



Control Number: 48505



Item Number: 1

Addendum StartPage: 0

48505

Application for Sale of a Retail Public Utility

Submitted to:

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

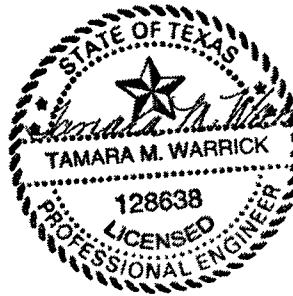
For:

Crest Water Company
P.O. Box 460
840 Betsy Road
Keene, Texas 76049

Issue Date: June 22, 2018

RECEIVED
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PUBLIC UTILITY COMMISSION
FILING CLERK

Prepared Either By or
Under The Direction Of: Tamara M. Warrick, P.E.



Tamara M. Warrick, P.E.
06/22/2018



consulting environmental engineers, inc.

150 n. harbin drive – suite 408 • stephenville, tx 76401
phone: (254) 968-8130 fax: (254) 968-8134
email: ceeinc@ceeinc.org registered firm: #F-2323

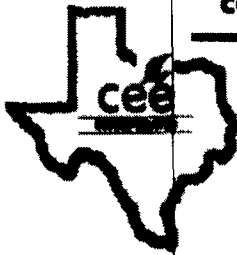
**Crest Water Company
Mustang Creek Ownership Transfer
Exhibit Cross Reference**

<u>Exhibit I.D.</u>	<u>Description</u>
I	Project Summary
II	PUC STM Form
III	Maps/Drawings
IV	Notice Form A
V	Notice of Proposed Rate Change
VI	Legal Documents
VII	Crest Water Company Tariff
VIII	TCEQ Correspondence



**Crest Water Company
Project Summary**





PROJECT SUMMARY

Crest Water – Mustang Creek Ownership Transfer

Mustang Creek Estates PWS (CCN No. 13055) has had multiple violations and is under enforcement by TCEQ. Multiple boil water notices were provided to customers under the current owner's operation. Crest Water Company proposes to provide customers with continuous and adequate water.

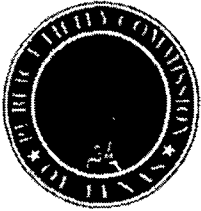
On December 8th, 2016 Crest Water Company and Shelcon Services entered into an agreement for the purchase of Mustang Creek Estates PWS. Upon approval of the transfer by the PUC, Shelcon Services will deed the Mustang Creek Estates water system facilities to Crest Water Company to ensure continuous and adequate service to Mustang Creek Estates customers.

Crest Water Company has taken over daily operational services and since that time, has strived to make corrections to deficiencies that need immediate attention. For example, Crest Water Company has installed a new air compressor for the pressure tank due to previous air compressor becoming inoperable. Crest Water Company has also installed a new gas chlorination system to correct absence of chlorine in the system, and updated and fixed multiple items in the chlorinator room. The exterior and interior of the pumphouse have been repaired to help stop deterioration, and the water system lots have been cleaned up and mowed/weedeated. A Drought Contingency Plan is now in place for the public water system. Lead-copper samples and numerous other samples have also been taken as required by the TCEQ.

Crest Water Company has made numerous other improvements along with the ones mentioned above and will continue to make improvements to Mustang Creek Estates PWS upon approval of the transfer.

**Crest Water Company
PUC STM Form**





Application for Sale, Transfer, or Merger of a Retail Public Utility

Pursuant to Chapter 13.251 of the Texas Water Code

Docket Number: _____

(this number will be assigned by the Public Utility Commission after your application is filed)

7 copies of the application, including the original, along with one copy of the portable electronic storage medium (such as CD or DVD) containing the GIS data shall be filed with

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

No later than seven days after filing the application for the boundary change, provide a copy of each paper map and a portable electronic storage medium (such as CD, flash drive or DVD) containing complete and identical data to the portable electronic storage medium submitted above to

Texas Natural Resources Information System
1700 N. Congress Ave, Room B40
Austin, Texas 78701

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Part A – General Information

*RN# 10432282 *CN# 602720195 * (PRIOR TCEQ ID numbers)

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

[X] Sale of [X] All [] Portion of the [X] Water system(s) under CCN No.: 13055
[] Acquisition [] Sewer system(s) under CCN No.:
[] Lease/Rental

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

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

[Redacted area]

and to:

[] Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN
[] Amend the transferee's CCN No.:
[X] Merge or consolidate public utilities 12037
[] Cancel CCN of the transferor (seller)

2. Proposed effective date of this transaction: 1/1/2019
(Must be at least 120 days after proper notice is provided)

Part B – Current Service Provider or Seller Information

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: Michael S. Shackelford
(Individual, Corporation or Other Legal Entity)

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

B. Utility Name (if different than above): Shelton Services
Address: 4101 W. Green Oaks Blvd., STE 306, PMB 143 Telephone: (AC) (617) 250-0000

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: Charles R. G... III Title: Engineer
Address: 150 Al... STE 406, Stephenville, TX Telephone: (AC) 254-766-6130

Fax: (254) 968-8134

Email: ceainc@ceainc.org

4. About the last rate increase for the system or facilities being transferred:

A. What was the effective date of the last rate increase? 5/25/2004

B. Was notice of this increase provided to the Public Utility Commission of Texas (commission or PUC) or a predecessor regulatory authority?

No Yes- Application/Docket Number: Date

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

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit
None			

Part C – Purchaser or Transferee Information

Questions 6 through 16 refer to the transferee or purchaser.

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

Applicant: James A. Dyche, Crest Water Company (Individual, Corporation, or Other Legal Entity)

Utility Name: Crest Water Company (If different than above)

Utility Address: P.O. Box 460, 6th Street Road Keene, TX 76049

Fax: (817) 517-7141 Email: mdyche@gmail.com Telephone (AC): (817) 645-5493

CCN Numbers held prior to the filing of this application: 12897

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

- Individual
- Home or Property Owners Association
- Partnership; attach copy of partnership agreement
- Corporation; provide charter number as recorded with the Office of the Secretary of State for Texas: _____
- Non-profit, member owned, member-controlled Cooperative Corporation (Article 1434(a) Water Sewer Service Corporation); provide charter number: _____

<input type="checkbox"/>	Municipally-owned utility
<input type="checkbox"/>	District (MUD, SUD, WCID, etc.)
<input type="checkbox"/>	County
<input type="checkbox"/>	Other (please explain): <input type="text"/>

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

Name:	James A. Dyche	Email:	mldyche@gmail.com
Address:	P.O. Box 460, 840 Betsy Road Keene, TX 78049		
Telephone (AC):	(817) 645-5493	Fax (AC):	(817) 517-7141

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:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

- Attach additional sheet(s) if necessary -

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

Texas Comptroller of Public Accounts

P. O. Box 13528, Capitol Station

Austin, Texas 78711

1-800-252-5555

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

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

Name:	Charles P. Gillespie, III	Title:	Engineer
Address:	150 N. Harbin Dr., STE 408, Stephenville, TX 76401	Telephone (AC):	(254) 968-8130
Fax #	(254) 968-8194	Email	ceeinc@ceeinc.org
Relationship to the applicant:	Engineer		

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

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

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

The applicant has acted as the owner and operator of Crest Water Company since its inception in 1981, prior to that he worked as the Public Works Director for the City of Keene, Texas. The applicant currently holds a Class B Groundwater license. The applicant currently operates 16 water systems that serve approximately 1184 water supply connections.

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

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

See Exhibit VIII. Crest Water is actively working to get the Mustang Creek Estates PWS out of TCEQ Enforcement. The most recent letter from TCEQ regarding Mustang Creek Enforcement is attached.

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 PUC and ensure continuous and adequate service.

Improvement costs will be funded by capital provided from Crest Water Company's ongoing operations. It is anticipated that any required capital expenditure for future improvements will be funded by equity capital, to the extent not funded by internally generated funds.

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

The Mustang Creek Estates PWS has had multiple violations and is under enforcement by TCEQ. Multiple boil water notices were issued to customers under the current owner's operation. Crest Water Company proposes to provide customers with continuous and adequate water.

E. How will the transaction serve the public interest?

Current customers of Mustang Creek Estates PWS have experienced various issues with operation and service. Crest Water proposes to address these issues and provide continuous and adequate water to existing and future customers.

12. Please describe the nature of the proposed transaction:

Upon approval of the transfer by the PUC, Shelcoy Services will deed the Mustang Creek Estates water system facilities to Crest Water Company to ensure continuous and adequate service to Mustang Creek Estates customers. On December 9th, 2016 Crest Water Company and Shelcoy Services entered into an agreement for the purchase of Mustang Creek Estates PWS. See Exhibit VI.

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

N/A

A.

• Total Purchase Price: [redacted]

• Total Original Cost (as recorded on books of seller or merging entity): [redacted]

• Accumulated Depreciation as of the proposed effective date of the transaction: [redacted]

• Contributions in Aid of Construction:

- Specific surcharges approved by TCEQ or PUC: [redacted]

- Revenues from explicit customer agreements: [redacted]

- Developer Contributions (please explain):

[redacted]

- Other Contributions (please explain):

[redacted]

Total Contributions in Aid of Construction [redacted]

• Net Book Value: [redacted]

- 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.

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]:

Currently the Mustang Creek Estates PWS serves 79 of 91 total connections. The system has the capability to produce 40 GPM while the requirement for the current capacity is 47.4 GPM. This is approximately 119% total capacity. Upon approval of the transfer by the PUC, Crest Water Company proposed to drill a new well to be able to supply water to all 91 connections and meet TCEQ minimum standards.

- 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:	<input type="text"/>
Plant Acquisition Adjustment:	<input type="text"/>
Extraordinary Loss on Purchase:	<input type="text"/>
Accumulated Depreciation of Plant:	<input type="text"/>
Cash:	<input type="text"/>
Notes Payable:	<input type="text"/>
Mortgage Payable:	<input type="text"/>
Others (please list):	<input type="text"/>

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:

Increase in production cost.

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

Other. Please explain:

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.

**Monarch Utilities I LP (CCN No. 12983)
Chuck Bell Water Systems (CCN No. 12190)
City of Fort Worth (CCN No. 12311)**

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

Part D – Historical Financial Information

HISTORICAL BALANCE SHEETS	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash	29,339.76	28,485.21	27,655.54	26,850.04	26,088.00	25,285.96
Accounts Receivable	124,104.61	119,907.84	115,852.98	111,935.25	108,150.00	104,364.75
Inventories	190,603.17	186,865.86	183,201.82	179,609.63	176,087.87	172,566.11
Income Tax Receivable						
Other						
Total	344,047.55	335,258.90	326,710.34	318,394.92	310,305.87	302,216.82
FIXED ASSETS						
Land	22,510.18	21,854.54	21,218.00	20,600.00	20,000.00	19,400.00
Collection/Distribution System						
Buildings	94,133.66	95,567.16	97,022.50	98,500.00	100,000.00	101,500.00
Equipment	62,562.79	63,839.59	65,142.43	66,471.87	67,828.44	69,185.01
Other	760,338.59	735,368.19	710,889.72	686,889.26	663,353.15	639,817.04
Less: Accum. Depreciation or Reserves						
Total	939,545.21	916,628.47	894,272.66	872,461.13	851,181.59	829,902.05
TOTAL ASSETS	1,282,064.83	1,250,794.96	1,220,287.76	1,190,524.65	1,161,487.40	1,132,450.27
CURRENT LIABILITIES						
Accounts Payable	1,358.55	1,338.47	1,318.69	1,299.20	1,280.00	1,260.80
Notes Payable, Current						
Accrued Expenses						
Other	2,630.31	2,578.74	2,528.17	2,478.60	2,430.00	2,381.40
TOTAL	3,988.86	3,917.20	3,846.86	3,777.80	3,710.00	3,642.20
LONGTERM LIABILITIES						
Notes Payable, Long-term	375,947.71	370,391.83	365,916.06	359,525.18	354,212.00	348,898.82
Other						
TOTAL LIABILITIES	379,936.56	374,309.03	368,764.92	363,302.98	357,922.00	352,541.02
OWNER'S EQUITY						
Paid in Capital	70,358.09	68,978.52	67,626.00	66,300.00	65,000.00	63,700.00
Retained Equity	831,261.93	807,050.42	783,544.10	760,722.42	738,565.46	716,408.50
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY	901,620.02	876,028.94	851,170.10	827,022.42	803,565.46	780,108.50
TOTAL LIABILITIES AND EQUITY	1,281,556.58	1,250,337.97	1,219,935.01	1,190,325.40	1,161,487.46	1,132,649.52
WORKING CAPITAL	902,128.27	876,485.92	851,522.84	827,221.67	803,565.46	779,909.25
CURRENT RATIO	3.37	3.34	3.31	3.28	3.25	3.21
DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS	0.42	0.43	0.43	0.44	0.45	0.45

HISTORICAL INCOME STATEMENT	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps	1,162.00	1,132.00	1,119.00	1,082.00	1,052.00	1,031.00
New Taps Per Year	22.00	31.00	16.00	27.00	40.00	23.00
Total Meters at Year End	1,184.00	1,163.00	1,135.00	1,119.00	1,092.00	1,054.00
METER REVENUE						
Fees Per Meter	120.98	117.46	114.04	110.87	107.49	104.27
Cost Per Meter	59.51	58.20	56.92	55.66	54.44	53.22
Operating Revenue Per Meter	180.49	175.66	170.95	166.38	161.93	157.48
GROSS WATER REVENUE						
Fees	37,168.00	35,738.00	34,364.00	33,042.00	31,771.00	30,500.16
Other	799,451.93	787,637.37	775,997.41	764,529.47	753,231.00	738,166.38
Gross Income	836,619.93	823,375.37	810,361.10	797,571.70	785,002.00	768,666.54
OPERATING EXPENSES						
General & Administrative	694,447.86	685,874.43	677,406.85	669,043.80	660,784.00	652,524.20
Interest						
Other						
NET INCOME	142,172.07	137,500.93	132,954.56	128,527.67	124,218.00	116,142.34

HISTORICAL EXPENSE DETAIL	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	314,010.00	304,864.00	295,985.00	287,364.00	278,994.00	270,624.00
Office Expense	20,284.00	19,693.00	19,120.00	18,563.00	18,022.00	17,481.00
Computer Expense						
Auto Expense	38,923.00	37,790.00	36,689.00	35,620.00	34,583.00	24,208.00
Insurance Expense	29,569.00	28,708.00	27,872.00	27,060.00	26,272.00	25,484.00
Telephone Expense						
Utilities Expense	87,897.00	79,511.00	77,195.00	74,947.00	72,764.00	70,581.00
Depreciation Expense						
Property Taxes						
Professional Fees	14,346.00	13,928.00	13,522.00	13,128.00	1,276.00	12,364.00
Other	52,221.00	51,671.00	50,166.00	48,705.00	47,286.00	45,867.00
Total	552,250.00	536,165.00	520,549.00	505,387.00	490,667.00	466,610.00
% Increase Per Year	3.00	3.00	3.00	3.00	3.00	3.00
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance	192,455.00	186,850.00	181,408.00	176,124.00	170,994.00	168,864.10
Supplies						
Other						
Total						
% Increase Per Year	3.00	3.00	3.00	3.00	3.00	3.00
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

Part E -- Projected Information

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash	30,219.96	31,126.56	32,060.35	33,022.16	34,012.83	35,033.21
Accounts Receivable	128,448.27	132,943.96	137,597.00	142,412.90	147,397.35	152,556.26
Inventories	194,415.24	198,303.54	202,269.61	206,315.00	210,441.30	215,650.13
Income Tax Receivable						
Other						
Total	353,083.47	362,374.06	371,926.97	381,750.06	397,854.48	402,239.60
FIXED ASSETS						
Land	23,185.48	23,881.05	24,597.48	25,335.40	26,095.46	26,878.33
Collection/Distribution System						
Buildings	92,721.65	91,330.83	89,960.86	88,611.45	87,282.28	85,973.04
Equipment	61,311.54	60,085.31	58,883.60	57,705.93	56,551.81	55,420.77
Other	785,815.17	811,812.51	838,345.49	865,429.34	893,079.62	921,312.25
Less: Accum. Depreciation or Reserves						
Total	963,033.84	987,109.69	1,011,787.43	1,037,082.12	10,653,009.17	1,089,584.40
TOTAL ASSETS	1,314,116.45	1,346,969.36	1,380,643.60	1,415,159.69	1,450,538.68	1,486,802.15
CURRENT LIABILITIES						
Accounts Payable	1,378.92	1,399.61	1,420.60	1,441.91	1,463.54	1,485.49
Notes Payable, Current						
Accrued Expenses						
Other	2,682.92	2,736.57	2,791.31	2,847.14	2,904.07	2,962.16
Total	4,061.84	4,136.18	4,211.91	4,289.04	4,367.61	4,447.65
LONGTERM LIABILITIES						
Notes Payable, Long-term	381,486.92	387,310.73	393,120.39	399,017.19	405,002.45	411,077.49
Other						
TOTAL LIABILITIES	385,648.76	391,446.91	397,332.20	403,306.26	409,370.06	415,525.14
OWNER'S EQUITY						
Paid in Capital	71,765.30	73,200.56	74,644.57	76,157.86	77,681.02	79,234.64
Retained Equity	856,199.79	881,885.78	908,342.36	935,592.63	963,660.41	992,570.22
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY	927,965.04	955,086.34	983,006.93	1,011,750.49	1,041,341.42	1,071,804.86
TOTAL LIABILITIES AND EQUITY	1,313,613.80	1,346,533.25	1,380,339.22	1,415,056.72	1,450,711.49	1,487,329.99
WORKING CAPITAL	928,467.69	955,522.46	983,311.30	1,011,853.45	1,041,168.61	1,071,277.01
CURRENT RATIO	3.41	3.44	3.47	3.51	3.54	3.58
DEBT TO EQUITY RATIO	0.42	0.41	0.40	0.40	0.39	0.39
EQUITY TO TOTAL ASSETS	0.71	0.71	0.71	0.72	0.72	0.72

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps	1,184	1,230	1,267	1,284	1,309	
New Taps Per Year	46	37	18	25	39	
Total Meters at Year End	1,230	1,267	1,285	1,309	1,348	
METER REVENUE						
Fees Per Meter	124.61	128.35	132.20	136.17	140.25	
Cost Per Meter	60.85	62.22	63.62	65.05	66.51	
Operating Revenue Per Meter	185.46	190.56	195.81	201.12	206.76	
GROSS WATER REVENUE						
Fees	38,654.00	40,200.00	41,808.00	43,481.00	45,220.00	
Other	811,433.71	823,615.36	8,359,693.59	848,509.14	861,236.77	
Gross Income	850,097.71	863,815.81	877,778.06	891,989.94	906,456.81	
OPERATING EXPENSES						
General & Administrative	703,128.46	711,917.57	720,816.54	729,826.74	738,949.58	
Interest						
Other						
NET INCOME	146,969.26	151,898.25	156,961.52	162,163.20	167,507.24	

PROJECTED EXPENSE DETAIL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	323,431.00	333,133.00	343,127.00	353,421.00	364,024.00	
Office Expense	20,892.00	21,519.00	22,165.00	22,830.00	23,515.00	
Computer Expense						
Auto Expense	40,091.00	41,294.00	42,533.00	43,809.00	45,123.00	
Insurance Expense	60,456.00	61,370.00	32,311.00	33,281.00	34,279.00	
Telephone Expense						
Utilities Expense	84,353.00	86,844.00	89,491.00	92,175.00	94,491.00	
Depreciation Expense						
Property Taxes						
Professional Fees	14,776.00	15,219.00	15,676.00	16,146.00	16,631.00	
Other	54,817.00	56,462.00	58,156.00	59,900.00	61,698.00	
Total	568,818.00	585,882.00	603,459.00	621,562.00	640,209.00	
% Increase Per Year	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance	198,229.00	204,176.00	210,301.00	216,610.00	223,108.00	
Supplies						
Other						
Total	198,229.00	204,176.00	210,301.00	216,610.00	223,108.00	
% Increase Per Year	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income	151,898.25	156,961.52	162,163.20	167,507.24	172,997.72	
Depreciation (If Funded)						
Loan Proceeds	96,859.26	78,261.97	56,956.91	32,549.84	4,589.09	
Other						
Total Sources	248,757.51	235,223.49	219,120.11	200,057.07	177,586.81	
USES OF CASH						
Net Loss	0.00	0.00	0.00	0.00	0.00	
Principle Portion of Pmts.	32,700.00	32,700.00	32,700.00	32,700.00	32,700.00	
Fixed Asset Purchase	50,000.00	0.00	23,000.00	16,000.00	0.00	
Reserve	11,000.00	18,000.00	10,000.00	14,000.00	19,000.00	
Other						
Total Uses	93,700.00	50,700.00	65,700.00	62,700.00	61,700.00	
NET CASH FLOW	155,057.51	184,523.49	153,420.11	137,357.07	125,886.81	
DEBT SERVICE COVERAGE						
Cash Available for Debt	38,300.00	38,300.00	38,300.00	38,300.00	38,300.00	
SERVICE (CADS)						
Net Income (Loss)	0.00	0.00	0.00	0.00	0.00	
Depreciation, or Reserve Interest	6,200.00	6,200.00	6,200.00	6,200.00	6,200.00	
Total	44,500.00	44,500.00	44,500.00	44,500.00	44,500.00	
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest	38,300.00	38,300.00	38,300.00	38,300.00	38,300.00	
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS	1.00	1.00	1.00	1.00	1.00	

Part F – TCEQ Public Water or Sewer System Information

Please answer questions 17 through 22 on a different sheet for each physically Distinct system being transferred or acquired.

