

- (a) For purposes of this calculation, customers of the Utility Companies who receive both water and wastewater services from a Utility Company will be counted as 1.5 customers.
- (b) For Customer Service and Billing Services provided to the Aqua America Utility Companies, including the Texas Water Companies, and non-affiliated entities ("Third Party Clients") utilizing the Customer Service Billing System employed by the Service Company to provide these Services, which Services cannot be identified and related exclusively to a particular Utility Company or Third Party Client, the cost for such Customer Service and Billing Services will first be allocated between the Third Party Clients and the Utility Companies based on the relative proportion of Third Party Client and Utility Companies revenues budgeted to be generated from the Customer Service Billing System for the current year to the total budgeted revenues to be generated from the Customer Service Billing System for the current year for all Third Party Clients and Utility Companies combined.

The portion of the costs for such common Customer Service and Billing Services allocated to the Utility Companies or a group of Utility Companies will be further allocated to each Utility Company or group of Utility Companies, including the Texas Water Companies, based on the ratio of the number of customers served by each Utility Company or the group of Utility Companies at the most recent fiscal year end to the number of customers served by all Utility Companies, subject to adjustment during any year for a substantial change in the number of customers at any Utility Company or among the Utility Companies

since the previous year-end in accordance with the Service Company's accounting policies.

2.5 The amount for a Service Company employee's costs to be billed shall be computed on the employee's total labor rate, including base pay and other compensation, payroll taxes and fringe benefits (calculated on a per hour basis), plus a general overhead factor as set forth in Article III.

2.6 All direct expenses of Service Company incurred in connection with services rendered by Service Company which can reasonably be identified and related exclusively to the Texas Water Companies, shall be charged directly to the Texas Water Companies.

ARTICLE III. ALLOWANCE FOR OVERHEAD

3.1 In determining the cost for services rendered by the Service Company to the Texas Water Companies as herein provided, there shall be added to the base pay rate of all officers and employees for whose services charges are to be made, a percentage sufficient to cover the overhead of Service Company, as defined below, allocable to each such officer or employee. The overhead shall be calculated each year and shall be based on the ratio of the total overhead of the Service Company for the year to the total salaries of the Service Company officers and employees for whose services charges are to be made to the Subsidiaries, including the Texas Water Companies. No general overhead or other markups by the Service Company shall be added to costs incurred for services of consultants or other third parties employed by Service Company.

3.2 The term "overhead" shall include, but not be limited to:

- (a) building costs, lease costs, utilities, and other costs associated with office space and equipment, and
- (b) taxes other than payroll taxes.

ARTICLE IV. BILLING PROCEDURES AND BOOKS AND RECORDS

4.1 As soon as practicable after the last day of each month, Service Company shall render a bill to the Texas Water Companies for all amounts due from the Texas Water Companies for services and expenses for such month, computed pursuant to Article II and Article III.

Alternatively, Service Company may require any other affiliated company from which it procures services for the Texas Water Companies to bill the Texas Water Companies for such services and related expenses on the same basis as set forth in Articles II and Article III. Such bills shall be in sufficient detail to show the charge for each service rendered. All amounts shall be paid by the Texas Water Companies within thirty (30) days after the Texas Water Companies' receipt of the bill.

4.2 Service Company agrees to keep its books and records, and to require any other affiliated company providing services to the Texas Water Companies hereunder to keep their books and records, available at all times for inspection by representatives of the Texas Water Companies or by regulatory bodies having jurisdiction over the Texas Water Companies during normal business hours and upon reasonable advance notice.

4.3 Service Company shall at any time, upon request of the Texas Water Companies furnish any and all information required by the Texas Water Companies with respect to the services rendered by Service Company or any affiliated companies hereunder, the costs thereof, and the allocation of such costs among the Subsidiaries.

ARTICLE V. TERM OF AGREEMENT

5.1 This Agreement shall become effective as of the later of (a) the date first set forth above or (b) the date the parties receive the last of any necessary approvals of governmental regulatory agencies having jurisdiction over this Agreement. Upon becoming effective, this Agreement shall supersede all prior agreements, written or oral, which shall terminate on the date this Agreement

becomes effective. This Agreement shall continue in full force and effect until terminated by either of the parties hereto giving the other party hereto thirty (30) day's notice in writing; provided, however, that this Agreement shall terminate as of the date the Texas Water Companies' or Service Company ceases to be an affiliate of Aqua America.

5.2 Upon termination of the Agreement without cause by the Texas Water Companies, Service Company shall continue to provide services to the Texas Water Companies at the Texas Water Companies' request for a period of no more than sixty (60) days from and after the effective date of the termination to facilitate the Texas Water Companies' transition to another service provider. Such transition shall be provided on the same terms and conditions as set forth in this Agreement, including compensation.

ARTICLE VI. BREACH

6.1 Either Party to the Agreement may terminate this Agreement upon material breach by the other Party. The non-breaching Party shall provide written notice of such breach to the other Party by certified mail, setting forth in detail the alleged failure and/or deficiency. If such breach is not corrected by the breaching Party within thirty (30) days from receipt of written notice by certified mail, this Agreement shall thereupon terminate.

ARTICLE VII. OTHER AGREEMENTS

7.1 It is understood by the Texas Water Companies that Service Company has entered or may enter into similar agreements with other Subsidiaries to which similar services are to be furnished. Service Company will not enter into agreements to perform similar services for other companies on terms more favorable than those provided herein.

ARTICLE VIII. INFORMATION EXCHANGE

8.1 The Texas Water Companies shall provide such information as required by Service Company for Service Company to perform its obligations hereunder. Service Company agrees on behalf of it and its employees and contractors that it will maintain such information as confidential and not disclose such information to third parties unless required by law and applicable regulatory agencies. Service Company's obligation of confidentiality will not apply to information which (a) is or becomes available to the public other than as a result of a disclosure by Service Company or its employees or contractors, (b) was in Service Company's possession and obtained on a non-confidential basis prior to its disclosure by the Texas Water Companies, or (c) becomes available to the Service Company on a non-confidential basis from a person or entity other than the Texas Water Companies who Service Company does not know or have reason to know is under an obligation of confidentiality to the Texas Water Companies.

ARTICLE IX. GENERAL PROVISIONS

9.1 **JOINT OBLIGATIONS OF THE PARTIES.** Service Company and the Texas Water Companies agree to cooperate in all matters that are the subject of this Agreement.

9.2 **ARBITRATION.** It is the stated purpose and goal of both Parties at all times to resolve any disputes and reach agreement by good faith negotiation between the Parties, without recourse to arbitration or other legal actions. In the event, however, that any such dispute cannot be settled through negotiation, either Party may request that the matter(s) in dispute be referred to arbitration. The demand for arbitration must be submitted to the American Arbitration Association within sixty (60) calendar days after the date of such request, in which case the arbitration shall be conducted at a mutually agreed upon location, in accordance with the rules and procedures then existing under the Commercial Arbitration rules of the American Arbitration

Association, provided that notwithstanding anything to the contrary contained in such Rules the following shall apply: The arbitration board shall consist of a single arbitrator. The Parties shall endeavor to agree upon the single arbitrator. If the Parties fail to agree on a single arbitrator within twenty (20) business days, the arbitrator shall be selected by the American Arbitration Association or otherwise in accordance with such Rules. After the appointment of the arbitrator, the arbitrator shall meet as necessary for the purpose of reaching a determination in the dispute, and the decision of the arbitrator, submitted in writing, to the Parties shall be final and binding upon both Parties. Judgment upon any decision rendered by arbitrator may be entered in any court having jurisdiction. Each Party shall bear the expense of its own witnesses, and the expenses of the arbitrator and any general expenses of the arbitration shall be borne equally by the Parties.

