Information has been provided which appears to indicate that these problems have been corrected. In addition, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by March 25, 2009 a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.


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. 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 violations documented in this notice. Should you choose to do so, you must notify the Houston Region Office within 10 days from the date of this letter. At that time, David W. Livings, Team Leader, 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.

COPY

Mr. Martin Martin, President
September 1, 1998
Page

If you or members of your staff have any questions, please feel free to contact Ms. Leticia De Leon at the Houston Region Office at 713. 67-3656.

Since


David W. Young, R.S., Sr.
PWS Team Leader
Houston Region Office

DW7 227

cc: Texas Co. Publ. Health and Environmental Services

Enclosures: Summary of Investigation Findings

Summary of Investigation Findings

COPY

FOREST MANOR SUBDIVISION

Investigation # 681126

Investigation Date 07/22/2008

HARRIS COUNTY

Additional ID(s) 1010264

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

Track No. 644134 Compliance Due Date 03/09/2009
30 TAC Chapter 290.45(b)(1)(C)(iii)

Alleged Violation

Investigation # 681126

Comment Date 08/28/2008

Capacity Requirements

Failure to meet this Agency's "Minimum Water System Capacity Requirement." This requirement includes a total storage capacity of 200 gallons per connection. Your water system must be modified to meet this requirement to assure an adequate supply of water at all times.

The facility is required to provide a minimum of 17,000 gallons of ground storage tank capacity. This is calculated in the following manner:

$200 \text{ Gal/Conn} \times 85 \text{ Conn} = 17,000 \text{ Gallons}$

At the time of this inspection the facility did not have a ground storage tank installed; the facility was forced to disconnect the existing ground storage tank due to poor structural integrity.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system may request an exception to this requirement by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 155, P.O. Box 3687, Austin, TX 78761-3087, phone (512) 239-4798.

Recommended Corrective Action: Submit a compliance plan, engineering report or certification OF a copy of a letter requesting an exception in addition to a compliance plan for final compliance, OR a copy of a letter granting an exception to verify compliance.

Track No. 644901 Compliance Due Date 03/09/2009
30 TAC Chapter 290.39(j)

Alleged Violation

Investigation # 681126

Comment Date 08/26/2008

Examination of Plans and Specifications

Failure to notify the executive director in writing of any changes in existing system or supplies. Public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

At the time of the inspection the facility had installed an 80 gallon per minute service pump between the well and the pressure tank which was not approved. Furthermore, because the existing storage tank was in such poor condition it had to be removed and the service pumps for the ground storage tank have a septic removed. This facility is required to have this

COPY

Recommend a Corrective Action: Submit compliance test engineering report or certification
OR
Submit test data and test report in addition to compliance plan or final compliance
OR
Submit test data and test report in addition to compliance plan or final compliance

ALLEGED VIOLATION(S) NOTED AND RESOLVED
ASSOCIATED TO A NOTICE OF VIOLATION:

30 - AC 000 - 290 4647

INDEX : C

Doc ID: 5716 07/23/2003

Page 10 of 10
Investigator: 443

Comment Date: 01/12/2008

Page 1 of 1 2020-01-20 10:10:10

Comment Date: 08/20/2008

Fig. 1. $\sigma_{\text{eff}} = \sigma_{\text{eff}}(\sigma_{\text{eff}})$ dependence.

Resolution Facility is performing required maintenance as on the July 22, 2008 inspection

30 °C after 290 46 (mV).

Inventor's name: 7-26

Comment Date 07/28/2003

Facility to inspect ground storage and/or fire storage tanks annually and maintain records
Inventory # 44 Comment Date 01/11

Comment Date 01/12/2008

<p>Examine the ground storage and/or pressure tanks annually and maintain records</p> <p>Investigate by 10/2</p>	<p>Comment Date: 08/21</p>
--	----------------------------

Comment Date: 08/20/2008

3. Inspect all storage and/or pressure tanks annually and maintain records

Resolution 1601 provided an inspection report for both the pressure tank and ground storage tank at the ... 1986 inspection.