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

2	2	0	0	3	5	3
---	---	---	---	---	---	---

Date of last inspection:

12/09/2016

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q

--	--	--	--	--

 -

--	--	--

 -Name of Permittee:

--

 -Date of application to transfer Discharge Permit submitted:

--

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

--

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

Cost Water is actively working to get Mustang Creek Estates out of TCEQ Enforcement. The most recent letter from TCEQ regarding Mustang Creek Enforcement is attached. See Exhibit VIII.

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

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

Description of the Required Improvement	Schedule to Complete	Estimated Cost
See Exhibit VIII	7/1/2018	\$1,000.00

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

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

Water Sewer

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

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

• Source: _____ % of total supply: **0.00%**

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

Water		Sewer	
-Non Metered		-2" meter	
79 -5/8" or 3/4" meter		-3" meter	
-1" meter		-4" meter	
-1 1/2" meter		-Other	
Total Water Connections: 79		Total Sewer Connections	

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

Currently the Mustang Creek Estates PWS serves 79 of 91 total connections. The system has the capability to produce 40 GPM while the requirement for the current capacity is 47.4 GPM. This is approximately 119% total capacity. Upon approval of the transfer by the PUC, Crest Water Company proposed to drill a new well to be able to supply water to all 91 connections and meet TCEQ minimum standards.

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

Name	Class	License#
James A. Dyche	B	WG0001237
Charles Evans	B	WG0002789
David E. Crane	C	WG0011110
Terry Barber	C	WG0011109

24. Attach the following maps with each copy of the application:

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

Part G – Oaths and Notices

OATH FOR SELLER OR FORMER SERVICE PROVIDER

Not responsive

STATE OF Texas

COUNTY OF _____

I, Michael A. Shackelford, being duly sworn, file this application for sale, lease, rental or merger or consolidation as Owner

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

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

AFFIANT
(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this day 18 of August, 20 2014.

SEAL

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES _____

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

PRESS FIRMLY TO SEAL

PRESS FIRMLY TO SEAL

PRIORITY MAIL
POSTAGE REQUIRED

PRIORITY
★ MAIL ★

FROM:

RFS



WHEN USE
A CUSTOMER
LABEL IN

UNITED STATES POSTAL SERVICE Click-N-Ship®

P usps.com 9405 6036 9930 0250 8895 84 0067 0000 0017 6060
\$6.70
US POSTAGE
Flat Rate Env
06/15/2018 Mailed from 76485 062S0000001309

PRIORITY MAIL 1-DAY™

CHARLES P GILLESPIE Expected Delivery Date: 06/16/18
CONSULTING ENVIRONMENTAL ENGINEERS, INC. 0005
150 N HARBIN DR
STE 408
STEPHENVILLE TX 76401-2800

Carrier -- Leave if No Response **R002**

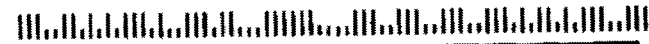
SHIP TO: MICHELE AUDREY SHACKELFORD
800 LAKEWOOD DR
KENNE DALE TX 76060-2876

NOT DELIVERABLE
AS ADDRESSED
UNABLE TO FORWARD

USPS TRACKING #

NIXIE 76060-RFS-1N *94 06/18/18

RETURN TO SENDER
UNABLE TO FORWARD
UNABLE TO FORWARD
RETURN TO SENDER



Electronic Rate Approved #038555749

PS00001000014

EP14F July 2013
OD: 12.5 x 9.5

VISIT US AT **USPS.COM**
ORDER FREE SUPPLIES ONLINE



Instructions

1. Each Click-N-Ship® label is unique. Labels are to be used as printed and used only once. DO NOT PHOTO COPY OR ALTER LABEL.
2. Place your label so it does not wrap around the edge of the package.
3. Adhere your label to the package. A self-adhesive label is recommended. If tape or glue is used, DO NOT TAPE OVER BARCODE. Be sure all edges are secure.
4. To mail your package with PC Postage®, you may schedule a Package Pickup online, hand to your letter carrier, take to a Post Office™, or drop in a USPS collection box.
5. Mail your package on the "Ship Date" you selected when creating this label.

Click-N-Ship® Label Record

USPS TRACKING # : 9405 5036 9930 0250 8895 77			
Trans. #:	437385404	Priority Mail® Postage:	<u>\$6.70</u>
Print Date:	06/15/2018	Total	<u>\$6.70</u>
Ship Date:	06/15/2018		
Expected			
Delivery Date:	06/16/2018		
From:	CHARLES P GILLESPIE CONSULTING ENVIRONMENTAL ENGINEERS, INC. 150 N HARBIN DR STE 408 STEPHENVILLE TX 76401-2800		
To:	MICHELE AUDREY SHACKELFORD 4101 W GREEN OAKS BLVD STE 305 ARLINGTON TX 76016-6800		
<small>* Retail Pricing Priority Mail rates apply. There is no fee for USPS Tracking® service on Priority Mail service with use of this electronic rate shipping label. Refunds for unused postage paid labels can be requested online 30 days from the print date.</small>			

Del'd @ 1:30 pm 6-16-18



Thank you for shipping with the United States Postal Service!
Check the status of your shipment on the USPS Tracking® page at usps.com

Instructions

1. Each Click-N-Ship® label is unique. Labels are to be used as printed and used only once. DO NOT PHOTO COPY OR ALTER LABEL.
2. Place your label so it does not wrap around the edge of the package.
3. Adhere your label to the package. A self-adhesive label is recommended. If tape or glue is used, DO NOT TAPE OVER BARCODE. Be sure all edges are secure.
4. To mail your package with PC Postage®, you may schedule a Package Pickup online, hand to your letter carrier, take to a Post Office™, or drop in a USPS collection box.
5. Mail your package on the "Ship Date" you selected when creating this label.

Click-N-Ship® Label Record

USPS TRACKING # : 9405 5036 9930 0250 8895 84			
Trans. #:	437385404	Priority Mail® Postage:	<u>\$6.70</u>
Print Date:	06/15/2018	Total	<u>\$6.70</u>
Ship Date:	06/15/2018		
Expected			
Delivery Date:	06/16/2018		
From:	CHARLES P GILLESPIE CONSULTING ENVIRONMENTAL ENGINEERS, INC. 150 N HARBIN DR STE 408 STEPHENVILLE TX 76401-2800		
To:	MICHELE AUDREY SHACKELFORD 800 LAKEWOOD DR KENNEDEALE TX 76080-2876		
<small>* Retail Pricing Priority Mail rates apply. There is no fee for USPS Tracking® service on Priority Mail service with use of this electronic rate shipping label. Refunds for unused postage paid labels can be requested online 30 days from the print date.</small>			

Del'd @ 11:00 Am 6-19-18



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Check the status of your shipment on the USPS Tracking® page at usps.com

OATH FOR PURCHASER OR ACQUIRING ENTITY

STATE OF Texas

COUNTY OF Tarrant

I, [Redacted Name], being duly sworn, file this application for

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

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

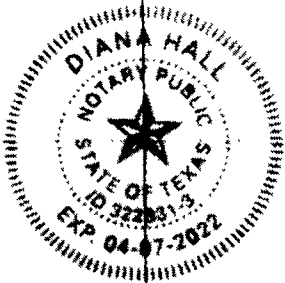
[Handwritten Signature]
AFFIANT
(Utility's Authorized Representative)

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

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this day [Redacted] of [Redacted], 20[Redacted].

SEAL



[Handwritten Signature: Dian Hall]
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

[Redacted Name]
PRINT OR TYPE NAME OF NOTARY

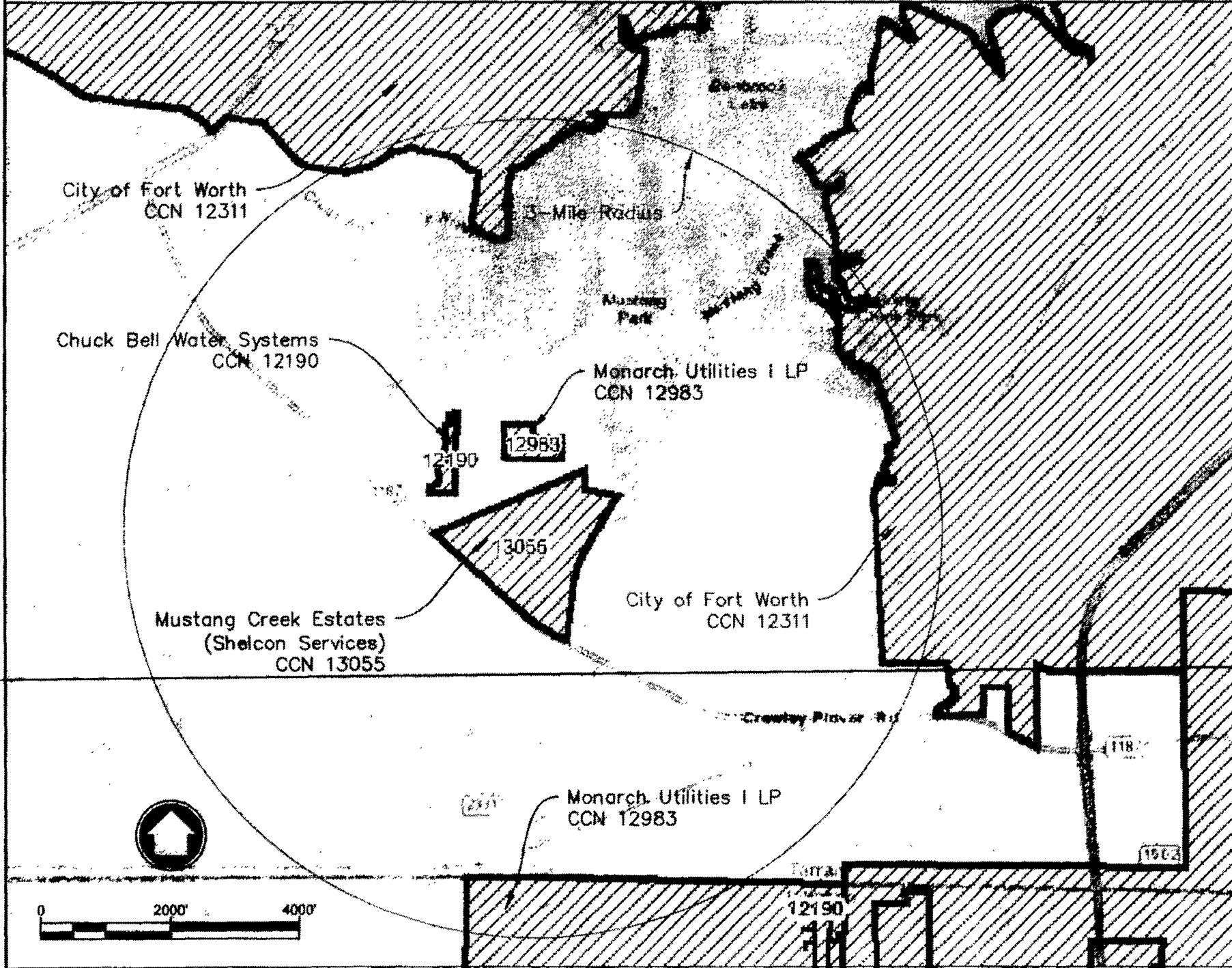
MY COMMISSION EXPIRES [Redacted]

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

**Crest Water Company
Maps/Drawings**



Mustang Creek CCN

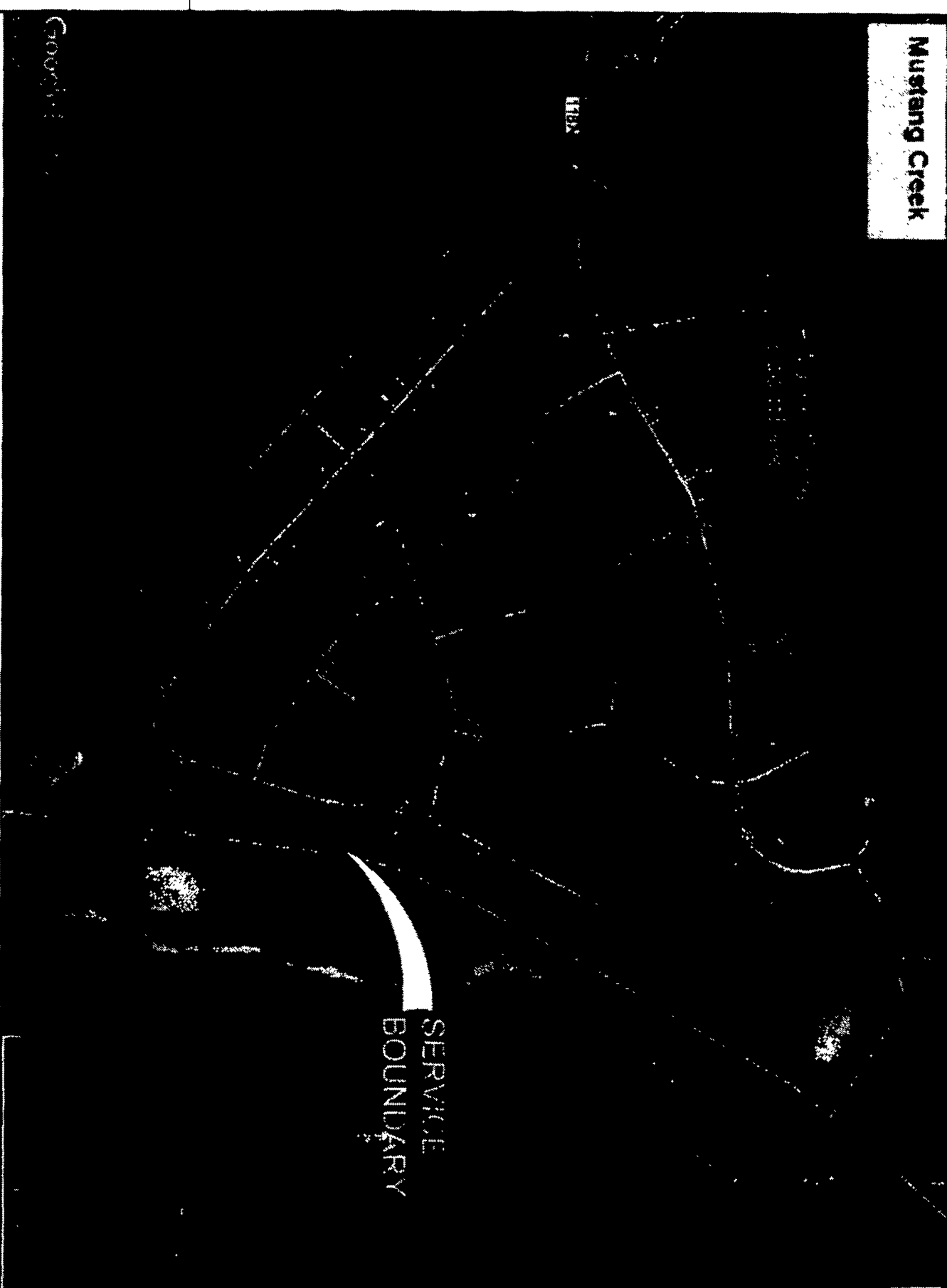


Mustang Creek Estates Tarrant County, Texas CCN Map	
consulting environmental engineers, inc. <small>10000 Ross Street, Suite 200, Fort Worth, TX 76101 (817) 335-1100 Fax: (817) 335-1101 www.ceei.com</small>	
Date May 9, 2018	Drawn By TK
Scale 1" = 2000'	

Mustang Creek

11211

Good



SERVICE BOUNDARY

Date
May 10, 2018

Drawn By
TK

Scale
1"=800'



consulting environmental engineers, inc.
 900 W. Buckner Street, Suite 400 • Fort Worth, TX 76104
 (817) 342-0000 • Fax: (817) 342-0001 • Email: ce@cee.com
 www.cee.com

Mustang Creek Estates
Tarrant County, Texas

Site Map

**Crest Water Company
Notice Form A**



Notice to Current Customers, Neighboring Systems and Cities

Michele A. Shackelford 'S
(Seller's or Transferor's Name)

NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) NO

13055

TO

Crest Water Company

(Purchaser's or Transferee's Name)

IN _____ COUNTY, TEXAS

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

(Address)

City State Zip

Michele A. Shackelford 101 W. Green Oaks Blvd. STE 305, PMD 143 Arlington, TX 76016-4663
Sellers or Transferors' Name Address City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell facilities and transfer water or sewer (please select) CCN No. 13055 in Tarrant [County Name]

County to:

Crest Water Company P.O. Box 460 Keene, TX 76059
Purchasers or Transferee's Name Address City/State/Zip Code

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

Mustang Creek Estates (TX2200353)

The area subject to this transaction is located approximately 8 miles west [direction] of downtown Crowley, [City or Town] Texas, and is generally bounded on the north by

Ben Day Murkin Road, on the east by Winscott Plover Road; on the south by Farm to Market 1187; and on the west by Bucking Bronc Drive

The total area being requested includes approximately 513 acres and serves 273 current customers.