9.3 FORCE MAJEURE. Neither Party will be in default or otherwise liable for any delay in or failure of its performance hereunder due to any act of God, adverse weather condition, fire, flood, riot, strike, terrorism, accident, war, governmental requirement, inability to secure materials, labor or transportation, cable cut or other cause beyond the reasonable control of the affected party.

9.4 STANDARD OF CARE. Service Company shall perform its services with that degree of care, diligence and professional skill and judgment which is normally exercised by professionals in its industry. Except as otherwise expressly set forth in this Agreement, Service Company makes no warranties, representations or other agreements, expressed or implied with respect to this Agreement and the services provided hereunder. Service Company's entire liability to the Texas Water Companies for any claim, loss, expense or damage under this Agreement, including any claims for special, incidental, consequential, indirect or punitive damages shall in no event exceed the sums actually paid by the Texas Water Companies to Service Company during the most recent calendar year.

9.5 ASSIGNMENT. Neither party may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld.

9.6 GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania.

9.7 INDEMNIFICATION:

9.7.1 To the extent allowed by law, Service Company shall defend, indemnify and hold harmless the Texas Water Companies, its officers, directors, employees and agents from and against any and all liability, including liability to third parties, for personal injury, including death, property damage, or other actions, damages, fines, penalties, claims, demands, judgments, losses, costs, expenses, suite and actions (including reasonable attorney's fees), for personal injury, including death, property damage or other injury, to the extent caused by or arising out of negligence or wrongful or willful misconduct on the part of Service Company or its officers, employees, agents, contractors and subcontractors in connection with services provided pursuant to the terms of this Agreement.

9.7.2 To the extent allowed by law, the Texas Water Companies shall defend, indemnify and hold harmless Service Company, its officers, directors, employees and agents from and against any and all liability, including liability to third parties, for personal injury, including death, property damage, or other actions, damages, fines, penalties, claims, demands, judgments, losses, costs, expenses, suite and actions (including reasonable attorney's fees), for personal injury, including death, property damage or other injury, to the extent caused by or arising out of negligence or wrongful or willful misconduct on the part of the Texas Water Companies or its officers, employees, agents, contractors and subcontractors in connection with services provided pursuant to the terms of this Agreement.

9.8 SEVERABILITY. Each provision of this Agreement is severable from the whole, and if one provision is declared invalid, the other provisions shall remain in effect.

9.9 NO WAIVER. Failure by a party to enforce any provision of this Agreement, or the waiver thereof in any instance, shall not be construed as a general waiver of rights.

9.10 NOTICES. Any notice given or made pursuant to this Agreement will be effective only if in writing and delivered in person, by messenger, by overnight delivery, or by certified mail, return receipt to a Party at the address first written above.

9.11 COMPLETE AGREEMENT. The terms of this Agreement constitute the entire agreement between the Parties concerning the subject matter hereof, and this Agreement may be modified only in a writing signed by both Parties.

9.12 TITLES AND HEADINGS. Titles and headings to sections or paragraphs herein are inserted merely for convenience of reference and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

9.13 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Service Company and the Texas Water Companies have caused this Agreement to be signed in their respective corporate names by their respective Presidents or Vice Presidents, as of the day and year first above written.

AQUA TEXAS, INC.

By: P. L. Laugh

Title: President

AQUA SERVICES, INC.

By: Christy H. J. S.

Title: Sr. Vice President, G.C.

AQUA DEVELOPMENT, INC.

By: P. L. Laugh

Title: President

AQUA UTILITIES, INC.

By: P. L. Laugh

Title: President

THE HARPER WATER COMPANY, INC.

By: P. L. Laugh

Title: President

KERRVILLE SOUTH WATER COMPANY, INC.

By: P. L. Laugh

Title: President

EXHIBIT A

Without limitation, services to be provided by the Service Company will include the following:

A. Accounting and Financial Services: Service Company will oversee and assist in the preparation and implementation of accounting methods and procedures that conform to the requirements, rules and regulation of governmental authorities having jurisdiction over the Texas Water Companies and will oversee and assist in the preparation of the Texas Water Companies' monthly financial reports, annual reports and other reports, including those for any governmental authorities. Service Company will oversee and assist in the establishment and maintenance of current record keeping techniques; review accounting procedures, methods and forms; and evaluate systems of internal controls for receipt and disbursement of funds, materials and supplies, and other assets. Service Company will assist in the maintenance of accounting records as required by the Texas Water Companies. Service Company will oversee the work of and cooperate and consult with any independent certified public accountant for the Texas Water Companies. Service Company will also provide services related to accounts payable, payroll, utility plant accounting, consolidation, SEC reporting/filing, ratemaking, regulatory relations, cash management, capital structure management, capital budgeting and allocation, operating budgeting and long-range planning.

Service Company will assist in the preparation of operating and construction budgets and monitor the control over such budgets by comparing experienced costs to the projections.

Service Company will prepare or assist in the preparation of federal, state and local tax returns for and to the extent required by the Texas Water Companies.

B. Administration: Service Company will assist in the performance of the Texas Water Companies' corporate activities. Those employees will keep themselves informed on the Texas Water Companies' operations. They will make recommendations to the Texas Water Companies for operating

expenditures and for additions to and improvements of property, plant and equipment. They will keep abreast of economic, regulatory, governmental and operational developments and conditions that may affect the Texas Water Companies and advise the Texas Water Companies of such developments and conditions to the extent that they may be important to the Texas Water Companies. Service Company will provide an internal audit staff for periodic audits of accounts, records, policies and procedures of the Texas Water Companies and submit reports thereon.

C. Communications: Service Company will recommend procedures to promote satisfactory relations with employees, customers, communities and the general public and assist in the preparation of communication materials (including press releases, brochures, audio visual presentations and speeches), plant tours, public exhibits and displays and other related services to inform the public.

D. Corporate Secretarial: Service Company will maintain, in such places and manner as may be required by applicable law, corporate documents of the Texas Water Companies, such as minute books, charters, by-laws, contracts, deeds and other corporate records. It will maintain, or arrange for the maintenance of, records of stockholders of the Texas Water Companies and perform other corporate secretarial functions as required including preparation of notices of stockholder and director meetings and the minutes thereof.

Service Company will review and may assist in the preparation of documents and reports required by the Texas Water Companies such as deeds, easements, contracts, charters, franchises, trust indentures and regulatory reports and filings.

E. Customer Service and Billing: Service Company may provide customer service and billing services to the Texas Water Companies, including live and automated telephone service to customers, non-telephonic services (including regular mail, facsimile, e-mail and Internet based), rendering of periodic bills and notices to customers based on the Texas Water Companies' tariffs,

collections, assisting customers with water service changes, resolving customer disputes, work order distribution, remittance processing and data input to the customer information system.

F. Engineering: Service Company may provide engineering consulting regarding, and provide engineering services in connection with, the design, permitting and constructing of the Texas Water Companies' facilities.

Service Company may conduct facility planning, hydraulic analyses and prepare or review maps, charts, operating statistics, reports and other pertinent data, as needed to support these engineering services. It may assist the Texas Water Companies in the protection of the Texas Water Companies' properties by periodic inspection of their structures, including, as applicable, tanks, reservoirs, dams, wells and electrical and mechanical equipment.

