



Control Number: 50422



Item Number: 1

Addendum StartPage: 0



Application for Sale, Transfer, or Merger of a Retail

Public Utility

Pursuant to Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.239

2020 JAN -8 PM 1:44

Sale, Transfer, or Merger (STM) Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, the Applicant should:
 - i. Provide an answer to every question and submit any required attachment applicable to the STM request (i.e., agreements or contracts).
 - ii. Use attachments or additional pages to answer questions as necessary. If you use attachments or additional pages, reference their inclusion in the form.
 - iii. Provide all mapping information as detailed in Part G: Mapping & Affidavits.
- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
 - i. **SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (NOTE: Electronic documents may be sent in advance of the paper copy, however they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records.)
- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
 - i. **DEFICIENT (Administratively Incomplete):** Applicants will be ordered to provide information to cure the deficiencies by a certain date, usually 30 days from ALJ's order. *Application is not accepted for filing.*
 - ii. **SUFFICIENT (Administratively Complete):** Applicants will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. *Application is accepted for filing.*
- IV. Once the Applicants issue notice, a copy of the actual notice sent and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may request a hearing on the merits.

HEARING ON THE MERITS: An affected party may request a hearing within 30 days of notice. In this event, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
- V. **TRANSACTION TO PROCEED:** at any time following the provision of notice, or prior to 120 days from the last date that proper notice was given, Commission Staff will file a recommendation for the transaction to proceed as proposed or recommend that the STM be referred to SOAH for further investigation. The Applicants will be required to file an update in the docket to the ALJ every 30 days following the approval of the transaction. The transaction must be completed within six (6) months from the ALJ's order (Note: The Applicants may request an extension to the 6 month provision for good cause).
- VI. **FILE:** Seven (7) copies of completed transaction documents and documentation addressing the transfer or disposition of any outstanding deposits. After receiving all required documents from the Applicants, the application will be granted a procedural schedule for final processing. The Applicants are requested to consent in writing to the proposed maps and certificates, or tariff if applicable.
- VII. **FINAL ORDER:** The ALJ will issue a final order issuing or amending the applicable CCNs.

FAQ:

Who can use this form?

Any retail public utility that provides water or wastewater service in Texas.

Who is required to use this form?

A retail public utility that is an investor owned utility (IOU) or a water supply corporation (WSC) prior to any STM of a water or sewer system, or utility, or prior to the transfer of a portion of a certificated service area.

Terms

Transferor: Seller

Transferee: Purchaser

CCN: Certificate of Convenience and Necessity

STM: Sale, Transfer, or Merger

IOU: Investor Owned Utility

Application Summary

Transferor: Johnsons Water Service

(selling entity)

CCN No.s: 12004

☒ Sale
 ☐ Transfer
 ☐ Merger
 ☐ Consolidation
 ☐ Lease/Rental

Transferee: SP Utility Company, Inc.

(acquiring entity)

CCN No.s: 12978

☐ Water
 ☐ Sewer
 ☒ All CCN
 ☐ Portion CCN
 ☐ Facilities transfer

County(ies): Brazoria

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Please mark the items included in this filing

<input checked="" type="checkbox"/> Contract, Lease, Purchase, or Sale Agreement	Part A: Question 1
<input checked="" type="checkbox"/> Tariff including Rate Schedule	Part B: Question 4
<input type="checkbox"/> List of Customer Deposits	Part B: Question 5
<input type="checkbox"/> Partnership Agreement	Part C: Question 7
<input type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part C: Question 7
<input checked="" type="checkbox"/> Certificate of Account Status	Part C: Question 7
<input type="checkbox"/> Financial Audit	Part C: Question 10
<input checked="" type="checkbox"/> Application Attachment A & B	Part C: Question 10
<input type="checkbox"/> Disclosure of Affiliated Interests	Part C: Question 10
<input type="checkbox"/> Capital Improvement Plan	Part C: Question 10
<input type="checkbox"/> List of Assets to be Transferred	Part D: 11.B
<input type="checkbox"/> Developer Contribution Contracts or Agreements	Part D: 11.D
<input checked="" type="checkbox"/> Enforcement Action Correspondence	Part E: Question 18 (Part D: Q12)
<input checked="" type="checkbox"/> TCEQ Compliance Correspondence	Part F: Question 22
<input type="checkbox"/> TCEQ Engineering Approvals	Part F: Question 24
<input type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part F: Question 26
<input checked="" type="checkbox"/> Detailed (large scale) Map	Part G: Question 29
<input checked="" type="checkbox"/> General Location (small scale) Map	Part G: Question 29
<input type="checkbox"/> Digital Mapping Data	Part G: Question 29
<input checked="" type="checkbox"/> Signed & Notarized Oath	Page 13-14

Part A: General Information

1. Describe the proposed transaction, including the effect on all CCNs involved, and provide details on the existing or expected land use in the area affected by the proposed transaction. Attach all supporting documentation, such as a contract, a lease, or proposed purchase agreements:

Johnson Water Service CCN 12004, transferor, does sell in its entirety to SP Utility Inc CCNs 12978, transferee, all land, equipment and assets of Johnson Water Service.

2. The proposed transaction will require (check all applicable):

For **Transferee** (Purchaser) CCN:

- ☐ Obtaining a NEW CCN for Purchaser
☒ Transfer all CCN into Purchaser's CCN (Merger)
☐ Transfer Portion of CCN into Purchaser's CCN
☐ Transfer all CCN to Purchaser and retain Seller CCN
☐ Uncertificated area added to Purchaser's CCN

For **Transferor** (Seller) CCN:

- ☒ Cancellation of Seller's CCN
☐ Transfer of a Portion of Seller's CCN to Purchaser
☐ Only Transfer of Facilities, No CCN or Customers
☐ Only Transfer of Customers, No CCN or Facilities
☐ Only Transfer CCN Area, No Customers or Facilities

Part B: Transferor Information

Questions 3 through 5 apply only to the *transferor* (current service provider or seller)

3. A. Name: Johnson Water Service

(individual, corporation, or other legal entity)

☒ Individual ☐ Corporation ☐ WSC ☐ Other: _____

- B. Mailing Address: PO Box 853 Rosharon TX 77588

Phone: (713) 436-1901

Email: amanda@purposeplumbingtx.com

- 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, accountant, or other title.

Name: Michael H. Johnson

Title: Owner

Mailing Address: 1713 Oleander St, Rosharon, TX 77583-2433

Phone: (713) 436-1901

Email: amanda@purposeplumbingtx.com

4. If the utility to be transferred is an Investor Owned Utility (IOU), for the most recent rate change, attach a copy of the current tariff and complete A through B:

- A. Effective date for most recent rates: April 24, 2008

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

☐ No ☒ Yes Application or Docket Number: 35806-G

If the transferor is a Water Supply or Sewer Service Corporation, provide a copy of the current tariff.

5. For the customers that will be transferred following the approval of the proposed transaction, check all that apply:

☐ There are no customers that will be transferred

☒ # of customers without deposits held by the transferor 44

☐ # of customers with deposits held by the transferor*

*Attach a list of all customers affected by the proposed transaction that have deposits held, and include a customer indicator (name or account number), date of each deposit, amount of each deposit, and any unpaid interest on each deposit.

Part C: Transferee Information

Questions 6 through 10 apply only to the *transferee* (purchaser or proposed service provider)

6. A. Name: SP Utility Company, Inc.

(individual, corporation, or other legal entity)

☐ Individual ☒ Corporation ☐ WSC ☐ Other:

B. Mailing Address: PO BOX 690521 HOUSTON TX 77269 - 521

Phone: (713) 651-0220

Email: harrison.ftu@gmail.com

C. Contact Person. Provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: Harrison Williams

Title: President

Address: PO Box 690521 Houston, TX 77269

Phone: (832) 534-8545

Email: harrison.ftu@gmail.com

D. If the transferee is someone other than a municipality, is the transferee current on the Regulatory Assessment Fees (RAF) with the Texas Commission on Environmental Quality (TCEQ)?

☐ No ☒ Yes ☐ N/A

E. If the transferee is an IOU, is the transferee current on the Annual Report filings with the Commission?

☐ No ☒ Yes ☐ N/A

7. The legal status of the transferee is:

☐ Individual or sole proprietorship

☐ Partnership or limited partnership (*attach* Partnership agreement)

☒ Corporation

Charter number (as recorded with the Texas Secretary of State): 800200690

☐ Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]

Charter number (as recorded with the Texas Secretary of State):

☐ Articles of Incorporation and By-Laws established (*attach*)

☐ Municipally-owned utility

☐ District (MUD, SUD, WCID, FWSD, etc.)

☐ County

☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)

☐ Other (please explain): _____

8. If the transferee operates under any d/b/a, provide the name below:

Name: N/A

9. If the transferee's legal status is anything other than an individual, provide the following information regarding the officers, members, or partners of the legal entity applying for the transfer:

Name: Harrison Williams

Position: President

Ownership % (if applicable): 100.00%

Address: _____

Phone: _____

Email: _____

Name: _____

Position: _____

Ownership % (if applicable): 0.00%

Address: _____

Phone: _____

Email: _____

Name: _____

Position: _____

Ownership % (if applicable): 0.00%

Address: _____

Phone: _____

Email: _____

Name: _____

Position: _____

Ownership % (if applicable): 0.00%

Address: _____

Phone: _____

Email: _____

10. **Financial Information**

The transferee Applicant must provide accounting information typically included within a balance sheet, income statement, and statement of cash flows. If the Applicant is an existing retail public utility, this must include historical financial information and projected financial information. However, projected financial information is only required if the Applicant proposes new service connections and new investment in plant, or if requested by Staff. If the Applicant is a new market entrant and does not have its own historical balance sheet, income statement, and statement of cash flows information, then the Applicant should establish a five-year projection taking the historical information of the transferor Applicant into consideration when establishing the projections.