This transaction will have the following effect on the current customer's rates and services:

An increase in rates and services- See Exhibit

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

To request a hearing, you must:

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

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

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

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

**Se desea informacion en Espanol, puede llamar al
1-888-782-8477**

James A. Dyche

Utility Representative

Crest Water Company

Utility Name

**Crest Water Company
Notice of Proposed Rate Change**



NOTICE OF PROPOSED RATE CHANGE
TO BE PROVIDED TO CUSTOMERS
PURSUANT TO TEX. WATER CODE § 13.187

AFFIDAVIT

STATE OF TEXAS

COUNTY OF

Tarrant

I, James A. Dyche being duly sworn, file this **NOTICE OF PROPOSED RATE CHANGE**

as

Owner

(indicate relationship to Utility, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Utility); that, in such capacity, I am qualified and authorized to file and verify such NOTICE; and that all statements made and matters set forth herein are true and correct.

I further represent that a copy of the attached NOTICE was provided by

Mail

(method of delivery)

to each customer or other affected party on or about _____, 20____

James A. Dyche

AFFIANT

(Utility's Authorized Representative)

Crest Water Company

NAME OF UTILITY

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

SUBSCRIBED AND SWORN TO BEFORE ME,

this the _____ day of _____, 20____, to certify which witness my hand and seal of office.

SEAL

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION _____

EXPIRES

P.U.C. DOCKET NO. _____ *

**NOTICE OF PROPOSED RATE CHANGE
PURSUANT TO TEX. WATER CODE § 13.187**

Crest Water Company

12037

Company Name

CCN Number(s)

has filed a rate change application with the Public Utility Commission of Texas (Commission or PUC). The application may be reviewed online at interchange.puc.texas.gov. You may also inspect a copy of the rate change application at your utility's office at the address below or at the Commission's office (1701 N. Congress Ave. Austin, TX 78701). The proposed rates will apply to service received after the effective date provided below, unless modified or suspended by the Commission. Persons wishing to intervene in, or comment on, these proceedings should notify the Commission as soon as possible, by filling out the form on the next page as an intervention deadline will be imposed.

EFFECTIVE DATE OF PROPOSED INCREASE:

(must be at least 35 days after notice is provided to customers and 35 days after application is filed)

(Proposed rates requested by the utility are not final. The Commission may modify the rates and order a refund or credit against future bills all sums collected during the pendency of the rate proceeding in excess of the rate finally ordered plus interest.)

Reason(s) for proposed Rate Change:

Increase in production expense

BILLING COMPARISON

Water

Existing	5,000 gallons:	\$ <u>10.00</u> /mo	Proposed	5,000 gallons:	\$ <u>23.00</u> /mo
Existing	10,000 gallons:	\$ <u>20.00</u> /mo	Proposed	10,000 gallons:	\$ <u>46.00</u> /mo
Existing	30,000 gallons:	\$ <u>78.80</u> /mo	Proposed	30,000 gallons:	\$ <u>146.80</u> /mo

Sewer

Existing	5,000 gallons:	\$ _____ /mo	Proposed	5,000 gallons:	\$ _____ /mo
Existing	10,000 gallons:	\$ _____ /mo	Proposed	10,000 gallons:	\$ _____ /mo

Mustang Creek Estates

Subdivision(s) or System(s) Affected by Rate Change

840 Old Boley Road

Keene

TX

76048

Company Address

City

State

Zip

(817) 645-6483

Company Phone Number

94,000.00

Annual Revenue Increase

Date Notice Delivered

5/25/2004

Date of Last Rate Change

5th, 20th, or 30th

Date Meters Typically Read

* Prior to providing notice, the utility shall file a request for the assignment of a docket number for the application.

P.U.C. DOCKET NO. _____

RATEPAYER COMMENTS/REQUESTS TO INTERVENE
(please circle one)

If you wish to comment on, or intervene in, the proposed rate change, submit this form and 10 copies to:

**Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326**

CUSTOMER INFORMATION (to be completed by customers submitting comments or requests to intervene)

First Name: _____ Last Name: _____

Phone Number: _____ Fax Number: _____

Address, City, State: _____

Location where service is received: _____

(if different from the mailing address)

PLEASE SELECT ONE OF THE FOLLOWING:

I wish to be a COMMENTER. I understand that: I am NOT a party to this case; my comments are not considered evidence in this case; and I have no further obligation to participate in the proceeding. Public comments may help inform the PUC of the public concerns and identify issues to be explored. Please provide comments below. Attach a separate page, if necessary.

I am requesting to INTERVENE in this proceeding. As an INTERVENOR, I understand that: I am a party to the case; I am required to respond to all discovery requests from other parties; I may be required to attend hearings, and if I file testimony, I may be cross-examined in the hearing; if I file any documents in the case, I must provide a copy to every other party in the case; and I acknowledge that I am bound by the Procedural Rules of the PUC and the State Office of Administrative Hearings (SOAH).

Signature of Commenter or Intervenor: _____

Date: _____

**Si desea informacion en Espanol, puede llamar al
1-888-782-8477**

**Hearing- and speech-impaired individuals with text telephones may contact the PUC's Customer Assistance
Hotline at
512-936-7136**

NOTICE OF PROPOSED RATE CHANGE - WATER

CURRENT RATES				PROPOSED RATES	
Monthly base rate including Meter Size: RESIDENTIAL	_____ g gallons			Monthly base rate including Meter Size: RESIDENTIAL	_____ g gallons
5/8" or 3/4"	\$	21.00		5/8" or 3/4"	\$ 39.00
1"	\$	33.40		1"	\$ 97.50
1 1/2"	\$	66.60		1 1/2"	\$
2"	\$	106.80		2"	\$ 195.00
3"	\$	200.00		3"	\$ 312.00
Other: 4"	\$	333.40		Other: Pass Through Water Fee	\$ 0.23/1000 gals
GALLONAGE CHARGE:			GALLONAGE CHARGE:		
TIER	VOLUME	CHARGE per 1000 gals.	TIER	VOLUME	CHARGE per 1000 gals.
Tier 1	0 to 10,000 gals.	\$ 2.00 /1000 gals.	Tier 1	0 to 10,000 gals.	\$ 4.60 /1000 gals.
Tier 2	10,001 to _____ gals.	\$ 2.94 /1000 gals.	Tier 2	10,001 to 20,000 gals.	\$ 4.85 /1000 gals.
Tier 3	_____ to _____ gals.	\$ _____ /1000 gals.	Tier 3	20,001 to 30,000 gals.	\$ 5.10 /1000 gals.
Tier 4	_____ to _____ gals.	\$ _____ /1000 gals.	Tier 4	30,001 to 40,000 gals.	\$ 5.35 /1000 gals.
Tier 5	_____ to _____ gals.	\$ _____ /1000 gals.	Tier 5	40,001 to 50,000 gals.	\$ 5.60 /1000 gals.
			Tier 6	50,001 to 60,000 gals.	\$ 5.85/1000 gals.
			Tier 7	60,001 to 70,000 gals.	\$ 6.10/1000 gals.
			Tier 8	70,001 + gals.	\$ 6.35/1000 gals.
MISCELLANEOUS FEES			MISCELLANEOUS FEES		
Tap Fee	\$	500.00	Tap Fee	\$	550.00
Reconnect fee: Non-payment	\$	25.00	Reconnect fee: Non-payment (Maximum - \$25.00)	\$	25.00
Customer's Request	\$	45.00	Customer's Request	\$	40.00
Transfer Fee	\$	45.00	Transfer Fee	\$	40.00
Late Charge	\$	5.00	Late charge: (Indicate either \$5.00 or 10%)	\$	10.00
Returned Check Charge	\$	25.00	Returned Check Charge	\$	35.00
Deposit	\$	50.00	Deposit (Maximum \$50.00)	\$	50.00
Meter test fee	\$	25.00	Meter test fee (Maximum - \$25.00)	\$	25.00

Regulatory Assessment of 1% is added to base rate and gallonage charges. Additional fees and meter sizes may be shown on a separate page.

If applicable, list any bill payment assistance programs to low income Ratepayers.

**Crest Water Company
Legal Documents**



**CONTRACT FOR THE PURCHASE OF A PUBLIC
DRINKING WATER SYSTEM IN TARRANT COUNTY, TEXAS**

Shelcon Services ("Seller") and Crest Water Company, ("Buyer"), enter into the following agreement ("Contract") for the purchase of the Public Drinking Water System which seller has built and is operating in Tarrant County, Texas, as herein provided.

WITNESSETH::

WHEREAS, SELLER has a public drinking water system, CCN#13055 and PWS#2200353 (hereinafter referred to as the "Water System") in Tarrant County, Texas; and

WHEREAS, BUYER owns and operates a state-certified retail public water utility/public drinking water system and desires to purchase the Water System and to amend its' certificate of convenience and necessity ("CCN") to include the Water System's service area and such neighboring properties as BUYER may desire to serve in the future via the Water System; and

WHEREAS, SELLER is willing to sell the Water System to BUYER under the terms and conditions provided herein; and

WHEREAS, certification and sale of the Water System as provided herein will insure that a state-approved public drinking water system will be operated within the Service Area which is capable of providing continuous and adequate service to consumers under applicable codes and the regulations without unreasonable or unduly burdensome financial impact on SELLER, BUYER, or BUYER'S customers (current and future); and

WHEREAS, SELLER and BUYER acknowledge their intention to fully comply with the provisions of Chapter 13 of the Texas Water Code (said statute hereinafter referred to as the ("Code")) and corresponding administrative rules and Texas Commission on Environmental Quality ("TCEQ") and Public Utilities Commission ("PUC") regulations concerning the subject matter of this Contract; and

WHEREAS, the parties knowingly enter into Contract conditioned upon state approval as required by law;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES, THE MUTUAL PROMISES AND COVENANTS HEREIN CONTAINED, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, SELLER AND BUYER COVENANT, STIPULATE AND DECLARE AS FOLLOWS:

ARTICLE 1
SELLER'S OBLIGATIONS

- (1) SELLER shall be obligated to sell, transfer, and convey the Water System to BUYER for the consideration provided herein upon approval of this transaction by the TCEQ and PUC.
- (2) SELLER shall obtain and convey to BUYER all existing permanent public utility easements by survey and assignment by suitable, lawfully recorded written instrument. Such easements shall be at least fifteen (15) feet in width.

Access to all well sites shall be via perpetual recorded rights-of-way easements suitable for the construction, use, and maintenance of an all-weather access road or driveway from each well site to the nearest paved public road. Such easements shall be at least (20) feet in width.

SELLER shall also convey existing sanitary-control and such other easements as may be required by law. All such easements shall conform to the requirements of 30 TAC 290.41 (c) (7).

- (3) SELLER shall convey in fee simple the water wells and plant site defined by survey attached hereto as Exhibit "A" and incorporated herein by reference for all purposes. SELLER shall convey by recordable Bill of Sale all personal property associated with the Water System.
- (4) SELLER shall prepare, subject to the review and approval of BUYER's counsel, all conveyance documents.
- (5) SELLER shall pay all property taxes to day of closing. SELLER shall provide BUYER with tax certificates prior to closing.

ARTICLE 2
PROPERTY TO BE CONVEYED

The property ("PROPERTY") to be conveyed by SELLER to BUYER under this Contract consists of:

- (1) The Water System "AS IS, WHERE IS" on the date of execution of this Contract. Included within the definition of the term "Water System" with limitation are:
 - (A) The water well sites and certain real property surrounding them shown on Exhibit "A".
 - (B) All personal property which is part of the Water System, including but not limited to, production equipment, chemical treatment equipment, pumps, tanks, distribution and transmission lines, services and meters, valves, controls, books and records of investments and expense, customer records, inspection reports, regulatory correspondence, engineering reports, plans and specifications and all governmental permits and licenses.
- (2) An access easement to the water well site as described above. The access easement shall be exclusive and shall run with the land associated with the well site.
- (3) One hundred fifty foot (150') sanitary control easements, in conformance with TCEQ/PUC regulations, around the water well.

- (4) Existing public utility easements for all water lines and mains and piping in the Water System.

ARTICLE 3
BUYER'S CONSIDERATION TO SELLER

- (1) BUYER will pay SELLER fifty thousand dollars (\$50,000.00) at closing of sale which shall occur within sixty (60) days of TCEQ/PUC approval of the transfer of the Mustang Creek Estates Water System to Crest Water.

BUYER will operate the SYSTEM according to TCEQ/PUC rules until TCEQ/PUC approves the transfer of the System to Crest Water and the ensuing closing occurs or until the expiration of one year, whichever occurs first.

- (2) BUYER will pay all costs involved in permitting, constructing, testing, and placing into public service any additional, future TCEQ/PUC approved water wells and associated production, storage, and treatment facilities necessary to provide continuous and adequate water utility service to the Service Area.
- (3) BUYER shall prepare and prosecute, at its expense, the application for TCEQ/PUC approval of this sale. Each party shall bear the cost of their own attorneys, engineers, accountants, consultants, or other agents in obtaining such state approval.
- (4) BUYER shall pay all surveying costs associated with this transaction.
- (5) BUYER shall pay all property taxes from the day of closing.

ARTICLE 4
TITLE INSURANCE/CLOSING/FORT WORTH AGREEMENT

- (1) SELLER will not be required to furnish BUYER with an Owner's Policy of Title Insurance. However, the property to be conveyed in fee shall be conveyed by General Warranty Deed without liens or encumbrances of any kind on any portion of the Water System. If SELLER cannot furnish BUYER with an Owner's Policy of Title Insurance or cannot convey this property by General Warranty Deed without liens or encumbrances of any kind on any portion of the Water System then BUYER and SELLER may negotiate a settlement to transfer the Water System to BUYER which may include agreements with those parties who do hold titles or interests in the Water System, reduction or elimination of \$50,000.00 purchase price, or other stipulations to facilitate the transfer.

Sellers warrants that it has good, clear and marketable title to all assets (real and personal) to be conveyed hereunder. This warranty shall survive closing and shall not be subject to any limitations otherwise provided by law.

- (2) BUYER shall be responsible for obtaining any title insurance desired by BUYER; however, SELLER shall be obligated for clearing up any title deficiencies or limitations not acceptable to BUYER under SELLER'S warranties arising hereunder.
- (3) In the Agreement Regarding Water and Sewer Service (Exhibit B attached) between the City of Fort Worth, Shelcon Water Co., Inc., and Lonesome Dove Development, LFLD, certain items in the agreement are not acceptable to BUYER. BUYER at his expense will employ lawyers and engineers to try to re-negotiate a new agreement with the City of Fort Worth. If these efforts on the part of BUYER are not successful, then BUYER may offer to reduce or eliminate the \$50,000.00 purchase price to SELLER to close the transfer. If these efforts are not successful then this contract shall become null and void.
- (4) The closing ("CLOSING") hereof shall occur on a mutually acceptable date following receipt of authorization to close the sale contemplated herein from the TCEQ/PUC or its designated representative. Closing shall be timed as near as possible to occur on the last day of the normal billing cycle during which such authorization is received; but in no event Closing shall occur sooner than ten (10) days nor later than thirty (30) days after receipt of such authorization. The Closing may be scheduled by either party upon seven (7) days prior notice to the other party of the date of Closing.
- (5) SELLER and BUYER each agree to exercise diligent, good-faith efforts to obtain TCEQ/PUC approval of the sale contemplated herein. Each part will bear their respective expenses in regard to such proceedings.
- (6) If the TCEQ/PUC denies the parties' approval application then this Contract shall become null and void.

ARTICLE 5
REMEDIES

The parties acknowledge that full and faithful performance of this Contract is material to each respective party and their willingness to be bound by the same. The parties further acknowledge that full and faithful compliance with all TCEQ/PUC or applicable governmental orders issued during the regulator review and approval proceeding(s) arising there from is critical to the successful closing of this Contract. Accordingly the parties agree that the principal, but not exclusive, remedies for any breach hereunder shall be:

IF BUYER fails to comply herewith, BUYER shall be in default, and SELLER may;

- (A) enforce the Contract through judicially ordered specific performance; or
- (B) seek such other relief in equity or as may be provided by law

IF SELLER fails to comply herewith, SELLER shall be in default, and

BUYER may

- (3) This Contract shall be binding on the heirs, executors, administrators, legal representatives, successors and permitted assigns of the respective parties. This Contract may not be assigned by either party without written consent of the other party, which consent shall not be unreasonable without.
- (2) This Contract supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof, and no other agreement, statement or promise relating to the subject matter of this Contract which is not contained herein shall be valid or binding.

Mr. Charlie Gillespie
 Consulting Environmental Engineers
 150 N. Harbin Dr. Suite 408
 Stephenville, TX 76401

BUYER: Crest Water Company - James Dyer (Owner)
 POB 460840 N. Old Derry Road
 Keene, TX 76059
 817-645-5493

SELLER:
 Shelton Services
 4101 W. Green Oaks Boulevard
 Suite 305
 PMB 143
 Arlington, TX 76016

- (1) Addresses for Notice. The addresses of the parties for purposes of notice, correspondence or other matters arising here from shall be the following until written notice to the other parties any change:

With copy to:

ARTICLE 7
 SPECIAL PROVISIONS

- (2) There are no brokers in this transaction for either party. SELLER and BUYER each agree to save and hold each other harmless from any liability or claim for any commission to any third party claiming by, through or under SELLER or BUYER, respectively.

- (1) BUYER is hereby advised that he should have the abstract covering the herein described real estate examined by an attorney of his selection, or be furnished with or obtain a policy of title insurance.

ARTICLE 6
 ABSTRACTS AND HOLD HARMLESS AGREEMENTS

- (A) enforce the Contract through judicially ordered specific performance; or
- (B) Seek such other relief in equity or as may be provided by law.