30 TAC 290.46(t)

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

Received Date 07/28/2003

$\frac{1}{2} \left(\frac{1}{2} \right) = \frac{1}{4}$

Comment Date: 2/12/2008

1990-1991

Open Date 08/19/2008

100 λ_{max} 295 nm ϵ_{max} 1.5 $\times 10^4$ L mol⁻¹ cm⁻¹ λ_{max} 295 nm ϵ_{max} 1.5 $\times 10^4$ L mol⁻¹ cm⁻¹

Reso for was a copy sent posted at the factory as of the 12/2008 inspection

[illegible]

On 11/11/2012, 10:06 AM, inspect: the tank was disassembled and had been completely
 repaired. The tank is now in good working order. The tank cannot be placed back into service
 until the top is done. The problem is now resolved.

1. 1990-1991: 100% (100% of 100%)



ADDITIONAL ISSUES

Description

Other violations noted during the investigation. If you have more than one violation, please describe each violation in the appropriate section.

Additional Comments

Please be aware that this facility still has an outstanding violation for the following:

Track # 42849

30 Tex. Admin. Code §191.45(v); 191.45(v)(ii)

Capacity Requirement

Failure to meet this Agency's "Minimum Water System Capacity Requirement". This requirement includes a service pump capacity such that each pump station or pressure zone must have two or more pumps with a total capacity of 2.0 gallons per minute per connection.

At the time of this inspection this facility did not have any service pumps and is required to provide a minimum of 1.70 gallons per minute of service pump capacity. This is calculated in the following manner:

$$1.00\text{GPM/Conn} \times 85\text{ Conn} = 1.70\text{GPM}$$

This violation is part of your compliance agreement please continue working towards resolving this issue.

Other violations noted during the investigation. If you have more than one violation, please describe each violation in the appropriate section.

Please be aware that this facility still has an outstanding violation for the following:

Track #142435

30 Tex. Admin. Code §290.45(v); Operating Practices for Public Water Systems

Failure to install a water system electrical wiring in a securely mounted conduit in compliance with a local or national electrical code.

This violation is part of your compliance agreement please continue working towards resolving this issue.

Káthleen Hartnett White, *Chairman*
Larry R. Soward, *Commissioner*
Glenn Shankle, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 30, 2006

CERTIFIED MAIL #7002 2030 0003 4747 6683
RETURN RECEIPT REQUESTED

Mr. Michael Martin, Co-Owner
Community Utility Company
P.O. Box 58
Spring, Texas 77383-0058

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Heathergate Public Utility Co, 20703 ½ Berry Thicket, Harris County, Texas
TCEQ ID No: 1011302

Dear Mr. Martin:

On August 15, 2006, Ms. Melody Kirksey of the Texas Commission on Environmental Quality (TCEQ), Houston Region Office, conducted an investigation of the above-referenced facility 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. A due date for submitting compliance documentation for the outstanding alleged violations will be determined by the TCEQ Enforcement Division. Please take the necessary steps to start correcting the alleged violations.

The Texas Commission on Environmental Quality 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. 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 Houston Region Office within 10 days from the date of this letter. At that time, Mr. David W. Livings, PWS Work Leader, 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.

REPLY TO: REGION 12 • 5425 POLK ST., STE. H • HOUSTON, TEXAS 77023-1452 • 713/767-3500 • FAX 713/767-3520

P.O. Box 13087 • Austin, Texas 78711-3087 • 512/239-1000 • Internet address: www.tceq.state.tx.us

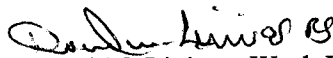
printed on recycled paper using soy-based ink

Mr. Michael Martin, Co Owner
Page 2
August 30, 2006



If you or members of your staff have any questions, please feel free to contact Ms. Melody Kirksey in the Houston Region Office at 713/767-3650.

Sincerely,


David W. Livings, Work Leader
Public Water Supply
Houston Region Office

DWL/MK/ra

cc: Harris Co. Health Dept

Enclosures: Summary of Investigation Findings

Summary of Investigation Findings

HEATHERGATE PUBLIC UTILITY CO

Investigation # 510194

, HARRIS COUNTY,

Investigation Date: 08/15/2006

Additional ID(s): 1011302

COPY

No Violations Associated to this Investigation

ADDITIONAL ISSUES

Description

Other violations noted during the investigation? (If non-compliant then describe violation in the comment section.)