The engineering services provided by Service Company may also include the conduct of field investigations as necessary to obtain engineering information and, when required, the preparation of studies, reports, designs, drawings, cost estimates, specifications, and contracts for the construction of additions to or improvements of the Texas Water Companies' sources of supply, treatment plants, pumping stations, collection and distribution systems, and such other facilities as the Texas Water Companies may request. Service Company may provide a materials management program to arrange for the purchase of equipment, materials, and supplies in volume on a basis advantageous to the Texas Water Companies and assist in the evaluation of new and existing products and application procedures.

G. Financial: Service Company will assist in the development and implementation of financing programs for the Texas Water Companies, including the furnishing of advice from time to time on securities market conditions and the form and timing of financing; advice concerning arrangements for the sale of securities; and assistance in the preparation of necessary papers, documents, registration statements, prospectuses, petitions, applications and declarations. Service

Company will prepare reports to be filed with, and reply to inquiries made by, security holders and bond and mortgage trustees.

Service Company will assist the Texas Water Companies in treasury and cash management functions, including arrangements for bank credit lines, establishment of collection policies, and development of temporary investment programs.

H. Fleet Services: Service Company may provide various fleet management services, including assistance with vehicle ordering and leasing, fuel card management, vehicle maintenance support and oversight, vehicle signage, vehicle titles and driver training.

I. Human Resources: Service Company will assist in obtaining qualified personnel for the Texas Water Companies, in establishing appropriate rates of pay for those employees, and in negotiating with bargaining units, if any, representing the Texas Water Companies' employees. Service Company will recommend and/or carry out training programs for the development of personnel and advise and assist the Texas Water Companies regarding personnel issues and human resource policies and procedure. It will also advise and assist the Texas Water Companies in regard to group employee insurance, pension and benefit plans and in the drafting or revising of those plans when required. It will provide advice regarding employment and benefit laws and procedures and assist in implementing controls for compliance with such laws.

J. Information Systems: Service Company will make available to the Texas Water Companies electronic data processing systems, networks, applications and services. Service Company will design, implement and maintain a computer network, data communications system, database and applications services, desktop and laptop computers, and peripheral equipment along with periodic upgrades, data backups and recovery procedures for the benefit of the Texas Water Companies.

K. Operation: Service Company may develop and assist in the implementation of operating procedures to promote the efficient and economic operation of the Texas Water Companies.

Periodic operational reviews may be performed by Service Company personnel and recommendations for improvements will be reported to the Texas Water Companies.

L. Rates and Regulatory: Service Company personnel will make recommendations for changes in rates, tariffs, rules and regulations and will assist the Texas Water Companies in the conduct of proceedings before, and in their compliance with the rulings of, regulatory bodies having jurisdiction over the Texas Water Companies' operation. These personnel will keep abreast of economic and regulatory developments and conditions that may affect the Texas Water Companies and advise the Texas Water Companies of developments and conditions to the extent that they may be important to the Texas Water Companies. Service Company Rates and Regulatory personnel will assist in the preparation of rate filings or applications and the supporting documents and exhibits requested or required by the Texas Water Companies and their respective regulatory commissions. Service Company will also provide qualified personnel to testify on behalf of the Texas Water Companies as required during any regulatory proceedings.

M. Risk Management: Service Company will provide risk management services to review the exposures to accidental loss, recommend methods of protection, either through the purchase of insurance, self-insurance or other risk management techniques and arrange for the purchase of insurance coverage. Service Company will also supervise the investigation of claims against the Texas Water Companies and assist in the negotiation and settlement of such claims at the request of the Texas Water Companies. It will assist, as requested by the Texas Water Companies, in the establishment of safety and security programs for the Texas Water Companies.

N. Water Quality: Service Company will provide information to the Texas Water Companies on relevant current or pending water quality, drinking water, and other environmental regulations. It will review water quality data and provide advice and consultation to assist the Texas Water Companies in complying with current and proposed water quality standards set by federal or

state agencies. It will provide technical assistance and general direction for the Texas Water Companies' personnel on water quality issues, assist in selecting compliance strategies and evaluating alternatives for capital projects driven by environmental compliance or water quality, and assist in providing responses to and coordination with public agencies to maintain or achieve compliance.

Service Company will also provide laboratory testing services for compliance testing for which it or its affiliated lab is certified in a particular state, or for non-compliance testing where special testing services or a check on a local lab might be needed. Service Company will help evaluate pricing of local and regional laboratory services, provide competitive pricing where appropriate in negotiating pricing with contract laboratories, and will provide inspection and/or audits of contract labs where appropriate.

Service Company will provide services for the generation and distribution of Annual Water Quality Reports (CCR's) in compliance with state and federal requirements, and will post and maintain these documents on the Texas Water Companies' web site. The Service Company will also assist in drafting and/or editing required public notices and public education material related to water quality.

O. Legal: Service Company will provide legal services, including legal advice and representation on legal matters. Service Company will also provide oversight of outside counsel retained to represent the Texas Water Companies.

P. Purchasing, Contracts and Sales of Real Estate: Service Company may (a) act as purchasing agent for the Texas Water Companies, so far as it is feasible, in the purchase of supplies, materials and equipment for which the Texas Water Companies may submit a requisition through the Service Company's purchasing system; (b) endeavor to secure prompt shipment and delivery items ordered; (c) provide the Texas Water Companies the benefit of cash, trade and quantity discounts obtained by Service Company with respect to items ordered for the Texas Water Companies; (d) keep in touch with market conditions and endeavor to recommend to the Texas Water Companies purchases

at advantageous times; (e) negotiate purchases and sales of real estate and the terms of leases; (f) analyze quotations or competitive bids of suppliers or contractors submitted to the Texas Water Companies and make recommendations relative thereto; and (g) establish and assist in the administration of purchasing card accounts.

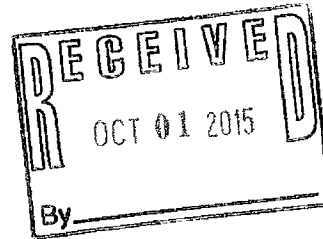
Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

September 28, 2015



Mr. Scot Foltz, Compliance Manager
Aqua Utilities Inc.
1106 Clayton Ln., Ste. 400W
Austin, Texas, 78723-2476

Re: Notice of Compliance with Notice of Violation (NOV) dated February 26, 2015:
Airport Heights, Airline Rd., Conroe, Montgomery County, Texas
Regulated Entity No.: 101230209; TCEQ ID No.: 1700006; Investigation No.: 1281167

Dear Mr. Foltz:

On September 15, 2015, the Texas Commission on Environmental Quality (TCEQ) Houston Region Office received adequate compliance documentation to resolve the alleged violations documented during the investigation of the above-referenced regulated entity conducted on January 22 to February 6, 2015. Based on the information submitted, no further action is required concerning this investigation.

The Texas Commission on Environmental Quality 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, please feel free to contact Ms. Hanaa Fayyadh, in the Houston Region Office at (713) 767-3650.