- (4) This Contract may be amended by the mutual agreement of the parties herein in a written instrument specifically referencing this Contract.
- (5) The headings used in this Contract are for administrative purposes only and do not constitute substantive matter to be considered in construing the terms of this Contract.
- (6) Wherever the context shall so require, all words herein in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.
- (7) Any and all notices or other communications required or permitted by this Contract or by law to be delivered to, served on, or given to either party to this Contract, by the other party to this Contract or by the Title Company, shall be in writing and shall be deemed properly delivered, given or served when personally delivered to either party, BUYER or SELLER, to whom it is directed, or in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, certified mail, return receipt requested, at the address for notices set forth in this Contract. BUYER or SELLER may change this address for the purposes of this Paragraph by giving written notice of the change to the other party in the manner provided in this Section.
- (8) If SELLER is not a "foreign person" as defined in the Federal Foreign Investment in Real Property Tax Act of 1980 and the 1984 Tax Reform Act, as amended ("the federal tax law"), then at the Closing, SELLER will deliver to BUYER a certificate so stating, in a form complying with the federal tax law. IF SELLER is a "foreign person" or if the SELLER fails to deliver the required certificate at the CLOSING, then in either such event SELLER shall comply with the withholding provisions of the federal tax law.
- (9) This Contract is performable in Tarrant County, Texas. All parties agree that if any party should default on any of the conditions and covenants hereunder or threaten to do so, or should it be necessary for any reason for either to hire or retain an attorney to represent them in connection with this Contract, the party found to be responsible agrees to pay the prevailing party a reasonable amount for costs and attorney's fees. The parties agree that this agreement may be enforceable by specific performance as well as any other remedy available at law or in equity. Venue over any civil cause of action arising from this agreement shall lie in the court of Tarrant County, Texas unless such action may be joined with a cause of action arising under the parties contract for the operation of the Water System in which case, the parties agree that venue shall lie in Tarrant County, Texas and shall be subject to and interpreted by the laws of the State of Texas.
- (10) The parties acknowledge herein that the performance of various covenants and obligations arising hereunder shall not occur until after closing. Therefore, all covenants and obligations created by and terms of conditions of this Contract shall survive closing and shall be binding on all parties, their heirs, successors, and assigns. After closing of the sale of the Water System, BUYER shall have exclusive control over the management and operation of the Water System, subject only to governmental health, safety, and service regulations. After closing, SELLER's only interest in the Water System shall be that of User.

(11) There are no third party beneficiaries of this Contract not expressly named herein and none are intended.

EXECUTED IN Tarrant COUNTY, TEXAS ON December 12 2016.

SELLER

By: [Signature]

Name Michael Shefferd
Title Owner

State of Texas
County of Tarrant

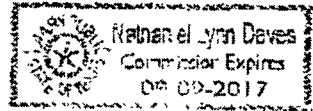
Before me, a notary public, on this day personally appeared
Michael Shefferd
known to me to be the person whose name is subscribed to the
foregoing document and, being by me first duly sworn, declared
that the statements therein contained are true and correct.

12-09-2016
[Signature]

BUYER

By: James A. Dyche

Name James A. Dyche
Title Owner - Crest Water Co.



ATTESTATION FORM

I, James A. Dyche, being first duly sworn, hereby declare that I sign and execute Contract for the Purchase of a Public Drinking Water System in Tarrant County, Texas willingly, that I execute it as my free and voluntary act for the purposes therein expressed, and that I am eighteen years of age or older, of sound mind, and under no constraint or undue influence.

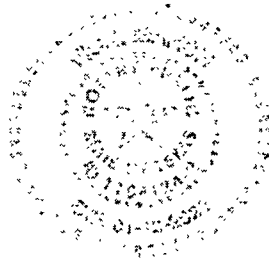
James A. Dyche

STATE OF TEXAS

) SS.
)

COUNTY OF JOHNSON

Subscribed, sworn to and acknowledged before me by this 9th day Dec. of 2016.



Vicki Marsh
Notary Public

CONTRACT FOR THE OPERATION AND MAINTENANCE
OF A PUBLIC DRINKING WATER SYSTEM IN
TARRANT COUNTY, TEXAS

SHELCON SERVICES ("SYSTEM OWNER") AND CREST WATER COMPANY ("CONTRACTOR") ENTER INTO THE FOLLOWING AGREEMENT ("CONTRACT") FOR THE OPERATION AND MAINTENANCE OF THE PUBLIC DRINKING WATER SYSTEM CCM#13055 WHICH SYSTEM OWNER HAS BUILT AND IS OPERATING IN TARRANT COUNTY, TEXAS, AS HEREIN PROVIDED.

WITNESSETH:

WHEREAS, SYSTEM OWNER has a public drinking water system ("Water System") PWS#2200353, serving the Mustang Creek Estates in Tarrant County, Texas ("Service Area") and desires to retain an experienced water utility service operator to operate, service, and maintain it within the safe drinking water standards and other regulatory rules of the Texas (Commission on Environmental Quality ("TCEQ") and Public Utility Commission ("PUC").

WHEREAS, CONTRACTOR is an experienced retail public water utility knowledgeable and experienced in constructing, operating, maintaining, and repairing state-approved public drinking water systems under state and federal regulatory standards; and

WHEREAS, SYSTEM OWNER and CONTRACTOR shall enter into a contract of sale ("Contract of Sale") wherein SYSTEM OWNER will sell the Water System to CONTRACTOR subject to such approvals and contingencies as are recited therein; and

WHEREAS, pending such sale, SYSTEM OWNER desires to retain CONTRACTOR to operate, service, and maintain the Water System under terms and conditions recited herein as SYSTEM OWNER'S contract licensed Water System operator; and

WHEREAS, "Users" as referred to herein are persons who will purchase water from the SYSTEM OWNER or CONTRACTOR; and

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES, THE MUTUAL PROMISES AND COVENANTS HEREIN CONTAINED, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF

WHICH IS HEREBY ACKNOWLEDGED, SYSTEM OWNER AND CONTRACTOR COVENANT, STIPULATE AND DECLARE AS FOLLOWS:

- (1) CONTRACTOR shall furnish, deliver, and supply all the work, labor, materials and services necessary to properly operate in a good and workmanlike manner, SYSTEM OWNER'S water system within the Service Area, including providing a supply of safe drinking water acceptable to the TCEQ/PUC. Contractor shall agree to operate the entire Water System on an independent contractor basis.
- (2) SYSTEM OWNER shall hold title to the water system and all component parts thereof. Nothing in this agreement shall be interpreted to deprive SYSTEM OWNER of its property ownership rights in the Water System.
- (3) CONTRACTOR shall have the SYSTEM'S OWNER general power of attorney to represent SYSTEM OWNER as its agent in all regulatory matters related to the Water System before any federal, state, county, municipal or other court, regulatory agency, and/or department. As SYSTEM OWNER's "attorney-in-fact", CONTRACTOR shall be charged with applying for PUC Transfer for the certificate of convenience and necessity ("CCN") for the Service Area and water utility tariff, if the same are now required by law for the Water System in the manner it is now being operated by SYSTEM OWNER. The water utility tariff shall conform to the covenants made by SYSTEM OWNER in the Contract of Sale.
- (4) CONTRACTOR is responsible for the work necessary to properly operate the Water System including, but not limited to, the following:
 - (a) Proper engineering of water system modifications, improvements and upgrades according to plans and specifications reviewed and approved by a licensed registered professional engineer if the same require such approval by law.
 - (b) Obtaining any necessary state approval of all water system plans and specifications, CCN applications, and water utility tariffs.
 - (c) Handling any rate, licensing, and complaint hearings before the PUC/TCEQ or other regulatory authority having jurisdiction over rates and services with the Water System.
 - (d) All testing and reporting requirements of applicable regulatory agencies, including public and individual User notices.
 - (e) All repairs and maintenance of the water system to operate the water system in compliance with the regulatory standards of the PUC/TCEQ.

CONTRACTOR will provide labor, tools, and heavy equipment at his expense for repairs and maintenance of the water system. CONTRACTOR will not do repairs and maintenance on the system requiring materials paid for by OWNER, without first notifying OWNER and substantiating that said repairs and maintenance are required to meet TCEQ/PUC requirements. OWNER will then allow CONTRACTOR to deduct cost of materials from customer receipts. Approximate materials cost known at the time of the signing of this agreement are:

1. New Automatic switchover gas chlorinators and scales-\$4637.22
2. 2-new 2" turbine well meters @ \$775.00=\$1550.00
3. Sensaphone Dialer = \$600.00

CONTRACTOR is willing to trade water system supplies that OWNER has in storage as payment for CONTRACTOR'S cost of materials above and other necessary materials to maintain water system during the term of this contract for operation and maintenance. If OWNER and CONTRACTOR cannot reach a mutually acceptable trade agreement of OWNER'S stored supplies, then the cost of materials shall be deducted from funds generated by users' water bills as those funds become available. If either of the system's two wells have to be pulled for repairs during the term of this contract, and trade of OWNER'S supplies and water bill receipts are insufficient to reimburse CONTRACTOR for well repairs, then the specified \$50,000.00 payment due OWNER at closing of Purchase contract shall be reduced to reimburse CONTRACTOR. After the sale of the water system has been approved by the PUC and the CONTRACTOR'S CCN has been amended to include the Mustang Creek water system, then all capital improvements, maintenance, upgrades and repairs of any kind shall be the responsibility of CONTRACTOR.

- (f) All meter readings, user billings, banking and lending institution transactions necessary for the operation of the Water System and payment of all operating, regulatory expenses, utility bills, and chlorine, from the funds generated by users' water bills. CONTRACTOR shall provide OWNER with users' billing and receipt records for each month. CONTRACTOR shall provide OWNER with copy of bank statement for each month showing deposits and checks written for all expenses.
- (g) Investigating all User complaints and the recording and reporting thereof.

(h) During the term of this OPERATION AND MAINTENANCE CONTRACT, any funds generated by users, after all expenses are paid, remaining in account maintained by CONTRACTOR over \$2,000.00 shall be returned to SYSTEM OWNER by mail at the end of each month. At the end of this OPERATION AND MAINTENANCE CONTRACT, all funds in the account shall be returned to SYSTEM OWNER.

- (5) SYSTEM OWNER, in consideration of the faithful performance of this Contract and the completion and delivery of the above-mentioned work, agrees to allow CONTRACTOR to deduct the sum of \$1500.00 on or about the 25th day of each month, with the first payment being due on _____ and the last payment being due on the last day of the month preceding the sale of the water system being approved by the amendment of CONTRACTOR's CCN to include the Service Area and closed.
- (6) CONTRACTOR agrees to notify Users of its office hours and telephone numbers and agrees to give prompt response to repair calls.
- (7) In consideration of CONTRACTOR'S contributions toward the operation and maintenance of the Water System the CONTRACTOR shall have an exclusive right to operate the Water System under the terms and conditions of this agreement, and the exclusive right to purchase the Water System under the terms and conditions of the parties' "Contract for the Purchase of a Public Drinking Water System in Tarrant County, Texas", which contract is incorporated herein by reference and made a part hereof for all purposes. If the sale does not close within one year of the signing date of this contract, CONTRACTOR shall have the option to terminate this contract on the first day of the normal billing month following the event that prevents the closing of the sale.

This exclusive contract may not be canceled by SYSTEM OWNER, their heirs, assigns, or successors in title or interest, by sale, gift, foreclosure, inheritance or otherwise without the written consent of CONTRACTOR.

- (8) The following terms and conditions are further included in this agreement and are agreed to be in full force and effect with the execution of this contract.
- (a) All of the SYSTEM OWNER's rights to operate, service, and maintain the Water System in the Service Area, including, inter alia, the right to produce and sell water, are conveyed to CONTRACTOR for the term of this contract.
- (b) SYSTEM OWNER assigns to CONTRACTOR nonexclusive rights to use utility easements reserved to or held (at law or in equity) by SYSTEM OWNER, its successors and assigns for the purpose of installation or maintenance of the Water System, and any appurtenance to the supply lines thereof, including the right to remove or trim trees, shrubs, or plants.

(c) CONTRACTOR is responsible for providing sufficient potable water for the Service Area and acceptable to the TCEQ/PUC. CONTRACTOR shall be authorized to interconnect the Water System with other public drinking water systems owned or operated by the CONTRACTOR subject to such governmental approvals as may be required by law and as provided herein. If this Contract terminates for reasons other than the closing of the sale, CONTRACTOR may sever and remove such interconnection(s) without penalty.

(d) CONTRACTOR shall comply with the current TCEQ/PUC rules and regulatory requirements as the same affect the Water System without regard to CONTRACTOR'S compliance with such regulations in other water systems owned or operated by CONTRACTOR. SYSTEM OWNER acknowledges that it is aware that some of CONTRACTOR's other water systems may be deficient in minimum plant capacities and/or water quality.

(e) CONTRACTOR shall indemnify and save harmless SYSTEM OWNER and its agents or employees from all suits, actions, or claims of any character, type, or description brought or made on account of negligence or acts of omission or commission by CONTRACTOR or his representatives, assigns, or heirs occurring after the date of this agreement and relating in any way to water service to the Water System. In the event a claim is made or a lawsuit is filed which would be subject to this indemnity, SYSTEM OWNER its agents or employees, shall have the right to employ counsel, which counsel shall be satisfactory to CONTRACTOR, and CONTRACTOR shall pay the reasonable and necessary attorney's fees incurred in defending such claim at the time fees are billed by the attorney.

(f) SYSTEM OWNER SHALL INDEMNIFY AND SAVE HARMLESS CONTRACTOR and its agents and employees from all suits, actions, or claims of any character, type, or description brought or made on account of negligence or acts of omission or commission by SYSTEM OWNER or its representatives, assigns or heirs occurring prior the date CONTRACTOR assumes control over the Water System and relating in any way to water service to the Water System. In the event a claim is made or a lawsuit is filed which would be subject to this indemnity, CONTRACTOR, its agents or employees, shall have the right to employ counsel, which counsel shall be satisfactory to SYSTEM OWNER, and SYSTEM OWNER shall pay the reasonable and necessary attorney's fees incurred in defending such claim at the time fees are billed by the attorney.

(9) CONTRACTOR agrees that all material in the construction, repair and expansion of the Water System shall conform to the current requirements of TCEQ/PUC.

- (10) All parties agree that if any party(ies) should default on any of the conditions and covenants hereunder or threaten to do so, or should it be necessary for any reason for either to hire or retain an attorney to represent them in connection with the Contract, the party(ies) found to be responsible agrees to pay the prevailing party(ies) a reasonable amount for costs and attorney's fees. The parties agree that this agreement may be enforceable by specific performance as well as any other remedy available at law or in equity.

Venue over any civil cause of action arising from this agreement shall lie in the courts of Johnson County, Texas, the county of residence of CONTRACTOR and his principal place of business where this contract is entered into, and shall be subject to and interpreted by the laws of the State of Texas. Venue over any administrative cause of action arising from this agreement shall lie with TCEQ/PUC and the courts of Travis County, Texas.

- (11) SYSTEM OWNER and CONTRACTOR acknowledge receipt of a complete copy of this Contract and further acknowledge that they have carefully examined all terms and conditions and fully understand them.
- (12) The official addresses of the parties for purposes of notices, correspondence or other matters arising herefrom shall be the following until written notice to the other parties of any change:

SYSTEM OWNER:
 Shelcon Services
 4101 W. Green Oaks Boulevard
 Suite 305
 PMB 143
 Arlington, TX 76016

With copy to:

CONTRACTOR:

Crest Water Company
POB 460/840 N. Old Betsy Road
Keena, TX 76059
817-645-5493/Fax: 817-517-7141

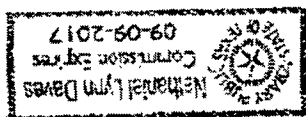
With copy to:

Charlie Gillespie-CEE
150 N. Harbin Drive
Stephenville, TX 76401

- (13) This Contract supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof, and no other agreement, statement or promise relating to the subject matter of this Contract which is not contained herein shall be valid or binding. There are no third party beneficiaries to this Contract and none are intended.
- (14) This Contract shall be binding on the heirs, executors, administrators, legal representatives, successors and permitted assigns of the respective parties.
- (15) The validity of this Contract and any of its terms or provisions, as well as the rights and duties of the parties hereunder, shall be governed by the laws of the State of Texas.
- (16) This contract may be amended by the mutual agreement of the parties herein in a written instrument specifically referencing this Contract.
- (17) Wherever the context shall so require, all words herein in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.
- (18) Any and all notices or other communications required or permitted by this Contract or by law to be delivered to, served on, or given to either party to this Contract, by the other party to this Contract, shall be in writing and shall be deemed properly delivered, given or served when personally delivered to either party, CONTRACTOR or SYSTEM OWNER, whom it is directed, or in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, certified mail, return receipt requested, at the addresses for notices set forth in this Contract. CONTRACTOR or SYSTEM OWNER may change this address for the purposes of this paragraph by giving written notice of the change to the other party in the manner provided in this Section.

EXECUTED IN Tarrant COUNTY, TEXAS ON 12-09
2016.

Title: COUNCIL
 Name: James W. Dyck
 By: James A. Boyer
 CONTRACTOR - CREST WATER COMPANY



I declare that I am a duly sworn and qualified notary public, in the State of Texas, and on this day personally appeared Nathaniel Lynn Daves, known to me to be the person whose name is subscribed to the foregoing document and, being by me and duly sworn, declared and the statement is true and correct.

State of Texas
 County of Tarrant

Title: OWNER
 Name: James A. Boyer
 By: [Signature]
 OWNER - SHELL CON SERVICES

ATTESTATION FORM

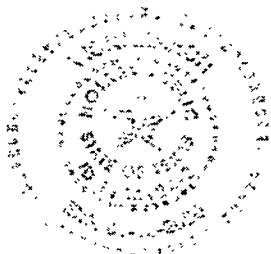
James A. Dyche, being first duly sworn, hereby declare that I sign and execute Contract for the Operation and Maintenance of a Public Drinking Water System in Tarrant County, Texas willingly, that I execute it as my free and voluntary act for the purposes therein expressed, and that I am eighteen years of age or older, of sound mind, and under no constraint or undue influence.

James A. Dyche

STATE OF TEXAS
COUNTY OF JOHNSON

) SS.
)

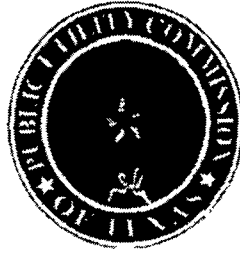
Subscribed, sworn to and acknowledged before me by this 9th day Dec. of 2016.