Historical Financial Information may be shown by providing any combination of the following that includes necessary information found in a balance sheet, income statement, and statement of cash flows:

1. Completed Appendix A;
2. Documentation that includes all of the information required in Appendix A in a concise format; or
3. Audited financial statements issued within 18 months of the application filing date. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Projected Financial Information may be shown by providing any of the following:

1. Completed Appendix B;
2. Documentation that includes all of the information required in Appendix B in a concise format;
3. A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test (16 Tex. Admin. Code § 24.11(e)(3)) for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$ _____

If the transferee Applicant is an investor owned utility (IOU) provide answers to B through D.

B. Transferee has a copy of an inventory list of assets to be transferred (*attach*):

☐ No ☒ Yes ☐ N/A

Total Original Cost of Plant in Service: \$ _____

Accumulated Depreciation: \$ _____

Net Book Value: \$ _____

C. **Customer contributions in aid of construction (CIAC):** Have the customers been billed for any surcharges approved by the Commission or TCEQ to fund any assets currently used and useful in providing utility service? Identify which assets were funded, or are being funded, by surcharges on the list of assets.

☒ No ☐ Yes

Total Customer CIAC: \$ _____
Accumulated Amortization: \$ _____

D. **Developer CIAC:** Did the transferor receive any developer contributions to pay for the assets proposed to be transferred in this application? If so, identify which assets were funded by developer contributions on the list of assets and provide any applicable developer agreements.

☒ No ☐ Yes

Total developer CIAC: \$ _____
Accumulated Amortization: \$ _____

12. A. Are any improvements or construction required to meet the minimum requirements of the TCEQ or Commission and to ensure continuous and adequate service to the requested area to be transferred plus any area currently certificated to the transferee Applicant? Attach supporting documentation and any necessary TCEQ approvals, if applicable.

☒ No ☐ Yes

2

B. If yes, describe the source and availability of funds and provide an estimated timeline for the construction of any planned or required improvements:

N/A

13. Provide any other information concerning the nature of the transaction you believe should be given consideration:

None

14. Complete the following proposed entries (listed below) as shown in the books of the Transferee (purchaser) after the acquisition. Debits (positive numbers) should equal credits (negative numbers) so that all line items added together equal zero. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations:

Utility Plant in Service: \$ _____

Accumulated Depreciation of Plant: \$ _____

Cash: \$ _____

Notes Payable: \$ _____

Mortgage Payable: \$ _____

(Proposed) Acquisition Adjustment*: \$ _____

* Acquisition Adjustments will be subject to review under 16 TAC § 24.41(d) and (e)

Other (NARUC account name & No.): 0

Other (NARUC account name & No.): 0

15. A. Explain any proposed billing change (NOTE: If the acquiring entity is an IOU, the IOU may not change the rates charged to the customers through this STM application. Rates can only be changed through the approval of a rate change application.)

No proposed billing changes

B. If transferee is an IOU, state whether or not the transferee intends to file with the Commission, or an applicable municipal regulatory authority, an application to change rates for some or all of its customers as a result of the transaction within the next twelve months. If so, provide details below:

Undertermined at this time. A rate study will be conducted after the tranfer has been approved by the PUC and the trasnfer has been finanlized.

Part E: CCN Obtain or Amend Criteria Considerations

16. Describe, in detail, the anticipated impact or changes in the quality of retail public utility service in the requested area as a result of the proposed transaction:

The quality of service is expected to improve as a result of the water utility being under the ownership and operation of a full-time professional with 20 years of experience of owning and operating Investor Owned Public Water and Wastewater Utilities.

17. Describe the transferee's experience and qualifications in providing continuous and adequate service. This should include, but is not limited to: other CCN numbers, water and wastewater systems details, and any corresponding compliance history for all operations.

Harrison Williams has over 20 years experience ng and operating Investor Owned Public Water and Wastewater Utilities. SP Utilities has 2 CCN 12978 & 20817.
SP Utiliy has no outstanding compliance violation. The last compliance violation was in 2010 and was corrected. DOCKET NO.:2010-0301-PWS-ETCEQ ID:RN103779039CASE NO.:3920

18. Has the transferee been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes? Attach copies of any correspondence with the applicable regulatory agency(ies)

☒ No ☐ Yes

19. Explain how the environmental integrity or the land will be impacted or disrupted as a result of the proposed transaction:

The environmental integrity will not be impacted or disrupted becasue these is no new construction or any chnages that will impact the land.

20. How will the proposed transaction serve the public interest?

The public interest will be served by the delivery of imporved service with professional management of the water utilities.

21. List all neighboring water or sewer utilities, cities, districts (including ground water conservation districts), counties, or other political subdivisions (including river authorities) providing the same service within two (2) miles from the outer boundary of the requested area affected by the proposed transaction:

City of Pearland, 11008; Turner Water Service, 12195; Aqua Texas Inc., 13203; Brazoria County MUD 22, 12231; Brazoria County MUD 21, 13042

Part F: TCEQ Public Water System or Sewer (Wastewater) Information

Complete Part F for EACH Public Water or Sewer system to be transferred subject to approval of the transaction.
Attach a separate sheet with this information if you need more space for additional systems being transferred.

22. A. For Public Water System (PWS):TCEQ PWS Identification Number: TX0200158 (7 digit ID)Name of PWS: Johnson Water ServiceDate of last TCEQ compliance inspection: July 4, 2018 (attach TCEQ letter)Subdivisions served: Oleander Road Mobile Home Development.**B. For Sewer service:**TCEQ Water Quality (WQ) Discharge Permit Number: WQ - (8 digit ID)Name of Wastewater Facility: N/A

Name of Permittee: _____

Date of last TCEQ compliance inspection: _____ (attach TCEQ letter)

Subdivisions served: _____

Date of application to transfer permit submitted to TCEQ: _____**23. List the number of existing connections, by meter/connection type, to be affected by the proposed transaction:**

Water				Sewer	
	Non-metered		2"		Residential
44	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:				44	Total Sewer Connections:

24. A. Are any improvements required to meet TCEQ or Commission standards?☒ No ☐ Yes**B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):**

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

C. Is there a moratorium on new connections?☒ No ☐ Yes:**25. Does the system being transferred operate within the corporate boundaries of a municipality?**☒ No ☐ Yes: _____ (name of municipality)

If yes, indicate the number of customers within the municipal boundary.

Water: _____ Sewer: _____

26. A. Does the system being transferred purchase water or sewer treatment capacity from another source?

☒ No ☐ Yes: If yes, attach a copy of purchase agreement or contract.

Capacity is purchased from: _____

Water: _____

Sewer: _____

B. Is the PWS required to purchase water to meet capacity requirements or drinking water standards?

☒ No ☐ Yes

C. What is the amount of water supply or sewer treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:		0.00%
Sewer:		0.00%

D. Will the purchase agreement or contract be transferred to the Transferee?

☒ No ☐ Yes:

27. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

☐ No ☒ Yes:

28. List the name, class, and TCEQ license number of the operator that will be responsible for the operations of the water or sewer utility service:

Name (as it appears on license)	Class	License No.	Water or Sewer
James Williams	B	WG 0014737	Water
Francisco Ontiveros	C	WG00107862	Water
Abel Reyna	C	WG0012760	Water

Part G: Mapping & Affidavits

ALL applications require mapping information to be filed in conjunction with the STM application.

Read question 29 A and B to determine what information is required for your application.

29. A. For applications requesting to transfer an entire CCN, without a CCN boundary adjustment, provide the following mapping information with each of the seven (7) copies of the application:

1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The following guidance should be adhered to:
 - i. If the application requests to transfer certificated service areas for both water and sewer, separate maps must be provided for each.
 - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.

- iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.

- 2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made and natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
 - i. The map must be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made or natural landmarks must be labeled and marked on the map as well.
 - ii. If the application requests an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
 - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
 - iv. The outer boundary of the requested area should not be covered by any labels, roads, city limits or extraterritorial jurisdiction (ETJ) boundaries.

B. For applications that are requesting to include area not currently within a CCN, or for applications that require a CCN amendment (any change in a CCN boundary), such as the transfer of only a portion of a certificated service area, provide the following mapping information with each of the seven (7) copies of the application:

- 1. A general location (small scale) map identifying the requested area with enough detail to locate the requested area in reference to the nearest county boundary, city, or town. Please refer to the mapping guidance in part A 1 (above).
- 2. A detailed (large scale) map identifying the requested area with enough detail to accurately locate the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, or railroads. Please refer to the mapping guidance in part A 2 (above).
- 3. One of the following identifying the requested area:
 - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part A 2 (above);
 - ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part A 2 (above); or
 - iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
 - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
 - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
 - c. The digital mapping data shall be filed on a data disk (CD or USB drive), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

Part H: Notice Information

The following information will be used to generate the proposed notice for the application.
DO NOT provide notice of the application until it is found sufficient and the Applicants are ordered to provide notice.