Sincerely,

A handwritten signature in cursive script, appearing to read "Julia Thorp".

for Julia Thorp, Team Leader
Public Water Supply
Houston Region Office

JT/HF/mar

Enclosure: Summary of Investigation Findings

cc: Montgomery County Environmental Health Services

Summary of Investigation Findings

AIRPORT HEIGHTS

Investigation #
1281167
Investigation Date: 09/22/2015

, MONTGOMERY COUNTY,

Additional ID(s): 1700006

ALLEGED VIOLATION(S) NOTED AND RESOLVED

Track No: 561861
30 TAC Chapter 290.42(I)

Alleged Violation:

Investigation: 1222516

Comment Date: 02/17/2015

Plant Operations Manual

Failure to compile and maintain, a current, and thorough plant operations manual for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedure as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency.

At the time of the investigation, the regulated entity did not provide the Plant Operations Manual.

Investigation: 1259421

Comment Date: 06/17/2015

Plant Operations Manual

Failure to compile and maintain, a current, and thorough plant operations manual for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedure as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency.

At the time of the investigation, the regulated entity did not provide the Plant Operations Manual.

Investigation: 1281167

Comment Date: 09/22/2015

Plant Operations Manual

Failure to compile and maintain, a current, and thorough plant operations manual for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedure as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency.

At the time of the investigation, the regulated entity did not provide the Plant Operations Manual.

Recommended Corrective Action: Submit the Plant Operation Manual to verify compliance.

Resolution: On September 15, 2015, the regulated entity emailed a copy of the Plant Operations Manual.

Track No: 561884
30 TAC Chapter 290.43(d)(3)

Alleged Violation:

Investigation: 1222516

Comment Date: 02/17/2015

Design and Construction of Pressure Tanks

Failure to equip the pressure tank with a capacity greater than 1000 gallons with some sanitary means of determining the air to water ratio. Galvanized tanks which are not provided with the necessary fittings and which were installed before July 1, 1988, shall be exempt from this requirement.

At the time of the investigation, the regulated entity did not equip the pressure tank with a site glass.

Investigation: 1259421

Comment Date: 06/17/2015

Design and Construction of Pressure Tanks

Failure to equip the pressure tank with a capacity greater than 1000 gallons with some sanitary means of determining the air to water ratio. Galvanized tanks which are not provided with the necessary fittings and which were installed before July 1, 1988, shall be exempt from this requirement.

At the time of the investigation, the regulated entity did not equip the pressure tank with a site glass.

Investigation: 1281167

Comment Date: 09/22/2015

Design and Construction of Pressure Tanks

Failure to equip the pressure tank with a capacity greater than 1000 gallons with some sanitary means of determining the air to water ratio. Galvanized tanks which are not provided with the necessary fittings and which were installed before July 1, 1988, shall be exempt from this requirement.

At the time of the investigation, the regulated entity did not equip the pressure tank with a site glass.

Recommended Corrective Action: Submit a photo, invoice, work order or receipt showing that the pressure tank has been equipped with a site glass to verify compliance.

Resolution: On September 15, 2015, the regulated entity sent an email indicating that they had measured the pressure tank capacity and it was 550 gal. The site glass is required for the pressure tank with a capacity greater than 1000 gal.

Track No: 561892

30 TAC Chapter 290.46(I)

Alleged Violation:

Investigation: 1222516

Comment Date: 02/17/2015

Operating Practices for Public Water Systems

Failure to flush all dead-end mains monthly, or more often if required, to maintain water quality.

At the time of investigation the regulated entity did not have the dead end main flushing log.

Investigation: 1259421

Comment Date: 06/17/2015

Operating Practices for Public Water Systems

Failure to flush all dead-end mains monthly, or more often if required, to maintain water quality.

At the time of investigation the regulated entity did not have the dead end main flushing log.

Investigation: 1281167

Comment Date: 09/22/2015

Operating Practices for Public Water Systems

Failure to flush all dead-end mains monthly, or more often if required, to maintain water quality.

At the time of investigation the regulated entity did not have the dead end main flushing log.

Recommended Corrective Action: Submit the records of dead end main flushing to verify compliance.

Resolution: On September 15, 2015, the regulated entity emailed the records of dead end main flushing.

Track No: 561908

30 TAC Chapter 290.46(n)(2)

Alleged Violation:

Investigation: 1222516

Comment Date: 02/17/2015

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.

At the time of the investigation, the regulated entity did not have a map of the distribution system.

Investigation: 1259421

Comment Date: 06/17/2015

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.

At the time of the investigation, the regulated entity did not have a map of the distribution system.

Investigation: 1281167

Comment Date: 09/22/2015

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.

At the time of the investigation, the regulated entity did not have a map of the distribution system.

Recommended Corrective Action: Submit an accurate and up-to-date map of the distribution system to verify compliance.

Resolution: On September 15, 2015, the regulated entity emailed an up-to-date map of the distribution system.

For me

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 26, 2015

CERTIFIED MAIL # 7011 3500 0000 0287 6437
RETURN RECEIPT REQUESTED

Mr. Scot Foltz, Compliance Manager
Aqua Utilities Inc.
1106 Clayton Ln., Ste. 400W
Austin, Texas, 78723-2476

RECEIVED

MAR 02 2015

TX ADMIN-AUSTIN

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Airport Heights, Airline Rd., Conroe, Montgomery County, Texas
Regulated Entity No.: 101230209, TCEQ ID No. 1700006, Investigation No. 1222516

Dear Mr. Foltz:

On January 22, 2015, to February 6, 2015, Ms. Hanaa Fayyadh, 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, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by June 1, 2015, a written description of corrective actions taken and the required documentation demonstrating that compliance has been achieved for the outstanding alleged violations. In addition, during the investigation, a concern was noted which was an alleged noncompliance that has been resolved based on subsequent corrective action. Based on the information you have provided, the TCEQ has adequate documentation to resolve the alleged violation. Therefore, no further action is required. Please be advised that a violation could be issued upon further review of your system's records or self-reported documentation.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.texas.gov> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Houston Region Office at (713) 767-3650 or the Central Office Publications Ordering Team at (512) 239-0028.

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, PWS Team Leader Ms. Leticia De Leon, will schedule a violation review meeting to be conducted within 21 days from the date of this letter.

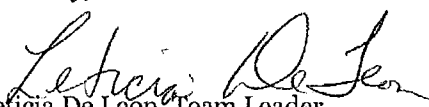
Mr. Scot Foltz, Compliance Manager

Page 2

February 26, 2015

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

Sincerely,


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

LD/HF/mar

Enclosure: Summary of Investigation Findings

cc: Montgomery County Environmental Health Services

Summary of Investigation Findings

AIRPORT HEIGHTS

Investigation #
1222516
Investigation Date: 01/22/2015

, MONTGOMERY COUNTY,

Additional ID(s): 1700006

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

Track No: 561861 Compliance Due Date: 06/01/2015
30 TAC Chapter 290.42(I)

Alleged Violation:

Investigation: 1222516

Comment Date: 02/17/2015

Plant Operations Manual

Failure to compile and maintain, a current, and thorough plant operations manual for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedure as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency.

At the time of the investigation, the regulated entity did not provide the Plant Operations Manual.

Recommended Corrective Action: Submit the Plant Operation Manual to verify compliance.

Track No: 561884 Compliance Due Date: 05/01/2015
30 TAC Chapter 290.43(d)(3)

Alleged Violation:

Investigation: 1222516

Comment Date: 02/17/2015

Design and Construction of Pressure Tanks

Failure to equip the pressure tank with a capacity greater than 1000 gallons with some sanitary means of determining the air to water ratio. Galvanized tanks which are not provided with the necessary fittings and which were installed before July 1, 1988, shall be exempt from this requirement.

At the time of the investigation, the regulated entity did not equip the pressure tank with a site glass.