Vicki Marsh
Notary Public

**Crest Water Company
Tariff**





WATER UTILITY TARIFF
Tariff Control Number 46600

James A. Dyche dba Crest Water Company
(Utility Name)

PO Box 460, 840 Betsy Road
(Business Address)

Keene, Texas 76049
(City, State, Zip Code)

(817) 645-5493
(Area Code/Telephone)

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

12037

This tariff is effective in the following counties:

Ellis, Hill, Johnson, Somervell

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

None

This tariff is effective in the following subdivisions or systems:

See Attached List

TABLE OF CONTENTS

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

SECTION 1.0 – RATE SCHEDULE.....	3
SECTION 2.0 – SERVICE RULES AND POLICIES.....	5
SECTION 2.20 – SPECIFIC EXTENSION POLICY.....	10
APPENDIX A – DROUGHT CONTINGENCY PLAN	

List of Subdivisions/Systems

SUBDIVISION	PWS ID NUMBER	COUNTY
Buffalo Hills Water System	0700070	Ellis
Chisholm Trail Retreat	1090042	Hill
Cahill Country Water System	1260073	Johnson
Fisherman's Paradise	1260056	Johnson
Granda Vista	1260120	Johnson
Mansfield South	1260066	Johnson
Northcrest Addition	1260034	Johnson
Oak Leaf Trail	1260104	Johnson
Oakridge Mobile Home Subdivision	1260124	Johnson
Oak River Ranch	2130031	Somervell
Rolling Oaks Subdivision	1260064	Johnson
Sunset Canyon	NA	Johnson
Sunshine Country Acres	1260069	Johnson
Thomas Acres	1260068	Johnson
Westover Hills	1260128	Johnson
Woodland Oaks Estates	1260070	Johnson

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (Includes 0 gallons all meters)	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$39.00</u>	<u>\$4.60</u> per 1,000 gallons for 0 – 10,000 gallons
1"	<u>\$97.50</u>	<u>\$4.85</u> per 1,000 gallons for 10,001 – 20,000 gallons
2"	<u>\$195.00</u>	<u>\$5.10</u> per 1,000 gallons for 20,001 – 30,000 gallons
3"	<u>\$312.00</u>	<u>\$5.35</u> per 1,000 gallons for 30,001 – 40,000 gallons
		<u>\$5.60</u> per 1,000 gallons for 40,001–50,000 gallons
		<u>\$5.85</u> per 1,000 gallons for 50,001 – 60,000 gallons
		<u>\$6.10</u> per 1,000 gallons for 60,001 – 70,000 gallons
		<u>\$6.35</u> per 1,000 gallons for 70,001 – gallons

Purchased Water Fee: (Tariff Control No. 46600)

Prairielands Groundwater Conservation District Fee: \$0.023 per each 1,000 gallons

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash X, Check X, Money Order X, MasterCard X, Visa X, Electronic Fund Transfer X
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

Section 1.02 – Miscellaneous Fees

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

TAP FEE \$550.00
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

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

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

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

Tariff Control No. 46600

SECTION 1.0 -- RATE SCHEDULE (Continued)

Section 1.02 – Miscellaneous Fees (continued)

RECONNECTION FEE

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

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

TRANSFER FEE \$40.00

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

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) 10%

PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE \$35.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

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

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY TCEQ AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [30 TAC 24.21(K)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 1.0 -- RATE SCHEDULE (Continued)

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE:

The utility's cost attributed to the water use pumping fees charged by Prairielands Groundwater Conservation District in Ellis County shall be passed through to all customers affected by such fees using the following calculations.

Fixed Charge:

Monthly Minimum Charge + (Annual Fee ÷ Numbers of Customers Affected ÷ 12 months)

Volume Charge:

Monthly Gallonage Charge per 1000 gallons + (Increase or Decrease in Pumpage Fee x 1.15)

To implement or modify the Pass through Adjustment Clause, the utility must comply with all notice requirements of 30 TAC §24.21(1).

Adjusted Gallonage Rate (AG) = $G + [B / (1-L)]$, where:

AG = adjusted gallonage charge, rounded to the nearest one cent;

G = approved gallonage charge, per 1,000 gallons;

B = change in fee per 1,000 gallons;

L = water or sewer line loss for preceding 12 months, not to exceed 0.15 or 15%.

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or commission rules relating to Water and Wastewater Utility regulations, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.01 — Application for Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant before water service is provided by the utility. A separate application or contract will be made for each service location.

Section 2.02 — Water Installation

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and cut-off valve and/or take all necessary actions to initiate service. The utility shall serve each qualified applicant for service within its certified area as rapidly as is practical after accepting a completed application. The utility shall provide service in a timely manner on a non-discriminatory basis.

Service requests not involving line extensions, construction or new facilities shall be filled no later than fourteen (14) working days after a completed application has been accepted. If construction is required which cannot be completed within thirty (30) days, the utility shall provide a written explanation of the construction required and an expected date of service. Service shall be provided within thirty (30) days of the expected date, but no later than 180 days after a completed application was accepted. Failure to provide service within this time frame shall constitute refusal to serve.

2.03 — Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with both state and municipal regulations, the rules and regulations of the utility on file with the Commission and for the following reasons:

1. The applicant's installation or equipment is known to be inadequate or of such character that satisfactory service cannot be given;
2. The applicant is indebted to any utility for the same kind of service as that applied for, provided, however, that in the event the indebtedness of the applicant is in dispute, the applicant shall be served upon complying with the deposit requirement of the utility; or,
3. Refusal to make a deposit, if the applicant is required to make a deposit by the utility.

In the event that the utility shall refuse to serve an applicant, the utility must inform the applicant of the basis of its refusal. The utility is also required to inform the applicant that it may file a complaint with the Commission.

SECTION 2.0 -- SERVICE RULES AND POLICIES (continued)

Section 2.04 — Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 – Miscellaneous Fees of this tariff.

The utility must keep records of the deposit, issue a receipt for it, and credit interest in accordance with PUC Rules. The utility shall maintain all funds received as customer deposits in a separate, federally insured, interest bearing account and shall use such funds only for the purpose of payment of unpaid bills guaranteed by such deposits, payment of interest to depositors, and refund of deposits to depositors.

The utility must automatically refund the deposit plus accrued interest:

1. If service is not connected;
2. After disconnection of service if the deposit or portion of the deposit exceeds any unpaid bills; or,
3. To any residential customer who has paid service bills for 12 consecutive months without being disconnected for non-payment and without more than two occasions in which a bill was delinquent. The refund need not be made if payment on the current bill is delinquent.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

Section 2.05 — Meter Requirements, Readings, and Testing

All water sold by the utility will be billed based on meter measurements. The utility shall provide, install, own and maintain meters to measure amounts of water consumed by its customers. No meter shall be placed in service unless its accuracy has been established.

One meter is required for each residential, commercial, or industrial connection. An apartment building or a trailer or mobile home park may be considered to be a single commercial facility.

Service meters shall be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period. If the circumstances warrant, meters may be read at other than monthly intervals.

Upon request, a customer may have his meter tested, without charge, in his presence or in that of his authorized representative, at a convenient time to the customer, but during the utility's normal working hours. A charge not to exceed that specified in Section 1 of this tariff may be assessed for an additional test.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.06 — Billing

Bills from the utility shall be rendered monthly unless otherwise authorized by the Commission. Payment is considered late if not received at the utility's office or postal address within sixteen (16) days of the billing date. The postmark on the envelope of the bill or the recorded date of mailing by the utility, if there is no postmark on the envelope, shall constitute proof of the date of issuance.

A one-time penalty may be made on delinquent bills as specified in Section 1 of this tariff. However, no such penalty may be collected unless a record of the date of mailing is made at the time of the mailing and maintained at the principal office of the utility.

Each bill shall show the following information (if applicable):

1. The date and reading of the meter at the beginning and at the end of the period for which the bill is rendered;
2. The number and kind of units metered;
3. The applicable rate schedule, title, or code;
4. The total amount due for water service;
5. The due date of the bill;
6. The date by which customers must pay the bill in order to avoid addition of a penalty;
7. The total amount due as penalty for nonpayment within a designated period;
8. A distinct marking to identify an estimated bill; and.
9. Any conversions from meter reading units to billing units from recording or other devices, or any other factors used in determining the bill.

The information required in items 1-9 above shall be arranged to allow the customer to readily compute his bill with a copy of the utility's rate schedule which shall be provided by the utility at the request of the customer.

In the event of a dispute between the customer and a utility regarding any bill for utility service, the utility shall conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility shall inform the customer that a complaint may be filed with the Commission.

Section 2.07—Service Disconnection

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice has been given.

Proper notice shall consist of a separate mailing or hand delivery at least ten (10) days prior to a stated date of disconnection, with the words "termination notice" or similar language prominently displayed on the notice. The notice must also list the past due balance.

SECTION 2.0 SERVICE RULES AND POLICIES (Continued)

Section 2.07—Service Disconnection (continued)

Utility service may be disconnected after proper notice for any of the following reasons:

1. Failure to pay a delinquent account or to comply with a deferred payment agreement;
2. Willful violation of a utility usage rule when that violation interferes with another customer's service; or,
3. Failure to comply with valid deposit or guarantee arrangements.

Service may only be disconnected without notice as follows:

1. When a known dangerous condition exists, for as long as the condition exists;
2. When service is established through meter bypassing, an unauthorized connection or unauthorized reconnection; or,
3. In instances of tampering with the utility company's meter or equipment.

A utility may not disconnect any customer for failure to pay for merchandise or service unrelated to utility service, even if the utility provides that merchandise or those services. A utility may not disconnect any customer for a previous occupant's failure to pay.

Utility personnel must be available to make collections and to reconnect service on the day of and the day after any disconnection of service unless service was disconnected at the customer's request or because of a hazardous condition.

Section 2.08—Service Interruptions

The utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, each utility shall keep a complete record of all interruptions, both emergency and scheduled.

The Commission shall be notified in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice shall also state the cause of such interruptions.

Section 2.09—Termination of Utility Service

No utility may abandon any customer or any portion of its service area without prior written notice to affected customers and neighboring utilities and prior Commission approval.

Section 2.10 —Quality of Service

Each utility must plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Minimum residual pressure at the consumer's meter shall be at least 20 psi during periods of peak usage and 35 psi during normal operating conditions.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.10 —Quality of Service (continued)

The water system quantity requirements of the Texas Department of Health shall be the minimum standards for determining the sufficiency of production, treatment, storage, transmission and distribution facilities of water utilities for household usage. Additional capacity shall be provided to meet the reasonable local demand characteristics of the service area.

Each utility shall furnish water which has been approved by the Texas Department of Health. The application of Commission rules shall not relieve the utility from complying with the requirements of the laws and regulations of the state, local department of health, local ordinances and all other regulatory agencies having jurisdiction over such matters.

SECTION 2.20 – SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

This section contains specific utility service rules in addition to the standard rules previously listed under Section 2.0 It must be reviewed and approved by the Commission to be effective.

NONE.

APPENDIX A – DROUGHT CONTINGENCY PLAN

(This page incorporates by reference the utility's Drought Contingency Plan, as approved and periodically amended by the Texas Commission on Environmental Quality.)

**Crest Water Company
TCEQ Correspondence**



Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Glenn Shankle, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 16, 2007

Mr. James Dyche, Owner
Crest Water Company
P.O. Box 460
Keene, Texas 76059

Re: Agreed Order, James A. Dyche dba Crest Water Company
Rolling Oaks Subdivision PWS, RN101220887, located at the intersection State Highway 171 and
County Road 1202, Johnson County; Northcrest Addition PWS, RN101251023, located behind
Lot 3605 Northcrest Drive, Johnson County; Fisherman's Paradise PWS, RN101192540, located
left of the intersection of Old Wagon Road and Indian Trail, Johnson County
RN101192540, RN101251023, and RN101220887
Docket No. 2007-0547-PWS-E; Enforcement Case No. 33106

Dear Mr. Dyche:

This is to inform you that Texas Commission on Environmental Quality (TCEQ or Commission) consideration of the Agreed Order in the above-referenced matter will be at:

9:30 AM, Wednesday, December 5, 2007
Room 201S, Building E, Technical Park Center
12118 North IH-35 at Yager Lane
Austin, Texas

You or your representative(s) may attend the Agenda meeting if you choose to, but it is not required.

Enclosed is a copy of the Executive Summary submitted to the Chief Clerk's Office. This summary is provided to the Commissioners prior to the Agenda meeting. The Executive Director will recommend that the Agreed Order be granted by the Commission.

Thank you for your cooperation in the settlement of this case. Should you have any questions, please contact Ms. Andrea Linson-Mgbeoduru, the Enforcement Coordinator assigned to this matter, at (512) 239-1482.

Sincerely,

A handwritten signature in cursive script that reads "Karen Santiesteban".

Karen Santiesteban
Enforcement Division

Enclosure

cc: Manager, Public Water Supply Section, DFW Regional Office, TCEQ

EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2007-0547-PWS-E **TCEQ ID:** RN101220887, RN101192540, RN101251023

CASE NO.: 33106

RESPONDENT NAME: James A. Dyche dba Crest Water Company

ORDER TYPE:			
<input checked="" type="checkbox"/> 1660 AGREED ORDER	<input type="checkbox"/> FINDINGS AGREED ORDER	<input type="checkbox"/> FINDINGS ORDER FOLLOWING SOAH HEARING	
<input type="checkbox"/> FINDINGS DEFAULT ORDER	<input type="checkbox"/> SHUTDOWN ORDER	<input type="checkbox"/> IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER	
<input type="checkbox"/> AMENDED ORDER	<input type="checkbox"/> EMERGENCY ORDER		
CASE TYPE:			
<input type="checkbox"/> AIR	<input type="checkbox"/> MULTI-MEDIA (check all that apply)	<input type="checkbox"/> INDUSTRIAL AND HAZARDOUS WASTE	
<input checked="" type="checkbox"/> PUBLIC WATER SUPPLY	<input type="checkbox"/> PETROLEUM STORAGE TANKS	<input type="checkbox"/> OCCUPATIONAL CERTIFICATION	
<input type="checkbox"/> WATER QUALITY	<input type="checkbox"/> SEWAGE SLUDGE	<input type="checkbox"/> UNDERGROUND INJECTION CONTROL	
<input type="checkbox"/> MUNICIPAL SOLID WASTE	<input type="checkbox"/> RADIOACTIVE WASTE	<input type="checkbox"/> DRY CLEANER REGISTRATION	
<p>SITE WHERE VIOLATION(S) OCCURRED: Rolling Oaks Subdivision PWS (RN101220887), located at the intersection State Highway 171 and County Road 1202, Johnson County; Northcrest Addition PWS (RN101251023), located behind Lot 3605 Northcrest Drive, Johnson County; Fisherman's Paradise PWS (RN101192540), located left of the intersection of Old Wagon Road and Indian Trail, Johnson County</p> <p>TYPE OF OPERATION: Public water supplies</p> <p>SMALL BUSINESS: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>OTHER SIGNIFICANT MATTERS: There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.</p> <p>INTERESTED PARTIES: No one other than the ED and the Respondent has expressed an interest in this matter.</p> <p>COMMENTS RECEIVED: The Texas Register comment period expired on September 10, 2007. No comments were received.</p> <p>CONTACTS AND MAILING LIST: TCEQ Attorney/SEP Coordinator: None TCEQ Enforcement Coordinator: Ms. Andrea Linson-Mgbeogu, Enforcement Division, Enforcement Team 2, MC 169, (512) 239-1482; Mr. David Van Soest, Enforcement Division, MC 219, (512) 239-0468 Respondent: Mr. James A. Dyche, Owner, Crest Water Company, P.O. Box 460, Keene, Texas 76059 Respondent's Attorney: Not represented by counsel on this enforcement matter</p>			

DOCKET NO.: 2007-0547-PWS-E

VIOLATION SUMMARY CHART:		
VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
<p>Type of Investigation: <input type="checkbox"/> Compliant <input type="checkbox"/> Routine <input type="checkbox"/> Enforcement Follow-up <input checked="" type="checkbox"/> Records Review</p> <p>Date(s) of Complaints Relating to this Case: None</p> <p>Dates of Investigations Relating to this Case: February 12 and 15, 2007 and March 9, 2007</p> <p>Date of NOE Relating to this Case: March 25, 2007 (NOE)</p> <p>Background Facts: These were routine record reviews. Ten violations were documented.</p> <p>WATER</p> <p>1) Fisherman's Paradise PWS</p> <p>Failed to maintain records as required [30 TEX. ADMIN. CODE § 290.46(n)(3)].</p> <p>2) Northcrest Addition PWS</p> <p>a. Failed to make available sanitary control easements for each of the four wells at the time of the inspection [30 TEX. ADMIN. CODE § 290.41(c)(1)(F)].</p> <p>b. Failed to cover and design, fabricate, erect, test and disinfect all potable water storage facilities in strict accordance with current American Water Works Association ("AWWA") standards, and to provide facilities with the minimum number, size, and type of roof vents, man ways, drains, sample connections, access ladders, overflows, liquid level indicators and other appurtenances as specified in these rules [30 TEX. ADMIN. CODE § 290.43(c), (c)(2), and (c)(8)].</p> <p>c. Failed to provide a minimum well production capacity of at least 0.6 gallons per minute ("gpm") per connection [30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(i) and TEX. HEALTH & SAFETY CODE § 341.0315(c)]</p>	<p>Total Assessed: \$1,749</p> <p>Total Deferred: \$349 <input checked="" type="checkbox"/> Expedited Settlement <input type="checkbox"/> Financial Inability to Pay</p> <p>SEP Conditional Offset: \$0</p> <p>Total Paid to General Revenue: \$1,400</p> <p>Site Compliance History Classification <input type="checkbox"/> High <input type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Person Compliance History Classification <input type="checkbox"/> High <input type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Major Source: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Applicable Penalty Policy: September 2002</p>	<p>Corrective Actions Taken:</p> <p>1) The Executive Director recognizes that the Respondent has implemented the following corrective measures:</p> <p>a. At Fisherman's Paradise PWS, increased the well production capacity from 36 gpm to 70 gpm as of March 29, 2007; and</p> <p>b. At Northcrest Addition PWS, taken the 10,000 gallon ground storage tank offline, as of February 29, 2007.</p> <p>Ordering Provisions:</p> <p>2) The Order will require the Respondent to:</p> <p>a. Within 60 days after the effective date of this Agreed Order, submit copies of well completion data for Well No. 1 at Fisherman's Paradise PWS, and Well No. 1 at Rolling Oaks Subdivision PWS, and copies of well drillers logs for Well Nos. 3 and 4 at Northcrest Addition PWS, or submit documentation verifying that an exception has been granted by TCEQ;</p> <p>b. Within 75 days after the effective date of this Agreed Order, submit written certification of compliance with Ordering Provision No. 2.a.;</p> <p>c. Within 90 days after the effective date of this Agreed Order:</p> <p>i. Secure sanitary control easements covering all property within 150 feet of each well location from adjacent landowners and record the deeds at the county courthouse for all four wells located at Northcrest Addition PWS, and Well No. 1 at Rolling Oaks Subdivision PWS; and</p> <p>ii. Provide Well No. 1 at Northcrest Addition PWS with a casing at least 18 inches above the elevation of the finished floor.</p>

DOCKET NO.: 2007-0547-PWS-E

<p>d. Failed to maintain records as required [30 TEX. ADMIN. CODE § 290.46(n)(3)].</p> <p>e. Failed to provide Well No. 1 with a casing 18 inches above the elevation of the finished floor of the pump house or natural ground surface with a minimum of one inch above the sealing block or pump motor foundation block [30 TEX. ADMIN. CODE § 290.41(c)(3)(B)].</p> <p>3) Rolling Oaks Subdivision PWS</p> <p>a. Failed to make available sanitary control easements for Well No. 1 at the time of the inspection [30 TEX. ADMIN. CODE § 290.41(c)(1)(F)].</p> <p>b. Failed to cover and design, fabricate, erect, test, and disinfect all potable water storage facilities in strict accordance with current American Water Works Association (AWWA) standards and to provide facilities with the minimum number, size and type of roof vents, man ways, drains, sample connections, access ladders, overflows, liquid level indicators, and other appurtenances as specified in these rules [30 TEX. ADMIN. CODE § 290.43(e), (c)(2), (c)(5), (c)(6) and (c)(7)].</p> <p>c. Failed to provide a minimum well production capacity of at least 0.6 gpm per connection [30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(i) and TEX. HEALTH & SAFETY CODE § 341.0315(c)].</p> <p>d. Failed to maintain records as required [30 TEX. ADMIN. CODE § 290.46(n)(3)].</p>		<p>d. Within 105 days after the effective date of this Agreed Order, submit written certification of compliance with Ordering Provision Nos. 2.c.i. through 2.c.i.i.</p> <p>e. Within 180 days after the effective date of this Agreed Order:</p> <p>i. Provide a minimum well production capacity of at least 0.6 gpm per connection at Northcrest Addition PWS, and Rolling Oaks Subdivision PWS; and</p> <p>ii. Ensure that the storage tanks at Northcrest Addition PWS and Rolling Oaks Subdivision PWS meet AWWA standards; and</p> <p>f. Within 195 days after the effective date of this Agreed Order, submit written certification and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 2.e.</p>
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April 30, 2018

Via Certified Mail, Return Receipt Requested,
Article Number 7004 1350 0002 7545 8685

Michele Audrey Shackelford, Owner
Shelcon Services
4101 West Green Oaks Boulevard, Suite 305, PMB #143
Arlington, Texas 76016

Re: Michele Audrey Shackelford dba Shelcon Services; RN104422282;
TCEQ Docket No. 2017-0159-MLM-E

Dear Ms. Shackelford:

The Executive Director of the Texas Commission on Environmental Quality ("Commission" or "TCEQ") is pursuing an enforcement action against you for violations of state statutes and Commission Rules. Enclosed is a copy of the "Executive Director's Preliminary Report and Petition Recommending that the Texas Commission on Environmental Quality Enter an Enforcement Order Assessing an Administrative Penalty Against and Requiring Certain Actions of Michele Audrey Shackelford dba Shelcon Services" (the "EDPRP"), which was filed today with the Chief Clerk of the TCEQ.