30. Complete the following using verifiable man-made or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents). Measurements should be approximated from the outermost boundary of the requested area:

The total acreage of the requested area is approximately: 28.00

Number of customer connections in the requested area: 44

Affected subdivision : Oleander Road Mobile Home Park

The closest city or town: Rosharon

Approximate mileage to closest city or town center: 1

Direction to closest city or town: West

The requested area is generally bounded on the North by: County Road 967

on the East by: Old Airline Road

on the South by: County Road 59

on the West by: County Road 967

31. A copy of the proposed map will be available at: 12111 Spring Cypress Tomball, TX 77377

32. What effect will the proposed transaction have on an average bill to be charged to the affected customers? Take into consideration the average consumption of the requested area, as well as any other factors that would increase or decrease a customer's monthly bill.

☒ All of the customers will be charged the same rates they were charged before the transaction.

☐ All of the customers will be charged different rates than they were charged before the transaction.

☐ higher monthly bill ☐ lower monthly bill

☐ Some customers will be charged different rates than they were charged before
(i.e. inside city limit customers)

☐ higher monthly bill ☐ lower monthly bill

Oath for Transferor (Transferring Entity)

STATE OF Texas

COUNTY OF Brazoria

I, Michael Johnson being duly sworn, file this application for sale, transfer,

merger, consolidation, acquisition, lease, or rental, as

Johnson Water Service

(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest 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 been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement 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.

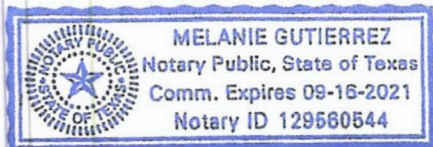
Michael M. Johnson
AFFIANT
(Utility's Authorized Representative)

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 BEFORE ME, a Notary Public in and for the State of Texas

this day the 26th of DECEMBER, 2019

SEAL



Melanie Gutierrez
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Melanie Gutierrez
PRINT OR TYPE NAME OF NOTARY

My commission expires: September 16, 2021

Oath for Transferee (Acquiring Entity)

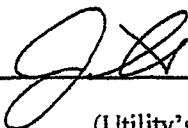
STATE OF Texas

COUNTY OF Harris

I, Harrison Williams being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as SP Utility Company, Inc.
(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest 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 been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement 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.



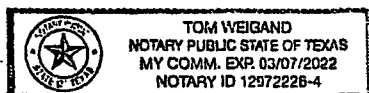
AFFIANT

(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 BEFORE ME, a Notary Public in and for the State of Texas
this day the 17 of DECEMBER, 2019

SEAL




**NOTARY PUBLIC IN AND FOR THE
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ASSET PURCHASE AGREEMENT
between
MICHAEL JOHNSON AND RYAN JOHNSON D/B/A JOHNSONS WATER SERVICE
and
SP UTILITY COMPANY, INC.

THIS ASSET PURCHASE AGREEMENT (this "**Agreement**") executed as of this the ____ day of October, 2019, (the "**Effective Date**"), is by and between Michael Johnson and Ryan Johnson d/b/a Johnsons Water Service, owners of the Public Water Supply ("**PWS**") Johnson's Water Service (referred to jointly herein as "**Seller**"), and South Coast Utilities, LLC (referred to herein as "**Purchaser**"). The Purchaser and Seller may be referred to individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, Seller operates a potable water supply system located at 1713 Oleander Street, Rosharon, Texas 77583-2433 better known as Johnson water service, identified with the Public Utility Commission of Texas ("**PUCT**") under its Certificate of Convenience and Necessity ("**CCN**") number 12004, PWS number 0200158, (all together, the "**Water System**");

WHEREAS, Purchaser desires to purchase from Seller, and Seller desires to sell to Purchaser, all of Seller's assets that it utilizes in the Water System on the terms and conditions set forth herein; and

WHEREAS, the Parties acknowledge and agree that Seller gave notice to Purchaser of the requirements of Section 13.301(k) of the Texas Water Code before either Party executed this Agreement.

NOW, THEREFORE, in consideration of the above premises and the respective representations, warranties, agreements and conditions herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 As used in this Agreement:

- (a) "*Acquired Assets*" has the meaning set forth in Section 2.1.
- (b) "*Final Order Date*" means the date on which the PUCT Final Order becomes final and non-appealable in all respects.
- (c) "*Person*" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, any other business entity or a governmental authority.
- (d) "*Water System*" has the meaning set forth in the first recital of this Agreement.

- (e) “*TCEQ*” means the Texas Commission on Environmental Quality or its successor.
- (f) “*PUCT*” means the Public Utility Commission of Texas or its successor.
- (g) “*STM Application*” means an “Application for Sale, Transfer or Merger of a Retail Public Utility” that is required to be filed with the PUCT in connection with the sale and transfer of the Water System from Seller to Purchaser and the assignment to Purchaser of Seller’s CCN service area.
- (h) “*PUCT Final Order*” means the final order issued by the PUCT after approval of the STM Application authorizing the transfer of the Water System from Seller to the Purchaser and the assignment to Purchaser of Seller’s CCN service area.

ARTICLE II

SALE OF ASSETS AND ASSUMPTION OF LIABILITIES

- 2.1 Sale of Assets. At the Closing, Seller shall sell and transfer to Purchaser, and Purchaser shall accept from Seller, free and clear of all liens, encumbrances and adverse claims of any kind, except as may otherwise be expressly set forth herein, all right, title and interest in and to the assets used by or for the benefit of the Seller in connection with the operation of the Water System (collectively, the “**Acquired Assets**”), which assets include the following:
- (a) all of the real property set forth on **Schedule 2.1(a)** (the “**Owned Real Property**”);
 - (b) all of Seller’s personal property, equipment and fixtures used by Seller in the operation of the Water System, including, but not limited to, that property described on **Schedule 2.1(b)**, **subject to the following:**
 - (i) Seller shall provide to Purchaser copies of all of Seller’s records regarding the operation and maintenance of the water company and Water System, including electronic records;
 - (2) Seller shall provide to Purchaser the hard copy version of all other of Seller’s records regarding the operation and maintenance of the water company and Water System, unless declined by Purchaser.
 - (3) Purchaser shall retain copies of the hard copy version of records pertaining to the Acquired Assets or Water System obtained by Purchaser from Seller prior to the Closing Date and such records shall be made available for review and copying by Seller upon reasonable request and notice until the Closing Date; and
 - (4) No other personal property located within the confines of Seller’s office shall convey, unless specifically listed on Schedule 2.1(b); and
 - (5) Purchaser shall not be liable to Seller, its agents or assigns, for the unintentional loss, damage, or destruction of any records provided to Purchaser from Seller in accordance with this Section 2.1(b).

- (d) all of Seller's rights of recovery under any insurance policies or otherwise existing under law or in equity regarding damages or losses relating to the Water System, except that Seller shall first receive from such proceeds reimbursement for actual expenses incurred and paid or incurred by Seller prior to Closing, if covered under the policy, after allowing for the policy's threshold deductible;
- (e) all rights to surface water and groundwater related to, and used by, the Water System;
- (f) all historical groundwater production rights associated with the wells on the Owned Real Property, the wells used by or for the benefit of the Water System, and any production credit associated with the lands served by such wells.

2.2 Condition and Suitability. Except as stated herein, the assets to be conveyed by Seller to Purchaser in Section 2.1 shall be conveyed "*Where Is, As Is*" as of the date of Closing. Without limiting the foregoing, Seller shall make a general warranty of title to all of the Acquired Assets, and as a material part of this Agreement, the Parties agree as follows:

EXCEPT FOR ANY WARRANTY AS TO TITLE CONTAINED IN THE DEED TO BE DELIVERED BY SELLER TO PURCHASER AND THE WARRANTIES EXPRESSLY MADE IN THIS ASSET PURCHASE AGREEMENT, SELLER HEREBY DISCLAIMS AND PURCHASER HEREBY WAIVES, ANY AND ALL OTHER WARRANTIES OF ANY NATURE, EXPRESS OR IMPLIED, REGARDING THE ACQUIRED ASSETS, INCLUDING WITHOUT LIMITATION ANY AND ALL OTHER WARRANTIES RELATED TO THE CONDITION, CONSTRUCTION, FITNESS, HABITABILITY, SAFETY, PROFITABILITY AND/OR MERCHANTABILITY, OF THE PROPERTY OR THE ACQUIRED ASSETS, OR TO CUSTOM AND USAGE, OR TO COMPLIANCE OF THE ACQUIRED ASSETS WITH ANY LEGAL REQUIREMENTS APPLICABLE THERETO, AND PURCHASER SHALL ACCEPT THE ACQUIRED ASSETS SUBJECT TO ANY AND ALL DEFECTS THEREIN, WHETHER LATENT OR PATENT, "AS-IS," "WHERE-IS," AND "WITH ALL FAULTS".

PURCHASER HAS MADE, WILL MAKE, OR STATES THAT IT HAS HAD THE OPPORTUNITY TO MAKE ITS OWN INDEPENDENT INSPECTION OF ALL ASPECTS OF THE ACQUIRED ASSETS, AND SHALL HAVE NO RECOURSE WHATSOEVER AGAINST SELLER IN THE EVENT OF DISCOVERY BY PURCHASER OF ANY DEFECTS OF ANY KIND, LATENT OR PATENT, EXCEPT AS MAY BREACH ANY WARRANTY OF TITLE CONTAINED IN THE DEED TO BE DELIVERED BY SELLER TO PURCHASER OR THE WARRANTIES EXPRESSLY MADE BY SELLER IN THIS ASSET PURCHASE AGREEMENT.