Recommended Corrective Action: Submit a photo, invoice, work order or receipt showing that the pressure tank has been equipped with a site glass to verify compliance.

Track No: 561892 Compliance Due Date: 04/01/2015
30 TAC Chapter 290.46(I)

Alleged Violation:

Investigation: 1222516

Comment Date: 02/17/2015

Operating Practices for Public Water Systems

Failure to flush all dead-end mains monthly, or more often if required, to maintain water quality.

At the time of investigation the regulated entity did not have the dead end main flushing log.

Recommended Corrective Action: Submit the records of dead end main flushing to verify compliance.

Track No: 561908 Compliance Due Date: 04/01/2015

30 TAC Chapter 290.46(n)(2)

Alleged Violation:

Investigation: 1222516

Comment Date: 02/17/2015

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.

At the time of the investigation, the regulated entity did not have a map of the distribution system.

Recommended Corrective Action: Submit an accurate and up-to-date map of the distribution system to verify compliance.

AREA OF CONCERN

Track No: 561911

30 TAC Chapter 290.46(s)(1)

Alleged Violation:

Investigation: 1222516

Comment Date: 02/17/2015

Testing Equipment

Failure by the regulated entity to calibrate the well meter required by 30 TAC 290.41(c)(3)(N) according to the manufacturer's specifications at least once every three years.

At the time of the investigation, the regulated entity did not provide the well meter calibration report.

Recommended Corrective Action: Submit the well meter calibration report to verify compliance.

Resolution: On February 10, 2015, the regulated entity emailed a copy of the well meter calibration report.

Louise

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*

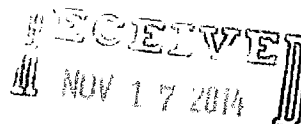


TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 13, 2014

CERTIFIED MAIL #7013 3020 0000 9763 0300
RETURN RECEIPT REQUESTED



BY:

Mr. Scot W. Foltz, Compliance Manager
Aqua Utilities, Inc.
1106 Clayton Ln., Ste. 400W
Austin, Texas 78723-2476

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Aldine Meadows, 1143 Kittycrest Ln., Harris County, Texas
Regulated Entity No.: 101278984, TCEQ ID No.: 1010092, Investigation No.: 1196678

Dear Mr. Foltz:

On September 23, 2014, Ms. Christina Bernal 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, some concerns were noted which were alleged noncompliances that have been resolved based on subsequent corrective action. In addition, a certain outstanding alleged violation was identified for which compliance documentation is required. Please submit to this office by February 17, 2015, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for the outstanding alleged violation. Please be advised that a violation could be issued upon further review of your system's records or self-reported documentation.

In the listing of the alleged violation, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.texas.gov> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Houston Region Office at (713) 767-3650 or the Central Office Publications Ordering Team at (512) 239-0028.

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 violation 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, PWS Team Leader Ms. Leticia De Leon will schedule a violation review meeting to be conducted within 21 days from the date of this letter.

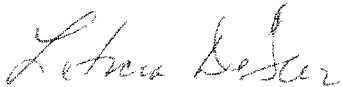
Mr. Scot W. Foltz, Compliance Manager

Page 2

November 13, 2014

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Leticia De Leon".

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

LD/CB/ra

cc: Harris County Public Health and Environmental Services

Enclosure: Summary of Investigation Findings

Summary of Investigation Findings

ALDINE MEADOWS

1143 KITTYCREST LN

HOUSTON, HARRIS COUNTY, TX 77032

Investigation #

1196678

Investigation Date: 09/23/2014

Additional ID(s): 1010092

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

Track No: 552337 Compliance Due Date: 02/17/2015
30 TAC Chapter 290.46(s)(2)(C)(i)

Alleged Violation:

Investigation: 1196678

Comment Date: 10/28/2014

Testing Equipment

Failure by the regulated entity to verify the accuracy of the manual disinfectant residual analyzer at least once every 90 days by calibrating it with chlorine solutions of a known concentration.

At the time of the compliance investigation, secondary calibration records for chlorine colorimeters used in the system were not available.

Recommended Corrective Action: Submit copies of secondary calibration logs to verify compliance.

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

Track No: 552334
30 TAC Chapter 290.42(l)

Alleged Violation:

Investigation: 1196678

Comment Date: 10/28/2014

Plant Operations Manual

Failure to compile and maintain, a current, and thorough plant operations manual for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedure as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency.

At the time of the compliance investigation, the plant operations manual was not available.

Recommended Corrective Action: Submit a complete and current copy of the plant operations manual to verify compliance.

Resolution: On October 31, 2014, the investigator received via email a copy of the system's plant operations manual.

Track No: 552336
30 TAC Chapter 290.46(n)

Alleged Violation:

Investigation: 1196678

Comment Date: 10/28/2014

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.

At the time of the compliance investigation, the distribution map of the system was not available.

Recommended Corrective Action: Submit a copy of the system's current distribution map to verify compliance.

Resolution: On October 31, 2014, the investigator received via email a copy of the system distribution map.

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Jon Niermann, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 10, 2015

CERTIFIED MAIL # 7010 1870 0003 4949 6018
RETURN RECEIPT REQUESTED

RECEIVED

DEC 18 2015

TX ADMIN-AUSTIN

Mr. Scot Foltz, Environmental Compliance Manager
Aqua Utilities, Inc.
1106 Clayton Ln., Ste. 400W
Austin, Texas 78723

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Arrowhead Lake & Frontier Lake, 15644 Arrowhead Bend, Willis, Montgomery County,
Texas
Regulated Entity No.: 101244697
TCEQ ID No.: 1700171

Investigation No.: 1287691

Dear Mr. Foltz:

On October 22, 2015, Ms. Valerie Burkett, 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, certain outstanding alleged violations were identified for which compliance documentation is required. In addition, Additional Issues were noted. Please submit to this office by March 17, 2016, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for the outstanding alleged violations # 589207 and 589259. A due date for submitting compliance documentation for outstanding alleged violations # 589244, 589250, and 589259 will be determined after you provide a compliance plan for these alleged violations. Your compliance plan is due by March 17, 2016. Please address how each violation will be resolved and provide a reasonable time frame for completion of the work.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled Obtaining TCEQ Rules (GI 032) are located on our agency website at <http://www.tceq.texas.gov> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Houston Region Office at (713) 767-3650 or the Central Office Publications Ordering Team at (512) 239-0028.

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

4 1 8 *

Mr. Scot Foltz, Environmental Compliance Manager
December 10, 2015
Page 2

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, PWS Team Leader Ms. Julia Thorp, 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 Ms. Burkett, in the Houston Region Office at (713) 767-3650.

Sincerely,

A handwritten signature in black ink, appearing to read "Julia Thorp", is written over the typed name.

Julia Thorp, Team Leader
Public Water Supply
Houston Region Office

JT/VB

Enclosure: Summary of Investigation Findings

cc: Montgomery County Environmental Health Services
Adrian Wade, 2211 Louetta Road, Spring, TX 77388

Summary of Investigation Findings

ARROWHEAD LAKE & FRONTIER LAKE

Investigation #

, MONTGOMERY COUNTY,

1287691
Investigation Date: 10/22/2015

Additional ID(s): 1700171

OUTSTANDING ALLEGED VIOLATION(S)

Track No: 589207 Compliance Due Date: 03/17/2016
30 TAC Chapter 290.46(s)(2)(C)(i)

Alleged Violation:

Investigation: 1287691

Comment Date: 11/20/2015

Testing Equipment

Failure to verify the accuracy of the manual disinfectant residual analyzer at least once every 90 days using chlorine solutions of known concentrations.