You may employ an attorney. If you or your attorney do not file a written answer with the Chief Clerk of the TCEQ within twenty days after you receive this notice and petition, and/or fail to settle this matter by entering into an Agreed Order, the Commission may issue a default order against you. If a default order is issued, you will be required to pay the assessed penalty and complete any corrective actions recommended by the Executive Director.

The Environmental and Natural Resources Law Section of the State Bar of Texas and Volunteer Legal Services of Central Texas are currently offering a program for low-income individuals called the "TCEQ Enforcement Assistance Program" (TEAP). TEAP matches low-income individuals with licensed attorneys to represent them at no cost in TCEQ Enforcement actions.

If you think you may qualify, please contact Ellyn Josef with the TEAP Committee at 713-758-2091. Please be advised that even if you are determined to be financially eligible for the program, there is no guarantee of acceptance.

YOUR FAILURE TO ACCEPT OR PICK UP CERTIFIED MAIL WILL NOT RELIEVE YOU OF YOUR RESPONSIBILITY IN THIS MATTER.

To request a hearing, send a written hearing request referencing TCEQ Docket No. 2017-0159-MLM-E to the persons listed below via e-mail, regular mail, fax, or e-filing:

Bridget Bohac, Chief Clerk
Office of the Chief Clerk
Texas Commission on Environmental Quality
P.O. Box 13087, MC 105
Austin, Texas 78711-3087
(512) 239-3311 (fax)
<http://www14.tceq.texas.gov/epic/eFiling/>

and:

Ryan Rutledge, Staff Attorney
Texas Commission on Environmental Quality
Office of Legal Services
P.O. Box 13087, MC 175
Austin, Texas 78711-3087
(512) 239-3434 (fax)
Ryan.Rutledge@tceq.texas.gov

and:

Garrett Arthur, Staff Attorney
Office of Public Interest Counsel
Texas Commission on Environmental Quality
P.O. Box 13087, MC 103
Austin, Texas 78711-3087
(512) 239-6377 (fax)
garrett.arthur@tceq.texas.gov

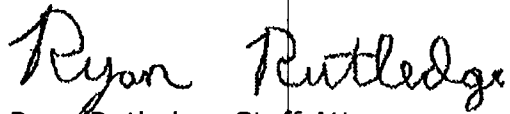
To e-file your hearing request, go to <http://www14.tceq.texas.gov/epic/eFiling/> and follow the on-screen instructions. Hearing requests are due to the Chief Clerk by 5:00 p.m. CST on or before the 20-day deadline date referenced above. Hearing requests filed via e-filing must be in either Microsoft Word or Adobe Acrobat (pdf) format.

All or a portion of the recommended administrative penalty may be offset through the completion of or payment to a Supplemental Environmental Project ("SEP"), which directs all or a portion of your administrative penalty toward projects aimed at improving the environment. For further information on contributing to a SEP, please visit our website at <http://www.tceq.texas.gov/legal/sep>.

For further information concerning the enforcement process, contact the TCEQ Office of Public Interest Counsel at (512) 239-6363. For information concerning compliance assistance, contact the TCEQ Environmental Assistance Division at (800) 447-2827.

If you have any questions or would like to schedule a meeting to discuss settlement, payment plan options, or contribution to a SEP, please contact me at (512) 239-3400 or at my e-mail address listed below. I look forward to cooperatively resolving this matter with you.

Sincerely,



Ryan Rutledge, Staff Attorney
Office of Legal Services, Litigation Division
Texas Commission on Environmental Quality
Ryan.Rutledge@tceq.texas.gov

Enclosure

cc:

Yuliya Dunaway, Enforcement Division
Water Section Manager, Dallas/Fort Worth Regional Office
Garrett Arthur, TCEQ Office of Public Interest Counsel

TCEQ DOCKET NO. 2017-0159-MLM-E

IN THE MATTER OF	§	BEFORE THE
AN ENFORCEMENT ACTION	§	
AGAINST	§	TEXAS COMMISSION ON
MICHELE AUDREY SHACKELFORD	§	ENVIRONMENTAL QUALITY
DBA SHELCON SERVICES;	§	
RN104422282	§	

**EXECUTIVE DIRECTOR'S PRELIMINARY REPORT AND PETITION
RECOMMENDING THAT
THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
ENTER AN ENFORCEMENT ORDER ASSESSING AN ADMINISTRATIVE
PENALTY AGAINST AND REQUIRING CERTAIN ACTIONS OF
MICHELE AUDREY SHACKELFORD DBA SHELCON SERVICES**

INTRODUCTION

1. The Executive Director of the Texas Commission on Environmental Quality ("Commission" or "TCEQ"), by and through a representative of the Litigation Division, hereby issues this Preliminary Report and Petition pursuant to TEX. WATER CODE ch. 11, TEX. HEALTH & SAFETY CODE ch. 341, and 30 TEX. ADMIN. CODE chs. 70, 288, and 290. Discovery related to this matter is intended to be conducted under Level 3 pursuant to TEX. R. CIV. P. 190.
2. Michele Audrey Shackelford dba Shelcon Services ("Respondent") is subject to the enforcement authority of the Commission pursuant to TEX. WATER CODE §§ 7.002 and 11.0842, and TEX. HEALTH & SAFETY CODE § 341.049 because the violations alleged herein are within the Commission's general jurisdiction, pursuant to TEX. WATER CODE § 5.013, as they involve violations of the state's water rights and public water supply programs.
3. The Executive Director has come to the conclusion that Respondent violated TEX. WATER CODE § 11.1272(c), TEX. HEALTH & SAFETY CODE § 341.0315(c), 30 TEX. ADMIN. CODE §§ 288.20(a) and 288.30(5)(B), 290.41(c)(1)(F), 290.43(c)(1), 290.44(d)(6), 290.45(b)(1)(C)(i), 290.46(d)(2)(A), (f)(2), (f)(3)(A)(iii), (f)(3)(D)(vii), (f)(3)(E)(iv), (i), (m), (m)(1)(A), (n)(2), (n)(3), (s)(2)(C)(i), (q)(1) and (2), and 290.110(b)(4). The Executive Director recommends that the Commission enter an order assessing an administrative penalty against Respondent in the amount of two thousand two hundred sixty-two dollars (\$2,262.00). Further, the Executive Director recommends that the Commission order Respondent to undertake such actions as are necessary to bring operations into compliance with the Texas Water Code, the Texas Health and Safety Code, and TCEQ rules.
4. Effective September 1, 2006, the TCEQ does not issue, amend, or renew permits, registrations, certifications, or licenses to an entity or person if any delinquent penalties or delinquent fees are associated with that entity's/person's 9-digit TCEQ Customer Number (CN), regardless of media and/or facility location.

FACTS SUPPORTING VIOLATIONS

5. Respondent owns, a public water system located at FM 1187 & Mustang Creek, Tarrant County, Texas (the "Facility"). The Facility provides water for human consumption, has approximately 91 service connections, and serves at least 25 people per day for at least 60 days per year. As such, the Facility is a public water system as defined in 30 TEX. ADMIN. CODE § 290.38(71). The Facility adjoins, is contiguous with, surrounds, or is near or adjacent to state water as defined in TEX. WATER CODE § 11.021 and 30 TEX. ADMIN. CODE § 297.1(50).
6. During an investigation conducted from November 18 through December 5, 2016, an investigator documented that Respondent:
 - a. Failed to adopt a Drought Contingency Plan which includes all elements for municipal use by a retail public water supplier, in violation of 30 TEX. ADMIN. CODE §§ 288.20(a) and 288.30(5)(B) and TEX. WATER CODE § 11.1272(c);
 - b. Failed to provide an accurate and up-to-date map of the distribution system so that valves and mains can be easily located during emergencies, in violation of 30 TEX. ADMIN. CODE § 290.46(n)(2). Specifically, the distribution system map did not include the location of flush valves;
 - c. Failed to provide all dead-end mains with acceptable flush valves and discharge piping, in violation of 30 TEX. ADMIN. CODE § 290.44(d)(6);
 - d. Failed to verify the accuracy of the manual disinfectant residual analyzer at least once every 90 days using chlorine solutions of known concentrations, in violation of 30 TEX. ADMIN. CODE § 290.46(s)(2)(C)(i);
 - e. Failed to provide a well capacity of 0.6 gallons per minute ("gpm") per connection, in violation of TEX. HEALTH & SAFETY CODE § 341.0315(c) and 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(i). Specifically, the Facility's 91 service connections require a well capacity of 54.6 gpm. However, the Facility only had Well No. 1 on-line which provides 32.3 gpm, indicating a 41% deficiency;
 - f. Failed to equip the Facility's ground storage tank ("GST") roof vent with a 16-mesh or finer corrosion-resistant screen to prevent entry of animals, birds, insects, and heavy air contaminants, in violation of 30 TEX. ADMIN. CODE § 290.43(c)(1). Specifically, a vent screen on the 129,566-gallon GST was rusted;
 - g. Failed to inspect each of the Facility's two GSTs annually by water system personnel or a contracted inspection service, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(1)(A). Specifically, the Facility's two GSTs did not receive annual inspections in 2015 and 2016;

- h. Failed to maintain copies of well completion data such as well material setting data, geological log, sealing information (pressure cementing and surface protection), disinfection information, microbiological sample results, and a chemical analysis report of a representative sample of water from the Facility's two wells, in violation of 30 TEX. ADMIN. CODE § 290.46(n)(3);
- i. Failed to obtain a sanitary control easement for all land within 150 feet of the Facility's two wells, in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F);
- j. Failed to adopt an adequate plumbing ordinance, regulations, or service agreement with provisions for proper enforcement to ensure that neither cross-connections nor other unacceptable plumbing practices are permitted, in violation of 30 TEX. ADMIN. CODE § 290.46(i);
- k. Failed to maintain water works operation and maintenance records and make them available for review to the Executive Director during the investigation, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2), (f)(3)(A)(iii), (f)(3)(D)(vii) and (f)(3)(E)(iv). Specifically, the records of complaints received by the system, Consumer Confidence Report ("CCR") documentation and copies of the Customer Service Inspection ("CSI") reports were not available for review;
- l. Failed to maintain a disinfectant residual of at least 0.2 milligrams per liter ("mg/L") of free chlorine throughout the distribution system at all times, in violation of TEX. HEALTH & SAFETY CODE § 341.0315(c) and 30 TEX. ADMIN. CODE §§ 290.46(d)(2)(A) and 290.110(b)(4). Specifically, on November 18, 2016 and November 21, 2016, field samples collected from the distribution system measured a free chlorine residual of 0.00 mg/L;
- m. Failed to initiate maintenance and housekeeping practices to ensure the good working condition and general appearance of the system's facilities and equipment, in violation of 30 TEX. ADMIN. CODE § 290.46(m). Specifically, the grass was high at the water plant and the Well No. 2 site; and
- n. Failed to issue a boil water notification to customers of the Facility within 24 hours of the failure to maintain adequate chlorine residuals using the prescribed notification format as specified in 30 TEX. ADMIN. CODE § 290.47(c), in violation of 30 TEX. ADMIN. CODE § 290.46(q)(1) and (2). Specifically, a boil water notification issued on November 21, 2016 was rescinded on November 30, 2016. However, the system failed to demonstrate that the minimum chlorine residual was being maintained in the distribution system. Therefore, in a letter dated December 2, 2016 from the TCEQ, it was requested that a new boil water notification be issued to customers of the Facility, but notification did not occur.

IMPOSITION OF PENALTY

7. Based on the facts supporting the water rights violation (6.a.), the Executive Director recommends that an administrative penalty be imposed pursuant to TEX. WATER CODE § 11.0842. The Commission has the authority to assess an administrative penalty up to \$5,000.00 for each day of each violation under TEX. WATER CODE § 11.0842.
8. Based on the facts supporting public water supply violations 6.b. through 6.n., the Executive Director recommends that an administrative penalty be imposed pursuant to TEX. HEALTH & SAFETY CODE § 341.049. The Commission has the authority to assess an administrative penalty up to \$1,000.00 for each day of each violation under TEX. HEALTH & SAFETY CODE § 341.049.

AMOUNT OF PENALTY

9. In determining the amount of the penalty for public water supply violations, the Commission is required by TEX. HEALTH & SAFETY CODE § 341.049 to consider:
 - a. The nature of the circumstances and the extent, duration and gravity of the prohibited acts or omissions;
 - b. With respect to the alleged violator:
 - i. the history and extent of previous violations;
 - ii. the degree of culpability, including whether the violation was attributable to mechanical or electrical failures and whether the violation could have been reasonably anticipated and avoided;
 - iii. the person's demonstrated good faith, including actions taken by the person to correct the cause of the violation;
 - iv. any economic benefit gained through the violation; and
 - v. the amount necessary to deter future violations; and
 - c. Any other matters that justice may require.
10. In determining the amount of the penalty for water rights violations under TEX. WATER CODE § 11.0842(b), the Commission is required to consider:
 - a. The nature, circumstances, extent, duration, and gravity of the prohibited acts, with special emphasis on the impairment of an existing permit, certified filing, or certificate of adjudication or the hazard or potential hazard created to the health, safety, or welfare of the public;
 - b. The impact of the violation on the instream uses, water quality, fish and wildlife habitat, or beneficial freshwater inflows to bays and estuaries;
 - c. With respect to the alleged violator:
 - i. the history and extent of previous violations;

- ii. the degree of culpability, including whether the violation was attributable to mechanical or electrical failures and whether the violation could have been reasonably anticipated and avoided;
 - iii. demonstrated good faith, including actions taken by the alleged violator to rectify the cause of the violation and to compensate affected persons;
 - iv. any economic benefit gained through the violation; and
 - v. the amount necessary to deter future violations; and
- d. Any other matters that justice requires.
11. Based on the facts supporting the violations, and having considered the above-described factors, the Executive Director recommends that Respondent be required to pay an administrative penalty in the amount of two thousand two hundred sixty-two dollars (\$2,262.00).
12. The penalty calculation worksheets ("PCWs") for the recommended administrative penalty are attached hereto and incorporated herein by reference (Attachments "A" and "B"). The PCWs set forth each alleged violation and the statutory factors the Executive Director considered in determining the recommended administrative penalty.
13. The Executive Director followed an established Penalty Policy approved by the Commission in calculating the penalty in this enforcement action. See Texas Commission on Environmental Quality Penalty Policy (April 1, 2014).

CORRECTIVE ACTION ORDERING PROVISIONS

14. Pursuant to TEX. WATER CODE § 7.073, if a person violates any statute or rule within the Commission's jurisdiction, the Commission may order the person to take corrective action.
15. Pursuant to TEX. HEALTH & SAFETY CODE ch. 341, the Commission shall ensure that public drinking water supply systems supply safe drinking water and are technically sound.
16. The Executive Director recommends that Respondent be required to implement the following corrective measures:
- a. Within 30 days after the effective date of the Commission Order:
 - i. Update the Facility's operational guidance, conduct employee training, and begin operating the system so that a disinfectant residual concentration of at least 0.2 milligrams per liter ("mg/L") of free chlorine is maintained throughout the distribution system at all times, in accordance with 30 TEX. ADMIN. CODE §§ 290.46 and 290.110;
 - ii. Develop a protocol that is to be followed to ensure that proper notification and boil water notices are provided to the customers of the Facility in the event of low chlorine residual in the

- distribution system, in accordance with 30 TEX. ADMIN. CODE § 290.46;
- iii. Begin verifying the accuracy of the manual disinfectant concentration residual analyzer at least once every 90 days using chlorine solutions of known concentrations, in accordance with 30 TEX. ADMIN. CODE § 290.46;
 - iv. Begin maintaining water works operation and maintenance records and make them available for review to Commission personnel during the investigation, including but not limited to the records of complaints received by the system, CCR documentation and copies of the CSI reports, in accordance with 30 TEX. ADMIN. CODE § 290.46;
 - v. Conduct annual GST inspections of the Facility's two GSTs, in accordance with 30 TEX. ADMIN. CODE § 290.46;
 - vi. Develop and begin maintaining an accurate and up-to-date map of the distribution system so that valves and mains can be easily located during emergencies, in accordance with 30 TEX. ADMIN. CODE § 290.46; and
 - vii. Initiate maintenance and housekeeping practices to ensure the good working condition and general appearance of the system's facilities and equipment including but not limited to mowing the grass at the water plant and the Well No. 2 site, in accordance with 30 TEX. ADMIN. CODE § 290.46.
- b. Within 45 days after the effective date of the Commission Order, submit written certification, in accordance with Corrective Action Ordering Provision No. 16.g., to demonstrate compliance with Ordering Provisions Nos. 16.a.i. through 16.a.vii.
- c. Within 60 days after the effective date of the Commission Order:
- i. Provide a proper screen for the roof vent of the 129,566 gallon GST, in accordance with 30 TEX. ADMIN. CODE § 290.43;
 - ii. Adopt an adequate plumbing ordinance, regulations, or service agreement with provisions for proper enforcement to ensure that neither cross-connections nor other unacceptable plumbing practices are permitted, in accordance with 30 TEX. ADMIN. CODE § 290.46; and
 - iii. Provide all dead-end mains with acceptable flush valves and discharge piping, in accordance with 30 TEX. ADMIN. CODE § 290.44.