The Parties agree that language substantially to this effect will be included in the deed at Closing, but that this limitation of warranty shall survive Closing and not merge with the deed or any other document.

2.3 Indemnification by Seller. Notwithstanding any of the foregoing or any other provision of this Agreement, Seller agrees to indemnify, defend and hold harmless Purchaser, its parent company, subsidiaries of such parent company and all of their respective officers, directors,

employees, and agents harmless, from and against any and all losses, claims, damages, liabilities, fines, penalties, judgments ("**Claims**") to which those indemnified herein may become subject to after the Closing, including reasonable costs and attorney fees, insofar as such Claims, arise out of or are based on Seller's breach of its representations and warranties set forth in Article IV. Seller's indemnification obligations set forth in this Section 2.3 shall survive the expiration or termination of this Agreement or the Closing.

ARTICLE III PURCHASE PRICE AND CLOSING

3.1 **Purchase Price.** In consideration for Seller's sale and transfer of the Acquired Assets to Purchaser, Purchaser agrees to pay to Seller FORTY THOUSAND DOLLARS (\$40,000.00), (the "**Purchase Price**").

3.1.1 **Release of Funds to Seller:** Title Company will release the Closing Payment to Seller on or before the next business day after receipt of a copy of the signed PUCT Final Order.

3.2 **The Closing.** The Closing shall take place at the offices of American Title Company of Houston, 3322 E. Walnut St #111, Pearland, Texas 77581 or such other place as may be agreed upon by the Parties no later than ninety (90) days following the latter of: (i) the earlier of (a) the 120th day after proper notice has been given to each of Seller's customers and each utility within 2 miles of Seller's CCN service area in accordance with the requirements of the Purchaser's STM Application, or (b) Purchaser has received written notice from the PUCT that a hearing on the sale will not be requested; (ii) if a hearing is requested or if proper notice is not provided, the written determination by the PUCT that the sale serves the public interest; or (iii) the satisfaction or waiver by Purchaser that the conditions of Section 7.1 have been met by Seller. However, in no event will the Closing Date be later than _____ 2020, unless otherwise agreed to in writing by both Parties. If this transaction has not closed by _____, 2020, and the Parties have not otherwise extended the Closing Date, this Agreement will terminate, and in such event, the Title Company is hereby authorized and directed to unilaterally make disbursement of the Earnest Money to the Party or Parties entitled thereto, without any further joinder or approval of Seller or Purchaser, and neither Party shall have any further rights or obligations under this Agreement or otherwise, except as may be set forth herein with respect to rights or obligations which survive termination.

Management, title and control of the Water System, along with the Owned Real Property, shall transfer from Seller to Purchaser at Closing. Seller shall be responsible for the operation, repair, and upgrade of the Water System and the Owned Real Property, the payment of all expenses associated therewith, and be entitled to all revenues accrued prior to Closing. Purchaser shall be responsible for the operation, repair and upgrade of the Water System and the Owned Real Property after Closing, the payment of all expenses associated therewith, and Purchaser will be entitled to all revenues from water sales from the date of Closing forward.

ARTICLE IV SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants to Purchaser as follows, such representations and warranties being deemed to be made as of the time specified. All representations made by Seller in this Agreement are made to the personal knowledge of Michael Johnson and Ryan Johnson, current as of the time deemed made, under no duty to further investigate after such time specified.

- 4.1 Organization of Seller. As of the Effective Date and at the time of Closing, Sellers are individuals doing business as Johnsons Water Service is validly existing in the State of Texas and in good standing with the Comptroller of the State of Texas with regards to the payment of all taxes, franchise or otherwise.
- 4.2 Authorization of Transaction. As of the Effective Date and on a continuous basis until the Closing, the execution, delivery and performance of this Agreement and all other transaction documents contemplated by this Agreement, to which Seller is a party, have been duly authorized by Seller.
- 4.3 Non-contravention. As of the Effective Date and at the time of Closing, the transactions contemplated by this Agreement will not (i) violate any legal requirement to which Seller is subject or any provision of its organizational documents, (ii) conflict with, or result in a breach of, any contract to which Seller is a party; or (iii) violate any ordinance, regulation, statute or law of any governmental entity or authority.
- 4.4 Third Party Consents. As of the Effective Date and at the time of Closing, except for the consents set forth in **Schedule 4.4 ("Seller's Required Consents")**, no consent, approval, waiver or authorization of any governmental authority or any other person, other than the PUCT, is necessary in connection with the execution, delivery or performance by Seller of this Agreement, the conveyance of the Water System, along with the Owned Real Property, to Purchaser, or the subsequent operation of the Water System, along with the Owned Real Property, by Purchaser.
- 4.5 Brokers' Fees. As of the Effective Date and on a continuous basis until the Closing, Seller has no obligation to pay any fees or commissions to any broker, finder, or similar agent with respect to the transactions contemplated herein for which Purchaser could become liable or obligated to pay.
- 4.6 Title to Assets. At Closing, Seller will have good and marketable title to all of the Acquired Assets, meaning that they are free and clear of any liens, encumbrance, third-party claim or ownership, or restriction on transfer, except for Permitted Encumbrances (as that term is defined below) and as may otherwise be set forth herein. At Closing, Seller will provide a release of Vendor's Lien as described in Exhibit A, Warranty Deed With Vendor's Lien, executed December 30, 1997.
- 4.7 Tax Matters. As of the Effective Date and at the time of Closing, each of the following: There are no liens, or unpaid accounts, for taxes or assessments or unpaid taxes (other than taxes or assessments not yet due and payable), including ad valorem taxes and assessments,

upon any of the Acquired Assets. Seller has withheld and paid all taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, or other third party, and all Forms W-2 and 1099 required with respect thereto have been properly completed in all respects and timely filed. No proceeding is pending against or involving Seller with respect to any of Seller's tax returns or with respect to Seller's taxes, and Seller has not waived any statute of limitations in respect of taxes or agreed to any extension of time with respect to a tax assessment or deficiency. Seller will pay, at or before Closing, for all unpaid and due property or ad valorem taxes attributable to the Acquired Assets (assessed against both the personal and real property of Seller) for years prior to the year of the Closing, and it will pay at Closing its prorated share of any property or ad valorem taxes or estimates thereof attributable to the Acquired Assets up to the date of the Closing, except that Seller will pay only for any rollback taxes due as a result of any change of use of any of the Acquired Assets by Seller prior to Closing, and Purchaser will pay for any such rollback taxes due to change of use by Purchaser.

- 4.8 Rights of Third Parties. As of the Closing Date, Seller has not leased or otherwise granted to any Person the right to use or occupy any of the Acquired Assets, and there are no outstanding options, rights of first offer or rights of first refusal to purchase any of the Acquired Assets and any interest therein.
- 4.9 Condition of Acquired Assets. Seller makes no representation or warranty (other than title) of the condition of all buildings, structures, fixtures, building systems and equipment, and all components thereof, included in the Acquired Assets. As of the Closing Date, Seller owns title to the easements or fee attributable to the real property underlying all of the Water System, and there are no third-party claims to any of that underlying real property that would affect or diminish the value of the Water System to Purchaser.
- 4.10 Compliance. Except as disclosed in writing to Purchaser in **Schedules 4.10, 4.13 and 4.15(f)**, as of the Effective Date this Agreement, and except as Seller may otherwise be notified by the TCEQ or PUCT up to the time of Closing, Seller is, in general compliance with all legal requirements applicable to the lawful operation of the Water System. Except as disclosed to Purchaser in an applicable schedule to this Agreement or in accordance with Section 4.15(f), and except as Seller may be otherwise notified after the Effective Date, at Closing, Seller has not received any notice of pending material violation or impending violation of any state regulations, legal requirements, or insurance requirements relating to the Acquired Assets, and there is no material basis for the issuance of any such notice or the taking of any action for such violation. In the event that Seller has received notice after the Effective Date that the Acquired Assets are not in such compliance (including those outstanding violations disclosed in Schedule 4.15(f)), Seller shall use commercially reasonable efforts to bring the Acquired Assets into compliance prior to Closing. In the event that Seller is unable to bring the Acquired Assets into compliance prior to Closing, then Purchaser shall have the right to terminate under Section 9.1. Any and all reports or notices of non-compliance received by Seller after the Effective Date shall be provided to Purchaser within 48 hours of Seller's receipt of the same. Any administrative or penalties sought by the TCEQ, PUCT or other governmental entity at the time of closing and as disclosed in Schedules 4.10, 4.13 or 4.15(f) in a pending Order or other instrument, will remain the responsibility and be paid by Seller. If any such enforcement Order is issued

by the TCEQ or PUCT or other governmental entity, the Seller will remain liable for compliance with said Order.