Specifically, the calibration logs verifying that the accuracy of the colorimeter was checked at least once every 90 days were not available for review at the time of the investigation.

Recommended Corrective Action: Submit a copy of the accuracy check log for the chlorine residual analyzer to verify compliance.

Track No: 589244 Compliance Due Date: 03/17/2015
30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 1287691

Comment Date: 11/23/2015

Operating Practices for Public Water Systems

Failure to properly maintain the regulated entity by not repairing or replacing the Ground Storage Tank (GST) at the Frontier Lake water plant. The GST had rust on the sides and on the roof. There were sections that appeared to be losing their structural integrity.

Recommended Corrective Action: Submit a photograph or completed work order showing that the GST at the Frontier Lake water plant has been repaired or replaced OR submit a compliance plan detailing what actions will be taken and when compliance will be achieved to verify compliance.

Track No: 589250 Compliance Due Date: 03/17/2015
30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 1287691

Comment Date: 11/23/2015

Operating Practices for Public Water Systems

Failure to properly maintain the regulated entity by not repairing or replacing the pressure tank at the Arrowhead Lake water plant.

Specifically, the pressure tank had corrosion (rust) on various locations on the tank surface and was in need of resurfacing at the time of the investigation.

Recommended Corrective Action: Submit a photograph showing that the pressure tank has been resurfaced or replaced Or submit a compliance plan, detailing what actions will be taken and when compliance will be achieved to verify compliance.

Track No: 589259 Compliance Due Date: 01/17/2016
30 TAC Chapter 290.46(m)(4)

Alleged Violation:

Investigation: 1287691

Comment Date: 12/08/2015

Water Leakage

Failure to maintain all pressure maintenance facilities and related appurtenances in a watertight condition. In this connection, the leaking valve located at the pressure tank must be repaired or replaced as necessary.

Specifically, a valve located at the discharge line connected to the pressure tank at the Arrowhead Lake water plant had a small leak which had corroded bolts and led to the growth of moss on the surface of the valve at the time of the investigation.

Recommended Corrective Action: Submit photograph or completed work order showing that the valve leak has been repaired to verify compliance.

Track No: 589304 Compliance Due Date: 03/17/2015
30 TAC Chapter 290.45(b)(1)(C)

Alleged Violation:

Investigation: 1287691

Comment Date: 11/23/2015

Capacity Requirement

Failure to provide minimum well capacity of 0.6 gallons per minute per connection. At the time of the inspection the Arrowhead Lake facility had a total of 197 active connections and is required to provide 0.6 gallons per minute (gpm) per connection (conn). Your well produced a total of 100 gpm and is short a total of 18.2 gpm. This is calculated in the following manner:

(Required Calculation) the amount of water a system is required to provide
 $0.6 \text{ gpm /conn} \times 197 \text{ conn.} = 118.2 \text{ gpm Required}$

(Short Calculation) the amount of water the system is short
 $118.2 \text{ gpm Required} - 100 \text{ gpm Produced} = 18.2 \text{ gpm Short}$

Your water system must be modified to meet this requirement to assure an adequate supply of water at all times. 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 these requirements by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 159, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

Recommended Corrective Action: Submit a compliance plan, engineering report or certification OR 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.

ADDITIONAL ISSUES**Description****Additional Comments**

Item 2

During the investigation it was determined that the Arrowhead Lake and Frontier Lake water plants were connected via a closed emergency interconnect and that they were operated as two separate systems. Therefore, the two systems are on two separate pressure planes. The investigator informed the regulated entity that they need to take a bacteriological sample from a representative location within the distribution system of each plant every month. The investigator received an email on October 23, 2015, showing that the laboratory that is responsible for taking the bacteriological samples for the system each month was informed of the change and would start the following month.

Item 7

Adequacy of Water Utility Service

Failure, by a retail public utility that possesses a certificate of public convenience and necessity that has reached 85% of its capacity as compared to the most restrictive criteria of the commission's minimum capacity requirements in Chapter 290 T.A.C., to submit to the executive director a planning report that clearly explains how the retail public utility will provide the expected service demands to the remaining areas within the boundaries of its certificated area. A report is not required if the source of supply available to the utility service provider is reduced to below the 85% level due to a court or agency conservation order unless that order is expected to extend for more than 18 months from the date it is entered in which case a report shall be required.

(A) After any commission field inspection, a retail public utility must analyze the system's capacity to determine if it has reached 85% of its capacity. If the retail public utility has reached 85% of its capacity, it must file this report no later than 90 days after the date of a commission letter detailing the results of the inspection. Capacity is considered to be the overall rated capacity in number of residential connection equivalents based on the most restrictive criteria for production, treatment, storage, or pumping.

(B) The report should be submitted in writing and should contain the following: (i) a brief description of the overall utility system and service area; (ii) an analysis of the plant capacity as defined in subparagraph (A) of this paragraph; (iii) details on how the retail public utility will provide service to the remaining areas within the boundaries of its certificated area. This includes projections of cost and expected design and installation dates for additional facilities.

Item 8

(C) The executive director may waive or limit the reporting requirements if the retail public utility demonstrates that the projected growth of the area will not require the retail public utility to exceed 100% of its current capacity for the next five years.

(D) Any retail public utility required to file reports under this section of the rules, including those requesting waivers, shall file updated reports within 90 days after the retail public utility receives a copy of each subsequent commission field inspection report until the system demand is below 85% capacity. Specifically, it is noted on this investigation that your service pumps and pressure tank have reached 98% of their capacity at the Frontier Lake plant. This was based on 122 connections.

Bruf

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 4, 2014

Mr. Scot Fultz, Environmental Compliance Manager
Aqua Utilities, Inc.
1106 Clayton Ln Suite 400 W
Austin, TX. 78723- 1066

RECEIVED
JUN 06 2014
BY:

Re: Comprehensive Compliance Investigation at:
Barrow Ranch, 9119 1/2 McCollum Park RD, Chambers County, Texas
Regulated Entity No.:104965934
TCEQ ID No.:0360122, Investigation No.: 1171267

Dear Mr. Fultz:

On April 7, 2014, 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 the applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation. In addition, please be advised that a violation could be issued upon further review of your system's records or self-reported documentation.

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 Ms. Melody Kirksey in the Houston Region Office at (713)767-3650.

Sincerely,

A handwritten signature in cursive script, appearing to read "Leticia De Leon".

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

LD/MK/kc

cc: Chambers County Health Department

Brian

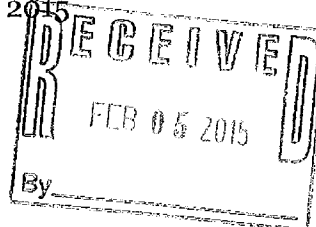
Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 29, 2015



Mr. Scott Fultz, Compliance Manager
Aqua Utilities, Inc.
1106 Clayton Lane, Suite 400 W
Austin, Texas 78723

Re: Comprehensive Compliance Investigation at:
Bear Creek Park Water System, Black Bear Dr., Manchaca (Travis County), Texas
TCEQ PWS ID No. 2270043, Regulated Entity RN101721702
TCEQ Investigation No. 1208864

Dear Mr. Fultz:

On December 3, 2014, Chad W. Ahlgren of the Texas Commission on Environmental Quality (TCEQ) Austin Region Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for public water systems. No violations are being alleged as a result of the investigation.