Other violations noted during the investigation? (If non-compliant then describe violation in the comment section.)

Other violations noted during the investigation? (If non-compliant then describe violation in the comment section.)

Other violations noted during the investigation? (If non-compliant then describe violation in the comment section.)

Additional Comments

Failure to provide at least two service pumps with at least 2 gallons per minute per connection of pumping capacity. With 128 connections, your system is required to have at least 256 gallons per minute of service pump capacity. Currently, your system has no service pumps. This violation has already been noted by the Commission's enforcement division and is part of an active enforcement case.

Failure to provide at least 200 gallons per connection of ground storage capacity. With 128 connections, your system is required to have at least 25,600 gallons of ground storage. Currently, your system has no ground storage. This violation has already been noted by the Commission's enforcement division and is part of an active enforcement case.

Failure to provide at least 0.6 gallons per minute per connection of well capacity. With 128 connections, your system is required to have at least 77 gallons per minute of well capacity. Currently, your system has 48 gallons per minute of well capacity. This violation has already been noted by the Commission's enforcement division and is part of an active enforcement case.

Track No: 119889

Compliance Due Date: No Date Entered

30 TAC Chapter 290.46(m)(1)(B)

Alleged Violation:

Comment Date: 08/28/2003

Investigation: 152121

Design and Construction of Pressure Tanks

Failure to inspect the pressure tank annually, to determine that the pressure release device and pressure gauge are working properly, the air-water ratio is being maintained at the proper level, the exterior coating systems are continuing to provide adequate protection to all metal surfaces, and that the tank remains in a watertight condition. Pressure tanks provided with an inspection port must have the interior surface inspected every five years.

The results of these inspections must be recorded and maintained for at least five years, per §290.46(f)(3)(D)(ii). The records must be available for review by Commission staff during annual sanitary surveys

To: Administrative Reviewer Date: December 9, 2010
From: Cartographer-Utilities & Districts Section
Subject: Overlap & Notice Check for Administrative Review No. A-142-10/369-894-S
MBC Water Systems Inc to acquire all Of Community Utility Co. (10350) in Harris and
Montgomery counties.

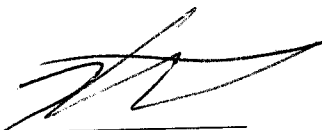
1. No new overlap of service areas exists.
2. An overlap:
3. Dual certification:
4. An overlap exists with the city limits of:
5. If this is a Sale, Transfer, or Merger, is additional area being requested?
7. Map submitted is digital request digital data.
9. Utility notice was sufficient.
10. Utility notice was insufficient. In addition to those systems listed in the application, they will also need to notify:

TWO MILES:

X 11. Notice: **DO NOT NOTICE**

X 12. Other comments: **Maps do not meet requirements. Please submit original and copies of the following. (detailed maps do not show all certificated systems, location maps should show areas to be transferred specific for the application and no other CCN's and show all certificated areas, digital data is available)**

- A. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
- B. A map showing only the proposed area by:
 - (1) Metes and bounds survey certified by a licensed state or register professional land surveyor ; or
 - (2) Projectable digital data with metadata (proposed areas should be in a single record and clearly labeled for each utility) ; or
 - (3) Following verifiable natural and man-made landmarks; or
 - (4) Copy of recorded plat map with metes and bounds
- C. A written description of the proposed service area.


Kent Steelman

To: Administrative Reviewer Date: January 19, 2011

From: Cartographer-Utilities & Districts Section

Subject: Overlap & Notice Check for Administrative Review No. A-142-10/369-894-S
MBC Water Systems Inc to acquire all Of Community Utility Co. (10350) in Harris and
Montgomery counties.