- 4.11 Access. At Closing, each parcel of real property that is a part of the Acquired Assets has direct access to a public street adjoining that property or has access to a public street via an insurable easement benefiting such parcel, and such access is not dependent on any land or other real property interest that is not included in the Acquired Assets. None of the improvements or any portion thereof is dependent on access, use or operation on any land, building, improvement or other real property interest that is not included in the Acquired Assets.
- 4.12 Prepayments and Customer Deposits. At the time of Closing, Seller shall have refunded all customer deposits, improperly collected pass-through charges, and any and all other monies owed the Water System customers by Seller, with interest accrued to the benefit of those customers if applicable. At Closing, Seller shall supply Purchaser with an affidavit executed by Seller contained in the form agreement attached hereto in **Schedule 4.12** (the "Closing Agreement"), which affidavit shall evidence Seller's payment of the aforementioned refunds. The affidavit provided for in Schedule 4.12 may be modified by the Parties at any time prior to the PUCT Final Order Date in order to facilitate the PUCT's acceptance of the same as evidence that all amounts mentioned in this Section 4.12 have been refunded by Seller to Seller's customer's on or prior to the Closing Date.
- 4.13 Litigation and Insurance Claims. Except as disclosed to Purchaser as set forth on **Schedule 4.13**, as of the Effective Date and, except as Seller may be otherwise notified after the Effective Date, and up to the time of Closing, Seller is not subject to any outstanding court or administrative order or other legal or regulatory proceedings, nor does the Seller have any knowledge of any notice or threat of it to be made a party to any legal proceeding or subject to any administrative order or investigation. In the event that Seller has received notice of such suit, order, or proceeding and Seller is unable to fully resolve such prior to Closing, then Purchaser shall have the right to terminate under Section 9.1. Any and all notices of administrative, legal, or regulatory proceeding received by Seller after the Effective Date shall be provided to Purchaser within 48 hours of Seller's receipt of the same.
- As of the Effective Date, Seller has no claims outstanding against any insurer of any property, general liability, worker's compensation, automotive, or umbrella insurance policy in any way related to the Acquired Assets.
- 4.14 Employees. As of the Effective Date and on a continuous basis until the Closing, Seller has not made any representations to any of Seller's employees that would cause any such employee to expect that any of them would or will become an employee of SP UTILITY COMPANY, INC.
- 4.15 Environmental, Health, and Safety Requirements.
- (a) As of the Effective Date and at the time of Closing and with the exception of any enforcement action identified on Schedule 4.10, 4.13, or 4.15(f), Seller is in compliance, with all governmental environmental, health and safety requirements.

- (b) A list of all permits, licenses and governmental authorizations known by Seller as of the Effective Date to be required by all governmental environmental, health and safety requirements for the occupation of Seller's facilities and Seller's operation of the Seller's Water System is set forth on **Schedule 4.15(b)**.
- (c) As of the Effective Date and at the time of Closing and with the exception of those enforcement cases identified in Schedules 4.10, 4.13 and 4.15(f), Seller has not received any written notice, report or other information from any governmental authority regarding any actual or alleged existing violation of environmental, health and safety requirements, or any liabilities, including any investigatory, remedial or corrective obligations, relating to the Water System arising under any environmental, health or safety requirement. Any and all such reports or notices received by Seller after the Effective Date shall be provided to Purchaser within 48 hours of Seller's receipt of the same.
- (d) As of the Effective Date and except as may be discovered due to any environmental studies done during the pendency of this Agreement, Seller does not have any knowledge that any of the following exists at any property or facility used by the Water System:
 - (i) underground storage tanks,
 - (ii) asbestos-containing material in any friable and damaged form or condition,
 - (iii) materials or equipment containing polychlorinated biphenyls,
 - (iv) landfills, surface impoundments, or disposal areas, or
 - (v) lead paint.
- (e) As of the Effective Date and the Closing Date and on a continuous basis until the Closing, excepting chlorine, Seller has not treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled, manufactured, distributed, or released any substance, including any hazardous substance, or owned or operated any property or facility (and no such property or facility is contaminated by any such substance) so as to give rise to any current or future liabilities, including any liability for fines, penalties, response costs, corrective action costs, personal injury, property damage, natural resources damages or attorney's fees, pursuant to any environmental, health or safety requirement. Seller has used and maintained on premises chlorine for the sole purpose of water disinfection as required by TCEQ regulations and that chlorine is a known hazardous substance.
- (f) As of the Effective Date, Seller has given to Purchaser written copies of all environmental audits, environmental reports, TCEQ inspection reports, notices of violation, environmental notices and other environmental documents and related correspondence from any governmental authority relating to Seller's Water System, current properties, facilities, or operations that are in their possession or under their reasonable control and of any environmental audits, reports, and other material environmental documents and correspondences that Seller has conducted, prepared or received in the last two (2) years. **Schedule 4.15(f)** lists each of the environmental audits, reports, inspection reports, notices of violation and other

material environmental enforcement documents that have been delivered to Purchaser as of the Effective Date. Seller shall give to Purchaser a copy of any such audits, inspection reports, et al. that Seller receives after the Effective Date and prior to the Final Order Date within 48 hours of Seller's receipt of the same.

- 4.16 Customers. **Schedule 4.16** lists all of Seller's customers at the time of the Effective Date which Purchaser will rely on in its STM Application filing in connection with the transactions hereunder. This list shall be updated by Seller at Closing. As of the Effective Date no customer listed on Schedule 4.16 has given Seller written notice of its intent to protest this transaction. All prepayments and customer deposits received by Seller, described in Section 4.12, shall be returned or refunded to said customers by Seller prior to the Closing Date in accordance with Section 7.1.7.
- 4.17 Operations. Until Closing, Seller will continue to operate the Water System and to service its customers under the same manner and methods that Seller has used historically, and Seller will use its best efforts to maintain the condition and operating standards of the Water System throughout that period.
- 4.18 Access to Books and Records and Facilities. Seller shall provide Purchaser with reasonable access to the Water System and Seller's books and records related thereto at any time before Closing. Purchaser shall give Seller at least forty-eight (48) hour notice of an inspection. Purchaser shall be liable for and shall repair any damage to the Water System due to the fault of Purchaser occurring during Purchaser's inspection(s). Books and records of Seller will be available at 3202 Cactus Heights Ln. Pearland, Texas 77581, unless Purchaser agrees to pay for copy of same to be made and delivered to Purchaser, in which case Seller will reasonably cooperate with Purchaser to accomplish that delivery.

ARTICLE V PURCHASER'S REPRESENTATIONS AND WARRANTIES

Purchaser represents and warrants to the Seller as follows (such representations and warranties being deemed to be made as of the date hereof and on a continuous basis until the Closing).

- 5.1 Organization of Purchaser. Purchaser is duly organized, validly existing, and in good standing under the laws of the State of Texas.
- 5.2 Operation after Closing. Purchaser shall be completely responsible for the operation and maintenance of the Water System, including compliance with all state and federal regulations, after Closing, and knowingly assumes all duties, obligations and liabilities associated therewith without any recourse to Seller, except those arising from any liability to TCEQ, PUCT, other governmental entity, or person under enforcement order or for breach by Seller of the representations and warranties made by Seller or its principal herein.

ARTICLE VI PRE-CLOSING COVENANTS

The Parties agree as follows with respect to the period between the execution of this Agreement and the Closing:

- 6.1 Cooperation: Access. Each of the Parties will use commercially reasonable efforts to take all actions and to do all things necessary, proper or advisable to close this transaction.
- 6.2 Consents: Regulatory Matters and Approvals. Seller will give any notices needed to accomplish the transaction, and it will execute all applications and related documents and use commercially reasonable efforts to obtain the Seller's Required Consents and, at no further cost to Seller, to assist Purchaser in obtaining the necessary PUCT approvals, PUCT Final Order and all other authorizations, consents, and approvals necessary to complete the transaction. Purchaser shall prepare and file the Parties' STM Application no later than Sixty (60) days following the Effective Date of this Agreement. Purchaser shall pay all costs associated with the preparation, filing, prosecution, and notice of the STM application. Seller covenants and agrees to fully cooperate with, and to assist, Purchaser in submitting the STM Application and any other related filing requirements.
- 6.3 Preservation of Business. Seller shall carry on its business in the ordinary course of business and shall: (a) use its best efforts in the manner specified in Section 4.17 to preserve intact the Water System, the Acquired Assets, its present operations, physical facilities, working conditions, insurance policies, and business organization, and (b) keep and endeavor to preserve its relationships with customers, lessors, landlords, partners, suppliers and others having business dealings with it to the end that its goodwill and ongoing business shall not be impaired in any material respect at the Closing. Without limiting the generality of the foregoing, Seller will not: (i) intentionally and willfully engage in any practice or take any action that would cause or result in, or permit by inaction, any of the representations and warranties contained in Article IV to become untrue or misleading, (ii) intentionally and willfully engage in any practice, take any action or otherwise act in any manner that may result in a material adverse effect on Seller, Purchaser, the Acquired Assets, the Assumed Liabilities or the transactions contemplated herein, or (iii) intentionally and willfully engage in any act that would cause Seller to deplete the Acquired Assets other than in the ordinary course of business.
- 6.4 Transfer of Utility Accounts. Within five (5) days preceding the Closing, or such other time agreed to by the Parties, Seller and Purchaser shall conduct final meter readings of all meters related to the operation of the systems, including, without limitation, water, natural gas and electric meters. They each shall use their best efforts to have all such accounts transferred to the name of the Purchaser as of the date of Closing. Seller shall be entitled to the refund of all of Seller's outstanding deposits with its utility suppliers and other vendors.
- 6.5 Notice of Developments. Each Party will give prompt written notice to the other Party of any adverse development causing a breach of any of its own representations and warranties in Article IV or Article V or likely to cause a material adverse effect. No disclosure by any Party pursuant to this Section 6.5, however, shall be deemed to amend or supplement such

Party's disclosure schedules or to prevent or cure any misrepresentation, breach of warranty, or breach of covenant.