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 Mr. Ahlgren in the Austin Region Office at (512) 339-2929.

Sincerely,

A handwritten signature in cursive script, appearing to read "Shawn Stewart".

Shawn Stewart
Water Section Work Leader
Austin Region Office

SS/cwa

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



Pravin

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

April 15, 2013

RECEIVED
APR 20 2013

Mr. Larry Mitchell, Environmental Compliance Coordinator
Aqua Texas, Inc.
1106 Clayton Lane, Suite 400W
Austin, TX 78723

BY:

Re: Notice of Compliance with Notice of Violation (NOV) dated July 9, 2012, Bear Creek
Park Water System, Black Bear Drive, Manchaca (Travis County) Texas
Regulated Entity No.: 101721702, TCEQ PWS ID No.:2270043

Dear Mr. Mitchell:

This letter is to inform you that Texas Commission on Environmental Quality (TCEQ) TCEQ Austin Region Office has received adequate compliance documentation on March 7, 2013, to resolve the alleged violation documented during the investigation of the above-referenced regulated entity conducted on May 15, 2012. Based on the information submitted, no further action is required concerning this investigation.

The Texas Commission on Environmental Quality 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, please feel free to contact Claudia A. Chaffin at the Austin Region Office at (512) 339-2929.

Sincerely,

A handwritten signature in black ink, appearing to read "Shea Cockrell".

Shea Cockrell
Water Section Work Leader
Austin Region Office

SKC/cac

Summary of Investigation Findings

BEAR CREEK PARK

, TRAVIS COUNTY,

Additional ID(s): 2270043

Investigation #

1078559

Investigation Date: 04/10/2013

ALLEGED VIOLATION(S) NOTED AND RESOLVED

Track No: 471054

30 TAC Chapter 290.39(l)(4)

Alleged Violation:

Investigation: 1002037

Comment Date: 07/02/2012

Failure to monitor monitor and record the turbidity of the filtered effluent once every 4 hours in accordance with the approved exception to use cartridge filters dated December 23, 2010.
Investigation: 1078559

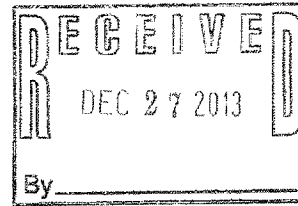
Comment Date: 04/10/2013

Failure to monitor monitor and record the turbidity of the filtered effluent once every 4 hours in accordance with the approved exception to use cartridge filters dated December 23, 2010.

Recommended Corrective Action: Monitor and record turbidity every four hours and submit written documentation of compliance to the TCEQ Austin Region Office on or before the required due date.

Resolution: A paperless chart recorder was installed at the two plant sites so that turbidity monitoring can be performed every 4 hours. An invoice was submitted along with a letter of compliance.

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



Jay

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 20, 2013

CERTIFIED MAIL NO: 91 7199 9991 7032 8273 2309
RETURN RECEIPT REQUESTED

Mr. Troy Penshorn, Regulatory and Compliance Manager
Aqua Texas, Inc.
1106 Clayton Ln, Suite 400 W
Austin, Texas 78723

Re: Notice of Violation for Comprehensive Compliance Investigation at:
Bear Paw Water System, S side of Sheppard-Rees Rd, 5 miles N of Thompson Dr., Kerr
County, Texas
Regulated Entity No.: RN102675717, TCEQ ID No.: 1330126, Investigation No.: 1134761

Dear Mr. Penshorn:

On October 23, 2013, Mr. Chris Friesenhahn of the Texas Commission on Environmental Quality (TCEQ) San Antonio 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, a certain outstanding alleged violation was identified for which compliance documentation is required. Please submit to this office by May 19, 2014 a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for the outstanding alleged violation.

In the listing of the alleged violation, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the San Antonio Region Office at (210) 490-3096 or the Central Office Publications Ordering Team at 512-239-0028.

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 violation 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 San Antonio Region Office within 10 days from the date of this letter. At that time Ms. Lynn Bumguardner, Water Section Manager, will schedule a violation review meeting to be conducted within 21 days from the date of this letter.

Mr. Troy Penshorn
Page 2
December 20, 2013

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 enclosed 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 Mr. Friesenhahn in the San Antonio Region Office at (210) 403-4055.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joy Thurston-Cook".

Joy Thurston-Cook
Water Section Team Leader
San Antonio Region Office
Texas Commission on Environmental Quality

JTC/cmf/eg

Enclosure: Summary of Investigation Findings

Summary of Investigation Findings

BEAR PAW WATER SYSTEM

Investigation # 1134761

Investigation Date: 10/23/2013

, KERR COUNTY,

Additional ID(s): 1330126

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

Track No: 521155

Compliance Due Date: 05/19/2014

30 TAC Chapter 290.39(e)

30 TAC Chapter 290.39(h)(1)

30 TAC Chapter 290.41(c)(3)(A)

30 TAC Chapter 290.46(n)(1)

Alleged Violation:

Investigation: 1134761

Comment Date: 12/04/2013

Failure to submit and acquire approval of as-built engineering plans prior to operating a public water supply.

At the time of the investigation, the water system could not produce any documentation indicating that the water system had submitted as-built engineering plan and subsequently received approval prior to operating the water system, nor were there any records in the Integrated Water Utilities Database which would indicate approval was issued.

30 TAC 290.41(c)(3)(A)--Before placing the well into service, a public water system shall furnish a copy of the well completion data, which includes the following items: the Driller's Log (geological log and material setting report); a cementing certificate; the results of a 36-hour pump test; the results of the microbiological and chemical analyses required by subparagraphs (F) and (G) of this paragraph; a legible copy of the recorded deed or deeds for all real property within 150 feet of the well; a legible copy of the sanitary control easement(s) or other documentation demonstrating compliance with paragraph (1)(F) of this subsection; an original or legible copy of a United States Geological Survey 7.5-minute topographic quadrangle showing the accurate well location to the executive director; and a map demonstrating the well location in relation to surrounding property boundaries. All the documents listed in this paragraph must be approved by the executive director before final approval is granted for the use of the well.

30 TAC 290.46(n)(1)--Accurate and up-to-date detailed as-built plans or record drawings and specifications for each treatment plant, pump station, and storage tank shall be maintained at the public water system until the facility is decommissioned. As-built plans of individual projects may be used to fulfill this requirement if the plans are maintained in an organized manner.

30 TAC 290.39(h)(1)--No person may begin construction on a new public water system before receiving written approval of plans and specifications and, if required, approval of a business plan from the executive director. No person may begin construction of modifications to a public water system without providing notification to the executive director and submitting and receiving approval of plans and specifications if requested in accordance with subsection (j) of this section.

30 TAC 290.39(e)--Submission of planning material.

Recommended Corrective Action: Acquire the needed approval for use or an exception to the rule.

Submit as-built engineering plans as required by 290.41(c)(3)(A), 290.46(n)(1), 290.39(h)(1) and 290.39(e) or any exception requests to the TCEQ Utilities Technical Review Team for review and approval. Engineering plans and/or exception requests must be submitted to:

Utilities Technical Review Team, MC-159
Texas Commission on Environmental Quality
PO BOX 13087
Austin, Texas 78711-3087

To document compliance, submit documentation indicating that the water system has been approved for use or that an exception has been acquired to this office by the compliance due date.