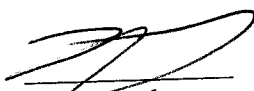
1. No new overlap of service areas exists.
2. An overlap:
3. Dual certification:
4. An overlap exists with the city limits of:
5. If this is a Sale, Transfer, or Merger, is additional area being requested?
7. Map submitted is digital request digital data.
9. Utility notice was sufficient.
10. Utility notice was insufficient. In addition to those systems listed in the application, they will also need to notify:

TWO MILES:

X 11. Notice: **DO NOT NOTICE**

X 12. Other comments: **Maps do not meet requirements. Please submit original and copies of the following. (applications stated intent is to transfer all of CCN maps do not show all certificated area, digital data is available)**

- A. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
- B. A map showing only the proposed area by:
 - (1) Metes and bounds survey certified by a licensed state or register professional land surveyor ; or
 - (2) Projectable digital data with metadata (proposed areas should be in a single record and clearly labeled for each utility) ; or
 - (3) Following verifiable natural and man-made landmarks; or
 - (4) Copy of recorded plat map with metes and bounds
- C. A written description of the proposed service area.


Kent Steelman

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

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

1. Proposed action of application (check all the boxes that apply):

☒ Sale of ☒ All of the ☒ Water system(s) under CCN No.: 10350
☐ Acquisition ☐ Portion ☐ Sewer system(s) under CCN No.: _____
☐ Lease/Rental

☒ Transfer of ☒ All of the _____ Certificated water service area – CCN No.: 10350
☐ Portion _____ 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: Community Utility Company
(Individual, Corporation or Other Legal Entity)

who is a(n): ☐ Individual ☒ Corporation ☐ WSC ☐ HOA or POA ☐ Other _____

B. Utility Name (if different than above):

Address: P.O. Box 455 Telephone: (AC) (281) 444-747
Spring, Texas 77383

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: Les Romo Title: Attorney
Address: 307 Shannon Lane, Georgetown, TX 78628 Telephone: (AC) 512-868-5600
Fax: 512-563-0452 Email: lesromo.lawoffice@g
mail.com

4. About the last rate increase for the system or facilities being transferred: _____
 A. What was the effective date of the last rate increase? September 1, 2008
 B. Was notice of this increase provided to the Texas Commission on Environmental Quality it predecessors?

 No X Yes Application/Docket Number: 2008-1463-UCR/582-09-0655 Date: September 1, 2008

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
None			

- ☒ 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: M.B.C. Water Systems, Inc.

(Individual, Corporation, or Other Legal Entity)

Utility Name: _____

(If different than above)

Utility Address: 27493 Hanna Road, Suite Number 2, Conroe, Texas 77385

Fax: (281) 292-439 Email: _____ Telephone (AC): (281)37-4460

CCN Numbers held prior to the filing of this application: N/A

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

 X Corporation; provide charter number as recorded with the Office of the Secretary of State for Texas: 801076654

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

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: Mitchell M. Martin, Jr. Telephone (AC): 281-367-4460
Address: 27493 Hanna Road, Suite No. 2, Conroe, TX 77385
Position: President and Director Ownership % (if applicable): 50%

•Name: Michael M. Martin, Sr. Telephone (AC): 281-367-4460
Address: 27493 Hanna Road, Suite No. 2, Conroe, TX 77385
Position: Secretary-Treasurer and Director Ownership % (if applicable): 50%

•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: **(See Attached Certificate)**

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 regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name: Les Romo

Title: Attorney

Address: 307 Shannon Lane, Georgetown, TX 78628

Telephone (AC): 512-868-5600

Fax # 512-863-0452

Email Lesromo.lawoffice@gmail.com

Relationship to the applicant: Attorney

IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, P4430 LEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PART

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:

The Applicant is a corporation that has been contracted to managed and operated Community Utility Company for over one and one-half (1 ½) years. The Directors, management and staff have over 20 years of water utility management and operation experience, and have worked strenuously to bring this utility into compliance with the rules and regulations of the TCEQ, as well as federal and local laws, rules and regulations.

- 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.

- 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.