- d. Within 75 days after the effective date of the Commission Order, submit written certification, in accordance with Corrective Action Ordering Provision No. 16.g., to demonstrate compliance with Ordering Provisions Nos. 16.c.i. through 16.c.iii.
- e. Within 90 days after the effective date of the Commission Order:
 - i. Compile and begin maintaining copies of well completion data such as well material setting data, geological log, sealing information (pressure cementing and surface protection), disinfection information, microbiological sample results, and a chemical analysis report of a representative sample of water from the well, in accordance with 30 TEX. ADMIN. CODE § 290.46;
 - ii. Obtain a sanitary control easement for all land within 150 feet of the Facility's two wells, in accordance with 30 TEX. ADMIN. CODE § 290.41; and
 - iii. Adopt and submit a copy of a drought contingency plan that includes all elements for municipal use by a retail public water supplier, in accordance with 30 TEX. ADMIN. CODE §§ 288.20 and 288.30.
- f. Within 105 days after the effective date of the Commission Order, submit written certification, in accordance with Corrective Action Ordering Provision No. 16.g., to demonstrate compliance with Ordering Provisions Nos. 16.e.i. through 16.e.iii.
- g. The certifications required by these Corrective Action Ordering Provisions shall be accompanied by detailed supporting documentation, including photographs, receipts, and/or other records, shall be signed by Respondent, and shall include the following certification language:

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

Respondent shall submit the written certifications and copies of documentation necessary to demonstrate compliance with these Corrective Action Ordering Provisions to:

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

and: Austin, Texas 78711-3087
Water Section Manager
Dallas/Fort Worth Regional Office
Texas Commission on Environmental Quality
2309 Gravel Drive
Fort Worth, Texas 76118-6951

and: Manager, Public Drinking Water Section
Water Supply Division, MC 155
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

RESPONDENT'S RIGHTS AND RESPONSIBILITIES

17. According to TEX. HEALTH & SAFETY CODE § 341.049 and TEX. WATER CODE § 11.0842 and the TCEQ's procedural rules, Respondent has a right to a hearing on the occurrence of the violations, the amount of the proposed penalty, or both. To preserve this right to a hearing, within 20 days after the day Respondent receives this Preliminary Report and Petition, Respondent must submit a written response to the Executive Director in accordance with TEX. HEALTH & SAFETY CODE § 341.049 and TEX. WATER CODE § 11.0842 and 30 TEX. ADMIN. CODE § 70.105(a).

PRAYER

18. ACCORDINGLY, the Executive Director respectfully requests that the Commission enter an order, pursuant to TEX. WATER CODE ch. 11 and TEX. HEALTH & SAFETY CODE ch. 341, assessing a penalty and granting other relief as requested above, together with any other relief the Commission finds appropriate.


Respectfully submitted,

Texas Commission on Environmental Quality

Stephanie Bergeron Perdue, Interim
Executive Director

Margaret Ligarde, Deputy Director
Office of Legal Services

Charmaine Backens, Division Director
Litigation Division

by 

Ryan Rutledge
State Bar of Texas No. 24064502
Litigation Division, MC 175
P.O. Box 13087
Austin, Texas 78711-3087
(512) 239-3400
(512) 239-3434 (FAX)
Ryan.Rutledge@tceq.texas.gov

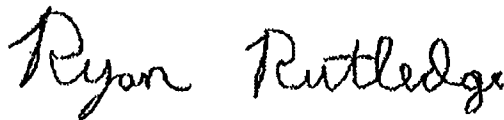
CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of April, 2018, the original of the foregoing "Executive Director's Preliminary Report and Petition Recommending that the Texas Commission on Environmental Quality Enter an Enforcement Order Assessing an Administrative Penalty Against and Requiring Certain Actions of Michele Audrey Shackelford dba Shelcon Services" ("EDPRP") was filed with the Chief Clerk, Texas Commission on Environmental Quality, Austin, Texas.

I further certify that on this day a true and correct copy of the foregoing EDPRP was mailed via Certified Mail, Return Receipt Requested Article No. 7004 1350 0002 7545 8685, postage prepaid, to:

Michele Audrey Shackelford, Owner
Shelcon Services
4101 West Green Oaks Boulevard, Suite 305, PMB #143
Arlington, Texas 76016

I further certify that on this day a true and correct copy of the foregoing EDPRP was electronically delivered to Garrett Arthur, TCEQ Office of Public Interest Counsel, at garrett.arthur@tceq.texas.gov.



Ryan Rutledge, Staff Attorney
Office of Legal Services
Litigation Division
Texas Commission on Environmental Quality

**ATTACHMENT A
PENALTY CALCULATION WORKSHEET**



Penalty Calculation Worksheet (PCW)

DATES	Assigned	19-Dec-2016	Screening	17-Jan-2017	EPA Due	
	PCW	17-Jul-2017				

RESPONDENT/FACILITY INFORMATION

Respondent	Michele Audrey Shackelford dba Shelcon Services		
Reg. Ent. Ref. No.	RN10442282		
Facility/Site Region	4-Dallas/Fort Worth	Major/Minor Source	Minor

CASE INFORMATION

Enf./Case ID No.	53888	No. of Violations	1
Docket No.	2017-0159-MLM-E	Order Type	1660
Media Program(s)	Water Rights	Government/Non-Profit	No
Multi-Media	Public Water Supply	Enf. Coordinator	Yuliya Dunaway
Admin. Penalty \$ Limit Minimum	\$0	Maximum	\$5,000
		EC's Team	Enforcement Team 2

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) **Subtotal 1**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

Compliance History Adjustment **Subtotals 2, 3, & 7**

Notes

Culpability Enhancement **Subtotal 4**

Notes

Good Faith Effort to Comply Total Adjustments **Subtotal 5**

Economic Benefit Enhancement* **Subtotal 6**

Total EB Amounts
 Estimated Cost of Compliance
 *Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7 **Final Subtotal**

OTHER FACTORS AS JUSTICE MAY REQUIRE Adjustment

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

Final Penalty Amount

STATUTORY LIMIT ADJUSTMENT **Final Assessed Penalty**

DEFERRAL Reduction Adjustment

Reduces the Final Assessed Penalty by the indicated percentage.

Notes

PAYABLE PENALTY

Screening Date 17-Jan-2017

Docket No. 2017-0159-MLM-E

PCW

Respondent Michele Audrey Shackelford dba Shelcon Services

Policy Revision 4 (April 2014)

Case ID No. 53888

PCW Revision March 26, 2014

Reg. Ent. Reference No. RN104422282

Media [Statute] Water Rights

Enf. Coordinator Yuliya Dunaway

Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

Component	Number of...	Number	Adjust.
NOVs	Written notices of violation ("NOVs") with same or similar violations as those in the current enforcement action (<i>number of NOVs meeting criteria</i>)	3	15%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (<i>number of orders meeting criteria</i>)	1	20%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (<i>number of judgments or consent decrees meeting criteria</i>)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (<i>number of counts</i>)	0	0%
Emissions	Chronic excessive emissions events (<i>number of events</i>)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which notices were submitted</i>)	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which violations were disclosed</i>)	0	0%
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2)

>> Repeat Violator (Subtotal 3)

Adjustment Percentage (Subtotal 3)

>> Compliance History Person Classification (Subtotal 7)

Adjustment Percentage (Subtotal 7)

>> Compliance History Summary

Compliance History Notes

Enhancement for three NOVs with the same or similar violations and one agreed order containing a denial of liability.

Total Compliance History Adjustment Percentage (Subtotals 2, 3, & 7)

>> Final Compliance History Adjustment

Final Adjustment Percentage *capped at 100%

Screening Date 17-Jan-2017
Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No 53888
Reg. Ent. Reference No RN104422282
Media [Statute] Water Rights
Enf. Coordinator Yuliya Dunaway
Violation Number 1

Docket No. 2017-0159-MLM-E

PCW

Policy Revision 4 (April 2014)
 PCW Revision March 26, 2014

Rule Cite(s) 30 Tex. Admin. Code §§ 288.20(a) and 288.30(5)(B) and Tex. Water Code § 11.1272(c)

Violation Description Failed to adopt a Drought Contingency Plan which includes all elements for municipal use by a retail public water supplier.

Base Penalty \$5,000

>> Environmental, Property and Human Health Matrix

OR	Release	Harm			Percent
		Major	Moderate	Minor	
	Actual				0.0%
	Potential				

>> Programmatic Matrix

Falsification	Harm			Percent
	Major	Moderate	Minor	
	x			5.0%

Matrix Notes 100% of the rule requirements were not met.

Adjustment \$4,750

\$250

Violation Events

Number of Violation Events: 1 60 Number of violation days

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty \$250

One single event is recommended.

Good Faith Efforts to Comply

0.0%

Reduction \$0

	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	

Notes The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$250

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$14

Violation Final Penalty Total \$338

This violation Final Assessed Penalty (adjusted for limits) \$338

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media Water Rights
Violation No. 1

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Overtime Costs	EB Amount
Delayed Costs							
Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)	\$180	29-Sep-2016	1-May-2018	1.59	\$14	n/a	\$14

Notes for DELAYED costs
 The delayed costs include the estimated amount to develop and adopt a Drought Contingency Plan, calculated from the date of the investigation initially documenting the violation to the estimated date of compliance.

Item Description	ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)						
Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs
 (Empty box for notes)

Approx. Cost of Compliance \$180
TOTAL \$14

**ATTACHMENT B
PENALTY CALCULATION WORKSHEET**



Penalty Calculation Worksheet (PCW)

DATES	Assigned	19-Dec-2016	Screening	17-Jan-2017	EPA Due	
	PCW	17-Jul-2017				

RESPONDENT/FACILITY INFORMATION

Respondent	Michele Audrey Shackelford dba Shelcon Services		
Reg. Ent. Ref. No.	RN10442282		
Facility/Site Region	4-Dallas/Fort Worth	Major/Minor Source	Minor

CASE INFORMATION

Enf./Case ID No.	53888	No. of Violations	13
Docket No.	2017-0159-MLM-E	Order Type	1660
Media Program(s)	Public Water Supply	Government/Non-Profit	No
Multi-Media	Water Rights	Enf. Coordinator	Yuliya Dunaway
Admin. Penalty \$ Limit Minimum	\$50	Maximum	\$1,000
		EC's Team	Enforcement Team 2

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) **Subtotal 1**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

Compliance History Adjustment **Subtotals 2, 3, & 7**

Notes

Culpability Enhancement **Subtotal 4**

Notes

Good Faith Effort to Comply Total Adjustments **Subtotal 5**

Economic Benefit Enhancement* **Subtotal 6**

Total EB Amounts	<input type="text" value="\$566"/>	*Capped at the Total EB \$ Amount
Estimated Cost of Compliance	<input type="text" value="\$3,069"/>	

SUM OF SUBTOTALS 1-7 **Final Subtotal**

OTHER FACTORS AS JUSTICE MAY REQUIRE Adjustment **Adjustment**

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

Final Penalty Amount

STATUTORY LIMIT ADJUSTMENT **Final Assessed Penalty**

DEFERRAL Reduction **Adjustment**

Reduces the Final Assessed Penalty by the indicated percentage.

Notes

PAYABLE PENALTY

Screening Date 17-Jan-2017

Docket No. 2017-0159-MLM-E

PCW

Respondent Michele Audrey Shackelford dba Shelcon Services

Policy Revision 4 (April 2014)

Case ID No. 53888

PCW Revision March 26, 2014

Reg. Ent. Reference No. RN104422282

Media [Statute] Public Water Supply

Enf. Coordinator Yuliya Dunaway

Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

Component	Number of...	Number	Adjust.
NOVs	Written notices of violation ("NOVs") with same or similar violations as those in the current enforcement action (<i>number of NOVs meeting criteria</i>)	3	15%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (<i>number of orders meeting criteria</i>)	1	20%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (<i>number of judgments or consent decrees meeting criteria</i>)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (<i>number of counts</i>)	0	0%
Emissions	Chronic excessive emissions events (<i>number of events</i>)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which notices were submitted</i>)	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which violations were disclosed</i>)	0	0%
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2)

>> Repeat Violator (Subtotal 3)

Adjustment Percentage (Subtotal 3)

>> Compliance History Person Classification (Subtotal 7)

Adjustment Percentage (Subtotal 7)

>> Compliance History Summary

Compliance History Notes

Enhancement for three NOVs with the same or similar violations and one agreed order containing a denial of liability.

Total Compliance History Adjustment Percentage (Subtotals 2, 3, & 7)

>> Final Compliance History Adjustment

Final Adjustment Percentage *capped at 100%

Screening Date 17-Jan-2017

Docket No. 2017-0159-MLM-E

PCW

Respondent Michele Audrey Shackelford dba Shelcon Services

Policy Revision 4 (April 2014)

Case ID No. 53888

PCW Revision March 26, 2014

Reg. Ent. Reference No. RN104422282

Media [Statute] Public Water Supply

Enf. Coordinator Yuliya Dunaway

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code § 290.46(n)(2)

Violation Description Failed to provide an accurate and up-to-date map of the distribution system so that valves and mains can be easily located during emergencies. Specifically, the distribution system map did not include the location of flush valves.

Base Penalty \$1,000

>> Environmental, Property and Human Health Matrix

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			

Percent 0.0%

>> Programmatic Matrix

Falsification	Harm		
	Major	Moderate	Minor
		x	

Percent 2.5%

Matrix Notes Between 30-70% of the rule requirements were not met.

Adjustment \$975

\$25

Violation Events

Number of Violation Events 1 Number of violation days 60

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty \$25

One single event is recommended.

Good Faith Efforts to Comply

0.0%

Reduction \$0

	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	

Notes The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$25

Economic Benefit (EB) for this violation

Estimated EB Amount \$15

Statutory Limit Test

Violation Final Penalty Total \$43

This violation Final Assessed Penalty (adjusted for limits) \$50

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services

Case ID No. 53888

Reg. Ent. Reference No. RN104422282

Media Public Water Supply

Violation No. 1

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System	\$180	15-Jul-2016	1-Apr-2018	1.71	\$15	n/a	\$15
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

The delayed costs include the estimated amount to develop an accurate and up-to-date map of the distribution system so that valves and mains can be easily located, calculated from the date of the investigation initially documenting the violation to the estimated date of compliance.

Avoided Costs

ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$180

TOTAL

\$15

Screening Date 17-Jan-2017
Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media [Statute] Public Water Supply
Enf. Coordinator Yuliya Dunaway
Violation Number 2

Docket No. 2017-0159-MLM-E

PCW

Policy Revision 4 (April 2014)
PCW Revision March 26, 2014

Rule Cite(s) 30 Tex. Admin. Code § 290.44(d)(6)

Violation Description Failed to provide all dead-end mains with acceptable flush valves and discharge piping.

Base Penalty \$1,000

>> Environmental, Property and Human Health Matrix

OR	Release	Harm			Percent
		Major	Moderate	Minor	
	Actual				5.0%
	Potential		x		

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
				0.0%

Matrix Notes Failure to provide dead-end mains with acceptable flush valves could expose persons served by the Facility to a significant amount of pollutants which would not exceed levels protective of human health.

Adjustment \$950

\$50

Violation Events

Number of Violation Events 1 60 Number of violation days

daily	
weekly	
monthly	
quarterly	x
semiannual	
annual	
single event	

Violation Base Penalty \$50

One quarterly event is recommended, calculated from the date of the investigation, November 18, 2016, to the date of screening, January 17, 2017.

Good Faith Efforts to Comply

0.0% Reduction \$0

Before NOE/NOV NOE/NOV to EDPRP/Settlement Offer

Extraordinary		
Ordinary		
N/A	x	

Notes The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$50

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$59

Violation Final Penalty Total \$85

This violation Final Assessed Penalty (adjusted for limits) \$85

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media Public Water Supply
Violation No. 2

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment	\$500	22-Jul-2016	1-Apr-2018	1.69	\$3	\$56	\$59
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

The delayed costs include the estimated amount to provide all dead-end mains with flush valves, calculated from the date of the investigation initially documenting the violation to the estimated date of compliance.

Avoided Costs **ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)**

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$500

TOTAL

\$59

Screening Date 17-Jan-2017
Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media [Statute] Public Water Supply
Enf. Coordinator Yuliya Dunaway
Violation Number 3

Docket No. 2017-0159-MLM-E

PCW

Policy Revision 4 (April 2014)
PCW Revision March 26, 2014

Rule Cite(s) 30 Tex. Admin. Code § 290.46(s)(2)(C)(i)

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

Base Penalty \$1,000

>> **Environmental, Property and Human Health Matrix**

OR	Release	Harm			Percent
		Major	Moderate	Minor	
	Actual				5.0%
	Potential		x		

>> **Programmatic Matrix**

Falsification	Major	Moderate	Minor	Percent
				0.0%

Matrix Notes Failure to properly verify the accuracy of the manual disinfectant residual analyzer could expose persons served by the Facility to a significant amount of contaminants which would not exceed levels protective of human health.

Adjustment \$950

\$50

Violation Events

Number of Violation Events 1 Number of violation days 60

daily	
weekly	
monthly	
quarterly	x
semiannual	
annual	
single event	

Violation Base Penalty \$50

One quarterly event is recommended, calculated from the date of the investigation, November 18, 2016, to the date of screening, January 17, 2017.

Good Faith Efforts to Comply

0.0%

Reduction \$0

	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	

Notes The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$50

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$12

Violation Final Penalty Total \$85

This violation Final Assessed Penalty (adjusted for limits) \$85

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media Public Water Supply
Violation No. 3

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Avoided Costs **ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)**

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling	\$20	1-Jul-2016	17-Jan-2017	0.55	\$1	\$11	\$12
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

The avoided costs include the estimated amount to check the manual disinfectant residual analyzer for accuracy at least once every 90 days (\$5 per 90 day period), calculated from 90 days prior to the date of the investigation initially documenting the violation to the date of screening.

Approx. Cost of Compliance

\$20

TOTAL

\$12

Screening Date 17-Jan-2017
Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media [Statute] Public Water Supply
Enf. Coordinator Yuliya Dunaway
Violation Number 4

Docket No. 2017-0159-MLM-E

PCW

Policy Revision 4 (April 2014)
 PCW Revision March 26, 2014

Rule Cite(s) 30 Tex. Admin. Code § 290.45(b)(1)(C)(i) and Tex. Health & Safety Code § 341.0315(c)

Violation Description
 Failed to provide a well capacity of 0.6 gallons per minute ("gpm") per connection. Specifically, the Facility's 91 service connections require a well capacity of 54.6 gpm. However, the Facility only had Well No. 1 on-line which provides 32.3 gpm, indicating a 41% deficiency.

Base Penalty \$1,000

>> Environmental, Property and Human Health Matrix

Release	Harm			Percent
	Major	Moderate	Minor	
Actual				5.0%
Potential		x		

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
				0.0%

Matrix Notes
 Failure to provide a minimum well capacity could result in water outages and low pressure problems, exposing persons served by the Facility to a significant amount of contaminants which would not exceed levels protective of human health.

Adjustment \$950

\$50

Violation Events

Number of Violation Events 1 Number of violation days 52

daily	
weekly	
monthly	
quarterly	x
semiannual	
annual	
single event	

Violation Base Penalty \$50

One quarterly event is recommended, calculated from the date of the investigation, November 18, 2016, to the date of compliance, January 9, 2017.