Internal Memo

TO: Bill Ross, Senior Vice President, Engineering and Environmental Affairs;
Mike Pickel, Vice President/Chief Environmental Officer

THROUGH: Dan Rimann, Vice President of Operations and Engineering *DR*

FROM: Scot Foltz, Environmental Compliance Manager *SF*

DATE: September 22, 2015

RE: Update on Compliance Requirements and Capital Needs

SYSTEM: Barton Creek Lake Side Water Systems

The Barton Creek Lake Side Water System is located on the Burnet County and Travis County Line along Lake Travis in Central Texas approximately 40 miles west of Austin. The system currently serves approximately 270 connections with an estimated final build out of 475 within the current CCN boundary. Growth is slow with only five new connections in 2014. The existing facilities consist of two ground water wells, two ground storage tanks, disinfection, two high service pumps and two elevated standpipe tanks. Auxiliary pumping facilities exist to serve a portion of the distribution system near the same elevation as the elevated standpipes. The existing wells' combined production has ranged between 65 gpm in August of 2014 and 205 gpm in December of 2014. The regulatory requirement for this system is 163 gpm but historic usage has shown a need for greater production than the minimum regulatory requirements. The well production is highly dependent on local weather conditions and recharge. Restrictions remain in effect despite recent drought relief the variability of production.

Recent drought in Texas along with limited groundwater production coupled with significant demands has made it necessary to acquire additional source water for the system. Outdoor watering restrictions or prohibitions on outdoor usage have been in place since 2012. Initially efforts were made to develop additional groundwater wells. A total of three test wells were drilled resulting in estimated final production rates of 2 to 20 gpm. The combination of hydrogeological review (report attached), results of the test borings, and local ground water well data indicate the possibility of finding sufficient ground water resources is not probable. There are no nearby water systems in which an interconnection would be possible to supply water on a permanent basis. The nearest system is the Aqua Texas Lake Cliff Water System which has one well that produces about 70 gpm. An interconnection already exists between these systems and is utilized during periods of reduced production in the Barton Creek wells. However, any additional capacity of the Lake Cliff system will be eventually utilized as the development is built out.

At this point the only solution to acquiring the required source water is through the utilization of surface water. Recently, Aqua directed Southwest Engineers to prepare a feasibility study on the possibility of utilizing surface water (report attached). The original developer anticipated the need for the use of surface water as a supply to the water system and provided with the original water system 50 percent interest in an existing intake and raw water transmission main running to the existing plant site. A lot was set aside for a location to build a future surface water plant next to the existing groundwater plant. Aqua acquired the intake interest and plant site when we acquired

the water system along with rights to Lake Travis. Currently Aqua has rights to 25 acre feet/ year (8.14 MG). Application to the Lower Colorado River Authority for up to a total of 750 acre feet/year (244 MG/ year or 0.669 MGD) has been submitted and is expected to be approved October 2015.

According to the feasibility study, the anticipated cost of a surface water treatment plant, storage & pump facilities, and waste handling facilities will be approximately \$1,400,000. Additional cost for raw water intake upgrades, transmission mains and controls could cause the total cost to be in excess of \$2,000,000.

It is recommended a Preliminary Engineering Report (PER) be performed outlining the details of design and construction. The results of the PER would allow us to identify the impact of this project on the five year capital plan.

ccs: Robert Laughman, President
Brent Reeh, Central Texas Area Manager
Mike Merka, Area Supervisor

Lonnie

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 2, 2014

Mr. Scot Foltz, Environmental Compliance Manager
Aqua Texas, Inc.
1106 Clayton Ln, Suite 400W
Austin, Texas 78723-2476

RECEIVED
JUL 03 2014

BY:.....

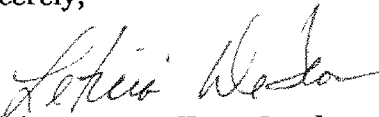
Re: Comprehensive Compliance Investigation at:
Bernard Acres, CR 868 Lot 1D, Brazoria County, Texas
Regulated Entity # 101281103, TCEQ ID # 0200065, Investigation # 1160076

Dear Mr. Foltz:

On April 11– June 2, 2014, Ms. LaTrichia Spikes of the Texas Commission on Environmental Quality (TCEQ) Houston Region Office conducted an investigation of the above-referenced facility to evaluate compliance with the applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation. In addition, please be advised that a violation could be issued upon further review of your system's records or self-reported documentation.

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 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/LS/ra

cc: Brazoria County Environmental Health Department

duke

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 11, 2015

CERTIFIED MAIL # 7014 3490 0001 0559 5915
RETURN RECEIPT REQUESTED

RECEIVED

Mr. Scot W. Foltz, Compliance Manager
Aqua Utilities, Inc.
1106 Clayton Lane, Suite 400W
Austin, Texas 78723-2476

AUG 11 2015

TX ADMIN-AUSTIN

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Bergville Addition, 1306 Regena Street, Houston, Harris County, Texas
Regulated Entity No.: 101279941
TCEQ ID No.: 1010099

Investigation No.: 1248206

Dear Mr. Foltz:

On July 17, 2015, Ms. Patricia Blackwell, 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, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by November 08, 2015, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled Obtaining TCEQ Rules (GI 032) are located on our agency website at <http://www.tceq.texas.gov> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Houston Region Office at (713) 767-3650 or the Central Office Publications Ordering Team at (512) 239-0028.


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, PWS Team Leader Ms. Leticia De Leon, 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

Mr. Scot W. Foltz, Compliance Manager
August 11, 2015
Page 2

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 Ms. Blackwell, in the Houston Region Office at (713) 767-3650.

Sincerely,


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

LD/PB/mar

Enclosure: Summary of Investigation Findings

cc: Harris County Public Health and Environmental Services

Summary of Investigation Findings

BERGVILLE ADDITION

Investigation #

1248206

Investigation Date: 07/17/2015

, HARRIS COUNTY,

Additional ID(s): 1010099

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

Track No: 577691 Compliance Due Date: 11/08/2015

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 1248206

Comment Date: 07/27/2015

Operating Practices for Public Water Systems

Failure to properly maintain the regulated entity by not clearing the excessive vegetation from the fence.

At the time of the investigation, there was excessive vegetation growing in the fence. See photo.

Recommended Corrective Action: Provide documentation to indicate that the excessive vegetation has been removed from the fence to verify compliance.

Track No: 577701 Compliance Due Date: 11/08/2015

30 TAC Chapter 290.44(d)(5)

Alleged Violation:

Investigation: 1248206

Comment Date: 07/27/2015

Water Distribution

Failure by the regulated entity to provide the water system with sufficient valves and blowoffs so that necessary repairs can be made without undue interruption of service over any considerable area and for flushing the system when required.

At the time of the investigation, the regulated entity did not have sufficient valves for flushing the system when required.

Recommended Corrective Action: Provide documentation to indicate the system has sufficient valves for flushing the system to verify compliance.

Track No: 577713 Compliance Due Date: 11/08/2015

30 TAC Chapter 290.46(s)(1)

Alleged Violation:

Investigation: 1248206

Comment Date: 07/27/2015

Testing Equipment

Failure by the regulated entity to calibrate the well meter(s) required by 30 TAC 290.41(c)(3) (N) according to the manufacturer's specifications at least once every three years.

At the time of the investigation, there were no records to indicate that the well meter was calibrated at least once every three years.

Recommended Corrective Action: Provide documentation to indicate that the well meter was calibrated at least once in the last three years to verify compliance.