- 6.6 Backup Offers/Confidentiality. Seller shall not solicit, initiate, or encourage the submission of any proposal or offer from any Person relating to the acquisition of all or substantial portion of the assets of Seller after the Effective Date of this Agreement. If Seller does receive any proposals or inquiries from third-parties, due in no part to the actions of Seller following the Effective Date of this Agreement, Seller shall promptly communicate to Purchaser the terms of any such inquiry or proposal concerning the acquisition of the assets or the Water System that Seller may receive, and if such inquiry or proposal is in writing, Seller shall promptly deliver a copy of such inquiry or proposal to Purchaser. Under no circumstances shall Seller disclose the identity of Purchaser or the Purchase Price to any third parties, unless and until such information becomes public information in the filing of the STM Application. Both Parties agree to keep the Purchase Price confidential and to not disclose it to any third parties, save and except on a need-to-know basis to the Parties' respective accountants, attorneys, bankers, financial advisors, directors, and principals, and as may be reasonably required in processing the closing, issuance of the title policies, and in applying for, qualifying for, and otherwise processing the STM Application.

ARTICLE VII CONDITIONS TO OBLIGATION TO CLOSE

- 7.1 Conditions to Purchaser's Obligation. The Purchaser's obligation to close is subject to satisfaction of all the following conditions:
- 7.1.1 In compliance with Section 13.301 of the Texas Water Code, Purchaser shall have obtained all approvals from the PUCT of the STM Application and any others necessary to close the transactions contemplated by this Agreement without the imposition of any restrictions, conditions or obligations that are deemed to be unacceptable to Purchaser in its sole discretion;
 - 7.1.2 The representations and warranties set forth in Article IV shall be true and correct in all material respects as of the Closing, and there has been no material adverse change in the value of the Water System;
 - 7.1.3 Seller shall have complied with all of its covenants in this Agreement in all material respects through the Closing;
 - 7.1.4 Seller and Purchaser shall each be in compliance with all material regulatory requirements of all applicable governmental authorities necessary to close this transaction;
 - 7.1.5 Seller shall be able to transfer good and marketable title to the Owned Real Property, meaning being free and clear of any liens, encumbrance, third-party claim or ownership, or restriction on transfer, except for Permitted Encumbrances (as that term is defined below), as may otherwise be set forth on **Schedule 2.1(b)**, and as

may otherwise be set forth herein, by the execution of the deed described in Section 8.1.1, and Purchaser shall have received enforceable title commitments dated as of the Closing (from a title company reasonably acceptable to Purchaser) covering the Owned Real Property in such form and substance reasonably acceptable to Purchaser in its sole and absolute discretion;

- 7.1.6 Seller shall have good and indefeasible title to all of the Acquired Assets, being free and clear of any liens, encumbrance, third-party claim or ownership, or restriction on transfer, except as may otherwise be set forth herein. Any Acquired Assets owned by Seller, shall have been transferred to Purchaser prior to Closing.
- 7.1.7 As of its final billing to the customers of the Water System, Seller shall have refunded all customer deposits, improperly collected pass-through charges, and any and all other monies owed the Water System customers by Seller, with interest accrued to the benefit of those customers, and Seller shall have supplied Purchaser reasonable proof of such refunds in such form and substance as is reasonably necessary to prove the same to the PUCT, said form being attached hereto in Schedule 4.12, as may be amended prior to the PUCT Final Order Date; and
- 7.1.8 Seller shall have resolved, to the satisfaction of the TCEQ, PUCT and Purchaser, any and all of the Water System violations disclosed, and that are required to be disclosed, to Purchaser by Seller in accordance with Section 4.10 and Section 4.15(f) (altogether, the "Water System Violations").
- 7.2 Purchaser may waive any condition specified in Section 7.1, but that waiver must be in writing and signed by Purchaser, except that if Purchaser proceeds to Closing, such condition shall be deemed waived.
- 7.3 Conditions to Seller's Obligation. The obligation of Seller to close is subject to the following conditions:
 - 7.3.1 The representations and warranties set forth in Article V shall be true and correct in all material respects at and as of the Closing; and
 - 7.3.2 Purchaser shall have complied with all of its covenants in this Agreement in all material respects through the Closing.
- 7.4 Seller may waive any condition specified in Section 7.3, but that waiver must be in writing signed by Seller, except that if Seller proceeds to Closing, such condition shall be deemed waived.

ARTICLE VIII CLOSING DELIVERIES

- 8.1 Items to be delivered by the Seller. At the Closing, the Seller shall deliver to Purchaser the following:

- 8.1.1 The General Warranty Deed, substantially in form attached hereto as Exhibit "A", conveying full and unencumbered title to the Owned Real Property;
 - 8.1.2 Closing documents acceptable to Purchaser of all conveyances of all interests in and to the Acquired Assets currently owned by Seller (as defined later herein), which conveyances convey unencumbered title to the assets owned by Seller;
 - 8.1.3 Access to and possession and control of the Acquired Assets;
 - 8.1.4 Tax certificates evidencing Seller's payment of any and all past-due ad valorem taxes assessed against the Acquired Assets (personal and real property); and
 - 8.1.5 Title commitment policy insuring title into Purchaser with no exceptions other than the Permitted Encumbrances.
- 8.2 Items to be delivered by Purchaser. At the Closing, Purchaser shall deliver:
- 8.2.1 The Closing Payment, as described in Section 3.1; and,
 - 8.2.2 The Assignment and Assumption of Non-Realty Assets, as described above, executed by Purchaser.

ARTICLE IX TERMINATION

- 9.1 Termination of Agreement. The Parties may terminate this Agreement by mutual written consent at any time prior to the Closing. Purchaser may terminate this Agreement by giving written notice to the Seller: (a) if the Seller has materially breached any material representation, warranty, or covenant contained in this Agreement, including those obligations listed in Section 7.1, Purchaser has notified the Seller of the breach in writing, and the breach has continued without cure for a period of ten (10) days after Seller's receipt of the notice of breach, (b) if there has been any material adverse change in the Seller's Water System, including, without limitation, the Cash Flow, as that term is defined at the end of this subparagraph, from the Acquired Assets, Purchaser has notified the Seller of the change in writing, and the change has continued without cure for a period of ten (10) days after Seller's receipt of the notice of change, (c) if any consent or approval of any governmental authority or entity necessary to consummate the transactions contemplated by this Agreement has imposed any restrictions, conditions, or obligations that are deemed to be unacceptable to Purchaser, if Purchaser has otherwise complied with all terms of this Agreement, (d) Seller has not conveyed to Purchaser the Owned Real Property and all other Acquired Assets that are owned by Seller on or before the Closing Date. For purposes of this subparagraph "Cash Flow" means normal, long-term operating cash flow without consideration for any extraordinary expense, including emergency repairs, incurred due to an event or cause that occurred after the Effective Date and that Seller had no knowledge nor reasonable expectation would occur between the Effective Date and the Closing; or

**ARTICLE X
MISCELLANEOUS**

- 10.1 Notices. Notice may be given by certified mail, return receipt requested, regular mail, personal delivery, courier delivery, facsimile transmission, electronic mail (email), or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein. Copies of each notice must be given by one of these methods to the attorney of the party to whom notice is given. Contact information is as follows:

If to Seller: Michael and Ryan Johnson
 P.O. Box 853
 Pearland, Tx. 77588
 e-mail: rjohnson@purposeplumbingtx.com

If to Purchaser: Harrison Williams
 SP UTILITY COMPANY, INC
 P.O. Box 690521
 Houston, Tx. 77269
 e-mail: harrison.ftu@gmail.com

With copy to: Gilbert Wilburn, PLLC
 Attn: Helen Gilbert
 7000 N. MoPac Expwy, Suite 200
 Austin, Tx. 78731
 Fax No.: (512) 472-4014
 E-mail: hgilbert@gwtxlaw.com

- 10.2 Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties hereto. No waiver by any Party of any provision of this Agreement or any individual default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party making such waiver.
- 10.3 Incorporation of Exhibits and Schedules. The Exhibits and Schedules referred to or identified in this Agreement are incorporated herein by reference and made a part hereof.
- 10.4 Entire Agreement. This Agreement (including the Schedules and Exhibits of even date herewith and the other documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements or representations by or between the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

- 10.5 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Facsimile signatures shall be given the same effect as original signatures.
- 10.6 Section Headings. The section headings are intended for the convenience of reference only, and they have no substantive meaning or effect on the agreement of the Parties.
- 10.7 Time is of the Essence. In matters related to this Agreement, time is of the essence.
- 10.8 Days. The term "business day" shall mean any calendar day other than Saturday, Sunday or a day which is generally recognized as a holiday by financial institutions in the State of Texas. Any other reference to day or days shall refer to calendar days. If any date or any period provided in this Agreement ends on a day which is not a business day, then the applicable period shall be extended to 5:00 p.m. Central Standard Time on the next business day.
- 10.9 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Texas. Venue of any arbitration, mediation or litigation arising under or related to this Agreement shall be in Brazoria County, Texas.