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

E. How will the transaction serve the public interest?

12 Please describe the nature of the proposed transaction:

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:

Total Contributions in Aid of Construction

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

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

1. Proposed action of application (check all the boxes that apply):

☒ Sale of ☒ All of the ☒ Water system(s) under CCN No.: 10350
☐ Acquisition ☐ Portion ☐ Sewer system(s) under CCN No.: _____
☐ Lease/Rental

☒ Transfer of ☒ All of the _____ Certificated water service area – CCN No.: 10350
☐ Portion _____ 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: Community Utility Company

(Individual, Corporation or Other Legal Entity)

who is a(n): ☐ Individual ☒ Corporation ☐ WSC ☐ HOA or POA ☐ Other _____

B. Utility Name (if different than above): _____

Address: P.O. Box 455

Telephone: (AC) (281) 444-747

Spring, Texas 77383

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: Les Romo

Title: Attorney

Address: 307 Shannon Lane, Georgetown, TX 78628

Telephone: (AC) 512-868-5600

Fax: 512-563-0452

Email: lesromo.lawoffice@g
mail.com

4. About the last rate increase for the system or facilities being transferred:
A. What was the effective date of the last rate increase? September 1, 2008

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

 No X Yes Application/Docket Number: 2008-1463-UCR/582-09-0655 Date: September 1, 2008

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
None			

☛ 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: M.B.C. Water Systems, Inc.

(Individual, Corporation, or Other Legal Entity)

Utility Name: _____
(If different than above)

Utility Address: 27493 Hanna Road, Suite Number 2, Conroe, Texas 77385

Fax: (281) 292-439 Email: _____ Telephone (AC): (281)37-4460

CCN Numbers held prior to the filing of this application: N/A

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

 X Corporation; provide charter number as recorded with the Office of the Secretary of State for Texas: 801076654

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

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: Mitchell M. Martin, Jr. Telephone (AC): 281-367-4460
Address: 27493 Hanna Road, Suite No. 2, Conroe, TX 77385
Position: President and Director Ownership % (if applicable): 50%

•Name: Michael M. Martin, Sr. Telephone (AC): 281-367-4460
Address: 27493 Hanna Road, Suite No. 2, Conroe, TX 77385
Position: Secretary-Treasurer and Director Ownership % (if applicable): 50%

•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: **(See Attached Certificate)**

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.

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Telephone (AC): 512-868-5600

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Email Lesromo.lawoffice@gmail.com

Relationship to the applicant: Attorney

IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, P4430 LEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PART

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:

The Applicant is a corporation that has been contracted to managed and operated Community Utility Company for over one and one-half (1 ½) years. The Directors, management and staff have over 20 years of water utility management and operation experience, and have worked strenuously to bring this utility into compliance with the rules and regulations of the TCEQ, as well as federal and local laws, rules and regulations.

- 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.

- 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.

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

E. How will the transaction serve the public interest?

12 Please describe the nature of the proposed transaction:

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:

Total Contributions in Aid of Construction

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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]:

As part of the purchase of the Community Utility Company's water system, the Applicants is also purchasing other related water systems and will merge all of these water systems into a single entity. This will allow the Applicant to provide quality management and operation of the water systems, and economy of scale will allow the Applicants to provide better service at a more economical cost.

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:	\$ 52,455
Plant Acquisition Adjustment:	_____
Extraordinary Loss on Purchase:	_____
Accumulated Depreciation of Plant:	_____
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: _____ Date: _____

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:

X 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: Community Utility Company has filed a Rate/Tariff Change Application with the TCEQ to request a customer surcharge to cover the cost of repaying any loan funds from the TWDB DRSRF only if and when these loans have been approved by the TWDB.

Other. Please explain:

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.

See Attached List

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

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
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As part of the purchase of the Community Utility Company's water system, the Applicants is also purchasing other related water systems and will merge all of these water systems into a single entity. This will allow the Applicant to provide quality management and operation of the water systems, and economy of scale will allow the Applicants to provide better service at a more economical cost.

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Cash:	_____
Notes Payable:	_____
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Others (please list):	_____

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Purchaser's Initials: _____ Date: _____

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If rates are changing, please explain:

X 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: Community Utility Company has filed a Rate/Tariff Change Application with the TCEQ to request a customer surcharge to cover the cost of repaying any loan funds from the TWDB DRSRF only if and when these loans have been approved by the TWDB.

Other. Please explain:

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.

See Attached List

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