Good Faith Efforts to Comply

0.0%

Reduction \$0

	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	

Notes
 The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$50

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$20

Violation Final Penalty Total \$85

This violation Final Assessed Penalty (adjusted for limits) \$85

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media Public Water Supply
Violation No. 4

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)	\$1,000	29-Sep-2016	9-Jan-2017	0.28	\$1	\$19	\$20
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

The delayed costs include the estimated amount to provide a well capacity of 0.6 gpm per connection, calculated from the date of the investigation initially documenting the violation to the date of compliance.

Avoided Costs

ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$1,000

TOTAL

\$20

Screening Date 17-Jan-2017
Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media [Statute] Public Water Supply
Enf. Coordinator Yuliya Dunaway
Violation Number 5

Docket No. 2017-0159-MLM-E

PCW

Policy Revision 4 (April 2014)
PCW Revision March 26, 2014

Rule Cite(s) 30 Tex. Admin. Code § 290.43(c)(1)

Violation Description
 Failed to equip the Facility's ground storage tank ("GST") roof vent with a 16-mesh or finer corrosion-resistant screen to prevent entry of animals, birds, insects, and heavy air contaminants. Specifically, a vent screen on the 129,566-gallon GST was rusted.

Base Penalty \$1,000

>> Environmental, Property and Human Health Matrix

Release	Harm			Percent
	Major	Moderate	Minor	
Actual				5.0%
Potential		X		

>> Programmatic Matrix

Falsification	Harm			Percent
	Major	Moderate	Minor	
				0.0%

Matrix Notes

Failure to provide a proper screen for the GST roof vent could result in persons served by the Facility being exposed to a significant amount of contaminants which would not exceed levels protective of human health.

Adjustment \$950

\$50

Violation Events

Number of Violation Events Number of violation days

daily	
weekly	
monthly	
quarterly	X
semiannual	
annual	
single event	

Violation Base Penalty \$50

One quarterly event is recommended, calculated from the date of the investigation, November 18, 2016, to the date of screening, January 17, 2017.

Good Faith Efforts to Comply

Reduction \$0

	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	X	

Notes: The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$50

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$21

Violation Final Penalty Total \$85

This violation Final Assessed Penalty (adjusted for limits) \$85

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media Public Water Supply
Violation No. 5

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment	\$200	29-Sep-2016	1-Apr-2018	1.50	\$1	\$20	\$21
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs The delayed costs include the estimated amount to equip the GST roof vent with a proper screen, calculated from the date of the investigation initially documenting the violation to the estimated date of compliance.

Item Description	ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)						
Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance \$200 **TOTAL** \$21

Screening Date 17-Jan-2017

Docket No. 2017-0159-MLM-E

PCW

Respondent Michele Audrey Shackelford dba Shelcon Services

Policy Revision 4 (April 2014)

Case ID No. 53888

PCW Revision March 26, 2014

Reg. Ent. Reference No. RN104422282

Media [Statute] Public Water Supply

Enf. Coordinator Yuliya Dunaway

Violation Number 6

Rule Cite(s) 30 Tex. Admin. Code § 290.46(m)(1)(A)

Violation Description Failed to inspect each of the Facility's two GSTs annually by water system personnel or a contracted inspection service. Specifically, the Facility's two GSTs did not receive annual inspections in 2015 and 2016.

Base Penalty \$1,000

>> Environmental, Property and Human Health Matrix

OR	Release	Harm			Percent
		Major	Moderate	Minor	
Actual			x		5.0%
Potential					

>> Programmatic Matrix

Falsification	Harm			Percent
	Major	Moderate	Minor	
				0.0%

Matrix Notes Failure to perform the annual inspection of all the Facility's tanks could result in non-detection of defects which could expose persons served by the Facility to significant amounts of contaminants which would not exceed levels that are protective of human health.

Adjustment \$950

\$50

Violation Events

Number of Violation Events 4 Number of violation days 730

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	x
single event	

Violation Base Penalty \$200

Four annual events are recommended (two per each tank).

Good Faith Efforts to Comply

0.0%

Reduction \$0

	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	

Notes The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$200

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$181

Violation Final Penalty Total \$341

This violation Final Assessed Penalty (adjusted for limits) \$341

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media Public Water Supply
Violation No. 6

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Avoided Costs **ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)**

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]	\$164	18-Nov-2015	17-Jan-2017	2.08	\$17	\$164	\$181
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

The one-time avoided costs include the estimated amount to conduct the annual ground storage tank inspections (\$41 per tank x two tanks x two years), calculated from two years prior to the investigation date to the date of screening.

Approx. Cost of Compliance \$164

TOTAL \$181

Screening Date 17-Jan-2017

Docket No. 2017-0159-MLM-E

PCW

Respondent Michele Audrey Shackelford dba Shelcon Services

Policy Revision 4 (April 2014)

Case ID No. 53888

PCW Revision March 26, 2014

Reg. Ent. Reference No. RN104422282

Media [Statute] Public Water Supply

Enf. Coordinator Yuliya Dunaway

Violation Number 7

Rule Cite(s) 30 Tex. Admin. Code § 290.46(n)(3)

Violation Description Failed to maintain copies of well completion data such as well material setting data, geological log, sealing information (pressure cementing and surface protection), disinfection information, microbiological sample results, and a chemical analysis report of a representative sample of water from the Facility's two wells.

Base Penalty \$1,000

>> Environmental, Property and Human Health Matrix

OR Release Harm Actual Potential Major Moderate Minor Percent 0.0%

>> Programmatic Matrix

Falsification Major Moderate Minor Percent 5.0%

Matrix Notes 100% of the rule requirements were not met.

Adjustment \$950

\$50

Violation Events

Number of Violation Events 1 Number of violation days 60

daily weekly monthly quarterly semiannual annual single event x

Violation Base Penalty \$50

One single event is recommended.

Good Faith Efforts to Comply

0.0% Reduction \$0

Extraordinary Ordinary N/A Before NOE/NOV NOE/NOV to EDPRP/Settlement Offer x

Notes The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$50

Economic Benefit (EB) for this violation

Estimated EB Amount \$14

Statutory Limit Test

Violation Final Penalty Total \$85

This violation Final Assessed Penalty (adjusted for limits) \$85

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media Public Water Supply
Violation No. 7

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)	\$180	29-Sep-2016	1-May-2018	1.59	\$14	n/a	\$14

Notes for DELAYED costs

The delayed costs include the estimated amount to begin maintaining well completion data for the Facility's two wells, calculated from the date of the investigation initially documenting the violation to the estimated date of compliance.

Avoided Costs

ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$180

TOTAL

\$14

Screening Date 17-Jan-2017
Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media [Statute] Public Water Supply
Enf. Coordinator Yuliya Dunaway
Violation Number 8

Docket No. 2017-0159-MLM-E

PCW
 Policy Revision 4 (April 2014)
 PCW Revision March 26, 2014

Rule Cite(s) 30 Tex. Admin. Code § 290.41(c)(1)(F)

Violation Description Failed to obtain a sanitary control easement for all land within 150 feet of the Facility's two wells.

Base Penalty \$1,000

>> Environmental, Property and Human Health Matrix

Release	Harm			Percent
	Major	Moderate	Minor	
Actual				3.0%
Potential			x	

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent

Matrix Notes Failure to have a sanitary control easement in place could expose customers of the Facility to an insignificant amount of contaminants which would not exceed levels protective of human health.

Adjustment \$970

\$30

Violation Events

Number of Violation Events 2 Number of violation days 60

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty \$60

Two single events are recommended.

Good Faith Efforts to Comply

0.0% Reduction \$0

	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	

Notes The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$60

Economic Benefit (EB) for this violation

Estimated EB Amount \$4

Statutory Limit Test

Violation Final Penalty Total \$102

This violation Final Assessed Penalty (adjusted for limits) \$102

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media Public Water Supply
Violation No. 8

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)	\$50	29-Sep-2016	1-May-2018	1.59	\$4	n/a	\$4

Notes for DELAYED costs

The delayed costs include the estimated amount to obtain and record a sanitary control easement for the Facility's wells, calculated from the date of the investigation initially documenting the violation to the estimated date of compliance.

Avoided Costs **ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)**

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$50

TOTAL

\$4

Screening Date 17-Jan-2017
Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media [Statute] Public Water Supply
Enf. Coordinator Yuliya Dunaway

Docket No. 2017-0159-MLM-E

PCW

Policy Revision 4 (April 2014)
 PCW Revision March 26, 2014

Violation Number

Rule Cite(s)

Violation Description Failed to adopt an adequate plumbing ordinance, regulations, or service agreement with provisions for proper enforcement to ensure that neither cross-connections nor other unacceptable plumbing practices are permitted.

Base Penalty

>> Environmental, Property and Human Health Matrix

OR	Release	Harm			Percent
		Major	Moderate	Minor	
	Actual	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="0.0%"/>
	Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>	

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value="5.0%"/>

Matrix Notes

Adjustment

Violation Events

Number of Violation Events Number of violation days

daily	<input type="text"/>
weekly	<input type="text"/>
monthly	<input type="text"/>
quarterly	<input type="text"/>
semiannual	<input type="text"/>
annual	<input type="text"/>
single event	<input checked="" type="checkbox"/>

Violation Base Penalty

Good Faith Efforts to Comply

Reduction

Before NOE/NOV NOE/NOV to EDPRP/Settlement Offer

Extraordinary	<input type="text"/>	<input type="text"/>
Ordinary	<input type="text"/>	<input type="text"/>
N/A	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Notes

Violation Subtotal

Economic Benefit (EB) for this violation

Estimated EB Amount

Statutory Limit Test

Violation Final Penalty Total

This violation Final Assessed Penalty (adjusted for limits)

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media Public Water Supply
Violation No. 9

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System	\$180	29-Sep-2016	1-Apr-2018	1.50	\$14	n/a	\$14
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs
 The delayed costs include the estimated amount to adopt an adequate plumbing ordinance or service agreement, calculated from the date of the investigation initially documenting the violation to the estimated date of compliance.

Avoided Costs	ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)						
Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs
 (Empty box for notes)

Approx. Cost of Compliance \$180
TOTAL \$14

Screening Date 17-Jan-2017
Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media [Statute] Public Water Supply
Enf. Coordinator Yuliya Dunaway
Violation Number 10

Docket No. 2017-0159-MLM-E

PCW

Policy Revision 4 (April 2014)
 PCW Revision March 26, 2014

Rule Cite(s) 30 Tex. Admin. Code § 290.46(f)(2), (f)(3)(A)(iii), (f)(3)(D)(vii) and (f)(3)(E)(iv)

Violation Description

Failed to maintain water works operation and maintenance records and make them available for review to the Executive Director during the investigation. Specifically, the records of complaints received by the system, Consumer Confidence Report ("CCR") documentation and copies of the Customer Service Inspection ("CSI") reports were not available for review.

Base Penalty \$1,000

>> Environmental, Property and Human Health Matrix

OR	Release	Harm			Percent
		Major	Moderate	Minor	
	Actual				0.0%
	Potential				

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
			X	1.0%

Matrix Notes

Less than 30% of the rule requirements were not met.

Adjustment \$990

\$10

Violation Events

Number of Violation Events 1 Number of violation days 60

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	X

Violation Base Penalty \$10

One single event is recommended.

Good Faith Efforts to Comply

0.0%

Reduction \$0

	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	X	

Notes: The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$10

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$10

Violation Final Penalty Total \$17

This violation Final Assessed Penalty (adjusted for limits) \$50

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media Public Water Supply
Violation No. 10

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System	\$135	29-Sep-2016	1-Mar-2018	1.42	\$10	n/a	\$10
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs
 The delayed costs include the estimated amount to begin maintaining water works operation and maintenance records of customer complaints received by the system, CCR documentation and copies of CSI reports (\$45 per record x three records), calculated from the date of the investigation initially documenting the violation to the estimated date of compliance.

Avoided Costs	ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)						
Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance \$135
TOTAL \$10

Screening Date 17-Jan-2017 **Docket No.** 2017-0159-MLM-E
Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media [Statute] Public Water Supply
Enf. Coordinator Yuliya Dunaway

PCW
 Policy Revision 4 (April 2014)
 PCW Revision March 26, 2014

Violation Number 11

Rule Cite(s) 30 Tex. Admin. Code §§ 290.46(d)(2)(A) and 290.110(b)(4), and Tex. Health & Safety Code § 341.0315(c)

Violation Description
 Failed to maintain a disinfectant residual of at least 0.2 milligrams per liter ("mg/L") of free chlorine throughout the distribution system at all times. Specifically, on November 18, 2016 and November 21, 2016, field samples collected from the distribution system measured a free chlorine residual of 0.00 mg/L.

Base Penalty \$1,000

>> Environmental, Property and Human Health Matrix

OR	Release	Harm			Percent
		Major	Moderate	Minor	
	Actual				15.0%
	Potential	x			

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
				0.0%

Matrix Notes Failure to maintain proper levels of disinfection could expose persons served by the Facility to contaminants which would exceed levels protective of human health.

Adjustment \$850

\$150

Violation Events

Number of Violation Events 2 Number of violation days 2

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty \$300

Two single events are recommended (one for each day).

Good Faith Efforts to Comply

0.0%
 Before NOE/NOV NOE/NOV to EDPRP/Settlement Offer

Reduction \$0

Extraordinary		
Ordinary		
N/A	x	

Notes The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$300

Economic Benefit (EB) for this violation

Estimated EB Amount \$106

Statutory Limit Test

Violation Final Penalty Total \$512

This violation Final Assessed Penalty (adjusted for limits) \$512

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media Public Water Supply
Violation No. 11

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling	\$100	18-Nov-2016	1-Mar-2018	1.28	\$6	n/a	\$6
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs The delayed costs include the estimated amount to develop and implement a written protocol that is to be followed to ensure an adequate disinfectant residual is maintained throughout the distribution system, calculated from the date of the investigation to the estimated date of compliance.

Item Description	ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)						
Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]	\$100	18-Nov-2016	21-Nov-2016	0.00	\$0	\$100	\$100
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs The avoided costs include the estimated amount for additional maintenance and oversight to ensure an adequate disinfectant residual is maintained throughout the distribution system, calculated for the days the low disinfectant residual was documented.

Approx. Cost of Compliance \$200 **TOTAL** \$106

Screening Date 17-Jan-2017
Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media [Statute] Public Water Supply
Enf. Coordinator Yuliya Dunaway

Docket No. 2017-0159-MLM-E

PCW

Policy Revision 4 (April 2014)
PCW Revision March 26, 2014

V12
Rule Cite(s)

30 Tex. Admin. Code § 290.46(m)

Violation Description

Failed to initiate maintenance and housekeeping practices to ensure the good working condition and general appearance of the system's facilities and equipment. Specifically, the grass was high at the water plant and the Well No. 2 site.

Base Penalty

>> Environmental, Property and Human Health Matrix

OR	Release	Harm			Percent
		Major	Moderate	Minor	
	Actual	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="3.0%"/>
	Potential	<input type="text"/>	<input type="text"/>	<input checked="" type="checkbox"/>	

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="0.0%"/>

Matrix Notes

Failure to maintain the good working condition and general appearance of the Facility and its equipment could result in persons served by the Facility being exposed to an insignificant amount of contaminants which would not exceed levels protective of human health.

Adjustment

Violation Events

Number of Violation Events Number of violation days

daily	<input type="text"/>
weekly	<input type="text"/>
monthly	<input type="text"/>
quarterly	<input type="text"/>
semiannual	<input type="text"/>
annual	<input type="text"/>
single event	<input checked="" type="checkbox"/>

Violation Base Penalty

Two single events are recommended (one per site).

Good Faith Efforts to Comply

Before NOE/NOV NOE/NOV to EDPRP/Settlement Offer

Reduction

Extraordinary	<input type="text"/>	<input type="text"/>
Ordinary	<input type="text"/>	<input type="text"/>
N/A	<input checked="" type="checkbox"/>	<input type="text"/>

Notes: The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal

Economic Benefit (EB) for this violation

Estimated EB Amount

Statutory Limit Test

Violation Final Penalty Total

This violation Final Assessed Penalty (adjusted for limits)

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media Public Water Supply
Violation No. 12

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)	\$60	18-Nov-2016	1-Mar-2018	1.28	\$4	n/a	\$4

Notes for DELAYED costs The delayed costs include the estimated amount to remove excessive vegetation at the water plant and Well No. 2 site, calculated from the date of the investigation to the estimated date of compliance.

Avoided Costs	ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)						
Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance \$60
TOTAL \$4

Screening Date 17-Jan-2017 **Docket No.** 2017-0159-MLM-E
Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media [Statute] Public Water Supply
Enf. Coordinator Yuliya Dunaway
Violation Number 13

PCW
 Policy Revision 4 (April 2014)
 PCW Revision March 26, 2014

Rule Cite(s) 30 Tex. Admin. Code § 290.46(q)(1) and (2)
Violation Description Failed to issue a boil water notification to customers of the Facility within 24 hours of the failure to maintain adequate chlorine residuals using the prescribed notification format as specified in 30 Tex. Admin. Code § 290.47(c). Specifically, a boil water notification issued on November 21, 2016 was rescinded on November 30, 2016. However, the system failed to demonstrate that the minimum chlorine residual was being maintained in the distribution system. Therefore, in a letter dated December 2, 2016 from the TCEQ, it was requested that a new boil water notification be issued to customers of the Facility, but notification did not occur.

Base Penalty \$1,000

>> Environmental, Property and Human Health Matrix

OR	Release	Harm			Percent
		Major	Moderate	Minor	
	Actual				15.0%
	Potential	x			

>> Programmatic Matrix

Falsification	Harm			Percent
	Major	Moderate	Minor	
				0.0%

Matrix Notes

Failure to issue a boil water notification may not allow affected customers to take appropriate measures in response to low chlorine residual events, which could expose persons served by the Facility to contaminants which would exceed levels protective of human health.

Adjustment \$850

\$150

Violation Events

Number of Violation Events Number of violation days

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty \$150

One single event is recommended.

Good Faith Efforts to Comply

0.0% Reduction \$0

	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	

Notes: The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$150

Economic Benefit (EB) for this violation

Estimated EB Amount \$106

Statutory Limit Test

Violation Final Penalty Total \$256

This violation Final Assessed Penalty (adjusted for limits) \$256

Economic Benefit Worksheet

Respondent Michele Audrey Shackelford dba Shelcon Services
Case ID No. 53888
Reg. Ent. Reference No. RN104422282
Media Public Water Supply
Violation No. 13

Percent Interest 5.0
Years of Depreciation 15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling	\$100	18-Nov-2016	1-Mar-2018	1.28	\$6	n/a	\$6
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

The delayed cost includes the estimated amount to develop and implement a written protocol that is to be followed to ensure boil water notifications are issued to customers in a timely manner, calculated from the date of the investigation to the estimated date of compliance.

Avoided Costs

ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]	\$100	30-Nov-2016	3-Dec-2016	0.00	\$0	\$100	\$100
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

The one-time avoided cost includes the amount necessary to provide a boil water notification (\$100 per notification), calculated for the period the notification was required.

Approx. Cost of Compliance

\$200

TOTAL

\$106