ARTICLE XI

Purchaser's Indemnity of Seller

- 11.1 Purchaser's Indemnity of Seller. Purchaser agrees to indemnify, defend and hold harmless Seller and all of its respective officers, directors, employees, and agents harmless, from and against any and all losses, claims, damages, liabilities, fines, penalties, judgments ("Seller Claims") to which those indemnified herein may become subject to after the Closing, including reasonable costs and attorney fees, insofar as such Claims, arise out of or are based on Purchaser's obligations under Section 5.2, and such indemnification obligations shall survive Closing.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

PURCHASER:

SP UTILITY COMPANY, INC

By: _____
Harrison Williams, President

Date: _____

SELLER:

Michael Johnson d/b/a Johnsons Water Service

By: _____
Michael Johnson

Date: _____

SELLER:

Ryan Johnson d/b/a Johnsons Water Service

By: _____
Ryan Johnson

Date: _____

SCHEDULE 2.1(a)
Owned Real Property (being acquired by Purchaser)

1. *See Exhibit A – general warranty deed attached.*
2. Any and all water utility easements, recorded or unrecorded, owned by Seller and used in the operation of the Acquired Assets.
3. All system fixtures used or useful in the operation of the Acquired Assets located on or within the aforementioned real property and easements as described on Schedule 2.1(b).

SCHEDULE 2.1(b)
Personal Property, Equipment and Fixtures

1. One 50 gallon-per-minute well designated by the Texas Water Development Board/Water Well Driller Logs as: TX 0200158A.
2. Two Galvanized 550-gallon pressure tanks.
3. One Galvanized 900-gallon pressure tank.

SCHEDULE 4.4
Third Party Consents – “Seller’s Required Consents”

Public Utility Commission of Texas approval of Application for Sale, Transfer, or Merger of a Retail Public Utility.

SCHEDULE 4.12
Closing Agreement

CLOSING AGREEMENT

between

**Michael Johnson and Ryan Johnson d/b/a Johnsons Water Service
and SP UTILITY COMPANY, INC**

THIS CLOSING AGREEMENT executed effective as of _____, 2019, is by and between Michael Johnson and Ryan Johnson d/b/a Johnsons Water Service doing business as Johnsons Water Service ("Seller"), and South Coast Utilities, LLC, a Texas limited liability company ("Purchaser"). The Purchaser and Seller are referred to individually as a "Party" and collectively as the "Parties." Capitalized terms not defined in this Closing Agreement shall have the same definitions set forth in the Asset Purchase Agreement.

RECITALS

WHEREAS, Purchaser and Seller entered into that Asset Purchase Agreement dated _____, 2019, (the "Asset Purchase Agreement"), under which Purchaser agreed to purchase from Seller, and Seller agreed to sell to Purchaser, all of Seller's water distribution system assets and associated real and personal property utilized by Seller in the operation of Seller's potable water supply system in Brazoria County, Texas, better known as the Johnson Water Service system, identified with the Public Utility Commission of Texas under its Certificate of Convenience and Necessity ("CCN") number 12004 and Public Water System number 0200158, (all together, the "Water System"); and

WHEREAS, all of the conditions, representations, and warranties of the Asset Purchase Agreement have been met, and the Parties wish to commemorate the Closing of the purchase and sale of the Water System.

NOW, THEREFORE, in consideration of the above premises and the respective representations, warranties, agreements and conditions herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. All the transactions contemplated by the Asset Purchase Agreement have been completed and funded.
2. Seller certifies, represents and warrants to Purchaser as of the date hereof, that each and every one of Seller's representations and warranties contained in Asset Purchase Agreement are and continue to be true and correct on the date hereof.
3. Seller certifies, represents and warrants to Purchaser that in accordance with Section 4.12 of the Asset Purchase Agreement, as of the date of Closing, and the effective date of this Closing Agreement, Seller has refunded all customer deposits, improperly collected pass-through charges, and any and all other monies owed the Water System customers by Seller, including interest accrued to the benefit of those customers if applicable. Accordingly,

Seller shall be bound by its indemnification obligations set forth in Section 2.3 of the Asset Purchase Agreement for failure to comply with its obligation described in this paragraph.

4. Seller hereby consents to the transfer of the Water System assets to Purchaser according to the terms of the Asset Purchase Agreement.

The Parties understand and accept that this consent will serve to authorize the Executive Director of the PUCT to take action upon receipt of Purchaser's signed consent form alone and that Seller is relying on Purchaser to provide the final consent on the transfer of the Water System and corresponding amendment to Purchaser's Certificate of Convenience and Necessity in accordance with Title 16, Chapter 24, Subchapter G, of the Texas Administrative Code.

IN WITNESS WHEREOF, the undersigned have executed this Closing Agreement effective as of the date first written above.

PURCHASER: SP UTILITY COMPANY, INC, a Texas limited liability company

By: _____
Harrison Williams, President

SELLER: Johnsons Water Service, a Texas sole proprietorship

By: _____
Michael Johnson, owner

SELLER: Johnsons Water Service, a Texas sole proprietorship

By: _____
Ryan Johnson, owner

SCHEDULE 4.13
Litigation and Insurance Claims

Seller has no information to disclose responsive to this request other than what Seller has already disclosed in Schedule 4.15(f).

SCHEDULE 4.15(b)
Permits, Licenses and Governmental Authorizations

1. PUCT Certificate of Convenience and Necessity (CCN) No. 12004.
2. TCEQ Public Water System (PWS) No. 0200158.
3. Brazoria County Groundwater Conservation District Permit No. 15976.

SCHEDULE 4.15(f)

Environmental Audits, Reports, Notices, and "Other" Material Environmental Documents

An Agreed Order in Docket No. 2014-0415-PWS-E issued by the TCEQ on 2/5/15 remains in effect for five years and is active at the time of this conveyance. Additionally alleged violations of 30 Tex. Admin. Code ch. 290, public water supply rules, identified in a 1/10/19 investigation report could result in a formal enforcement action before the STM is finalized and final order issued by the PUCT.

Liability for these or any administrative or civil penalties, corrective action, technical requirements, specific performance or any other damages as the result of other known or unknown violations relating to the Acquired Assets shall be the sole responsibility of Seller. Purchaser shall have no liability for any federal, state, or local action, administrative or civil penalty, or damages sought by an individual, customer, vendor, federal, state or local governmental entity or political subdivision or other entity which arises from the Acquired Assets prior to the issuance of the PUCT's Final Order approving the STM.

[TCEQ and PUCT Documents Attached on Following Pages]

SCHEDULE 4.16
Customer List

[Customer List Attached on Following Pages]

**ASSET PURCHASE AGREEMENT
SCHEDULE 4.16 - CUSTOMER LIST
Johnson Water Service**

CUSTOMER CONTACT LIST

CUSTOMER	PHONE NUMBERS	EMAIL	FULL NAME	BILLING ADDRESS	SHIPPING ADDRESS
1614 A			1614 A	1614 A Oleander Rosharon TX 77583	1614 A Oleander Rosharon TX 77583
Adolfo Hernandez		fito700222@gmail.com	Adolfo Hernandez	2806 CR 48 Rosharon TX 77581	2806 CR 48 Rosharon TX 77581
Alfredo Peinado	Phone: (832) 290-3023	nelly_peinado@yahoo.com	Alfredo Peinado	1706 Oleander Rosharon TX 77583	1706 Oleander Rosharon TX 77583
Alfredo Acosta			Alfredo Acosta	1623 Oleander #2 Rosharon TX 77583	1623 Oleander #2 Rosharon TX 77583
Andres Garcia	Mobile: (832) 436-5047	nochez92.ag@gmail.com	Andres Garcia	1603 Oleander Rosharon TX 77583	1603 Oleander Rosharon TX 77583
Angel Webb	Phone: (281) 996-0123	angel@angelwebb.com	Angel Webb	1726 Oleander Rosharon TX 77583	2350 Lawrence Rd. Kemah TX 77565
Armida Gamboa	Phone: (281) 908-1488	armidabdiaz@yahoo.com	Armida Gamboa	1707 Oleander Rosharon TX 77583	1707 Oleander Rosharon TX 77583
Bill Griffiths	Phone: (713) 436-5553	w-griffiths@sbcglobal.net	Bill Griffiths	1620 Oleander Rosharon TX 77583	1620 Oleander Rosharon TX 77583
Chris Mayer	Phone: (713) 436-1597	c1944m@yahoo.com	Chris Mayer	1619 Oleander Rosharon TX 77583	1619 Oleander Rosharon TX 77583
CJ Selvera		mselvera@alvinisd.net	CJ Selvera	1714 B Oleander Rosharon TX 77583	1714 B Oleander Rosharon TX 77583
Doris Marquez	Phone: (832) 267-7840	doriscmarquez5@gmail.com	Doris Marquez	1729 1/2 Oleander Rosharon TX 77583	1729 1/2 Oleander Rosharon TX 77583
Eudelia Sanches	Phone: (281) 760-8670	deliasanchez617@gmail.com	Eudelia Sanches	1719 Oleander Rosharon TX 77583	1719 Oleander Rosharon TX 77583
Felipe Sayago	Phone: (713) 732-8839		Felipe Sayago	1610 Oleander Rosharon TX 77583	1610 Oleander Rosharon TX 77583
Fernando Jimenez		tiffanyjimenez0329@gmail.com	Fernando Jimenez	12915 Magnolia Pkwy. Rosharon TX 77583	
Hilda Rojo	Phone: (281) 905-6056	hmrojo@hotmail.com	Hilda Rojo	3107 Honeysuckle Rosharon TX 77583	3107 Honeysuckle Rosharon TX 77583
Howard Menifee	Phone: (832) 483-7538	brenda.menifee@gmail.com	Howard or Brenda Menifee	12935 Magnolia Pkwy. Rosharon TX 77583	12935 Magnolia Pkwy. Rosharon TX 77583
Janet Perez			Janet Perez	1618- B Oleander Rosharon TX 77583	1618- B Oleander Rosharon TX 77583
Javier Vega			Javier Vega	12925 Magnolia Pkwy Rosharon TX 77583	12925 Magnolia Pkwy Rosharon TX 77583
Jesse Perez			Jesse Perez	1622 Oleander Rosharon TX 77583	1622 Oleander Rosharon TX 77583
Jim Grant	Phone: (832) 457-3163	catidog@prodigy.net	Jim Grant	1611 Oleander Rosharon TX 77583	1611 Oleander Rosharon TX 77583
Jimmy Johnson			Jimmy Johnson	1711- 1 Oleander Rosharon TX 77583	1711- 1 Oleander Rosharon TX 77583
Johnny Lewis-Riley	Phone: (713) 436-0931		Johnny Lewis-Riley	3003 Honeysuckle Rosharon TX 77583	3003 Honeysuckle Rosharon TX 77583
Jose Alvarado	Phone: (713) 384-3712		Jose Alvarado	1614 Oleander B Rosharon TX 77583	1614 Oleander B Rosharon TX 77583
Jose Ruiz	Phone: (832) 705-5614		Jose Ruiz	1708 Oleander Rosharon TX 77583	1708 Oleander Rosharon TX 77583
Jose Sosa			Jose Sosa/Alma Trevino	3015 Honeysuckle Rosharon TX 77581	3015 Honeysuckle Rosharon TX 77581
Juan Lopez	Phone: (832) 894-9481		Juan Lopez	2806 CR 48 Rosharon TX 77583	2806 CR 48 Rosharon TX 77583
Karen Simper	Phone: (713) 436-0157		Karen Simper	1627 Oleander Rosharon TX 77583	1627 Oleander Rosharon TX 77583
Louis Hearn	Phone: (713) 249-2775 Mobile: (281) 489-8668		Louis Hearn	4142 CR 48 Rosharon TX 77583	4142 CR 48 Rosharon TX 77583
Mariana Castro	Phone: (832) 259-6321	nana.castro5@gmail.com	Mariana Castro	2951 Honeysuckle Rosharon TX 77583	2951 Honeysuckle Rosharon TX 77583
Mark Silgar			Mark Silgar	1615 Oleander Rosharon TX 77583	1615 Oleander Rosharon TX 77583
Michelle Contreras	Phone: (281) 235-3328	contrerasmichelle29@icloud.com	Michelle Contreras	1606 Oleander St. Rosharon TX 77583	1606 Oleander St. Rosharon TX 77583
Mildreth Diaz	Phone: (832) 705-6288	diazmildreth1414@gmail.com	Mildreth Diaz	1608 Oleander Rosharon TX 77583	1608 Oleander Rosharon TX 77583
Mirella Montano	Phone: (281) 818-6161	mirella.montano@yahoo.com	Mirella Montano	3007 Honeysuckle Rosharon TX 77583	3007 Honeysuckle Rosharon TX 77583
Miriam Gomez	Phone: (832) 483-1548	miriamxa13@gmail.com	Miriam Gomez	1713 Oleander Rosharon TX 77583	1713 Oleander Rosharon TX 77583

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**ASSET PURCHASE AGREEMENT
SCHEDULE 4.16 - CUSTOMER LIST**

CUSTOMER	PHONE NUMBERS	EMAIL	FULL NAME	BILLING ADDRESS	SHIPPING ADDRESS
Mr Bradberry	Phone: (832) 860-7378		Mr Bradberry	3900 CR 48 #184W Rosharon TX 77583	
Patrick Johnson			Patrick Johnson	1623 Oleander Rosharon TX 77583	1623 Oleander Rosharon TX 77583
Roberto Rodriguez		3kingsteam72@gmail.com	Roberto Rodriguez	1710 B Oleander Rosharon TX 77583	1710 B Oleander Rosharon TX 77583
Roney Jacob		realtorroney@gmail.com	Roney Jacob	1619 Crescent Oak Dr Missouri City TX 77459	3007 1/2 Honeysuckle Rosharon TX 77583
Rosendo Palacios	Phone: (832) 898-1019		Rosendo Palacios	1723 Oleander Rosharon TX 77583	1723 Oleander Rosharon TX 77583
Rufino Vasquez	Phone: (713) 922-0695		Rufino Vasquez	1702 Oleander Rosharon TX 77583	1702 Oleander Rosharon TX 77583
Simon Estrada	Phone: (713) 538-3181	tankie82@yahoo.com	Simon Estrada	1710 Oleander Rosharon TX 77583	1710 Oleander Rosharon TX 77583
Thurman Johnson	Phone: (832) 294-9032	johnsonthurman34@gmail.com	Thurman Johnson	2940 CR 48 Rosharon TX 77583	2940 CR 48 Rosharon TX 77583
Vacant/Locked Out	Phone: (281) 662-1502		Guadalupe Almanza	1727 1/2 Oleander Rosharon TX 77583	1727 1/2 Oleander Rosharon TX 77583
Yesenia Reyes	Phone: (832) 713-4688	yesenializ1990@gmail.com	Yesenia Reyes	3115 Honeysuckle Rosharon TX 77583	3115 Honeysuckle Rosharon TX 77583

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EXHIBIT "A"
Warranty Deed With Vendor's Lien

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY AND ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

WARRANTY DEED WITH VENDOR'S LIEN

STATE OF TEXAS	§	
	§	KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF BRAZORIA	§	

98 013895

ASSET PURCHASE AGREEMENT
SCHEDULE 2.1(a) - Deed

9745258989

②

4

WARRANTY DEED WITH VENDOR'S LIEN

THE STATE OF TEXAS)

COUNTY OF BRAZORIA)

THAT, I, CARRIE MARIE THOMAS, a feme sole, of Brazoria County, Texas,
hereinafter called Grantor, have GRANTED, SOLD AND CONVEYED, and by these
presents do GRANT, SELL AND CONVEY unto MICHAEL H. JOHNSON of Brazoria
County, Texas, hereinafter called Grantee, the following described tract or parcel of land, lying
and being situated in Brazoria County, Texas, to-wit:

The surface rights to a tract of land out of Lots 11 and 15, Allison-Richey Gulf Coast Home Suburban Gardens, out of the SE portion of H. T. & B. R. R. Co., Survey 84, A-538, Brazoria County, Texas, such tract being described by metes and bounds as follows:
Commencing at the SE corner of said Section 84, being at the intersection of the centerlines of County Roads No. 48 and No. 59;
Thence South 89° 57' 26" West along the centerline of County Road No. 59, a distance of 30 feet to a point; Thence North at 660 feet past a 5/8" iron rod in the South line of Lot 15, and continue a total distance of 990' to a point for corner; Thence South 89° 57' 26" West a distance of 1,110' to the Northeast corner of subject tract, being the Point of Beginning; Thence South a distance of 60' to a point for corner; Thence South 89° 57' 26" West a distance of 60' to a point for corner; Thence North a distance of 60 feet to a point for corner; Thence North 89° 57' 26" East a distance of 60' to the point of beginning; together with non-exclusive use of a roadway easement 30' wide extending from the North ½ of the East line of subject property East to the cul-de-sac on County Road.

THIS CONVEYANCE is made and accepted subject to the following matters to the extent same are in effect at this time: Any and all restrictions, covenants, conditions, easements, mineral or royalty reservations and leases, if any, relating to the hereinabove described property, but only to the extent they are still in effect, shown of record in the public

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**ASSET PURCHASE AGREEMENT
SCHEDULE 2.1(a) - Deed**

records of Brazoria County, Texas; and to all zoning laws, regulations and ordinances of municipal and/or other governmental authorities if any, but only to the extent that they are still in effect, relating to the hereinabove described property.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said Grantee, his heirs, executors, administrators, successors, or assigns forever. I do hereby bind myself, my heirs, executors, administrators, and successors, to WARRANT AND FOREVER DEFEND, all and singular the said premises unto the said Grantee, his heirs, executors, administrators, successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof.

THE CONSIDERATION for this conveyance is the sum of Ten (\$10.00) Dollars and other good and valuable consideration cash to me in hand paid by Grantee, the receipt of which is hereby acknowledged, and the further consideration of the execution of one certain promissory Vendor's Lien Note, dated on even date herewith by Grantee, payable to Carrie Marie Thomas, or order, one in the principal sum of \$5,000.00 bearing no interest and being due and payable as therein provided, and said note containing the usual and customary acceleration, foreclosure and attorney's fees clauses, and being additionally secured by a Deed of Trust of even date herewith, executed by Grantee to David C. Bonnen, Trustee, for the use and benefit of Grantor.

BUT IT IS EXPRESSLY AGREED AND STIPULATED that the Vendor's Lien is retained in favor of Grantor, her heirs and assigns, against the above-described property, premises and improvements, until said above described notes are fully paid according to their face and tenor, effect and reading, when this Deed shall become absolute.

ASSET PURCHASE AGREEMENT
SCHEDULE 2.1(a) - Deed

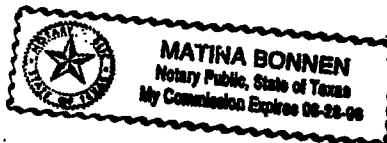
EXECUTED this the 10th day of November, 1997

Grantee's Address:
1713 Oleander
Rosharon, Texas 77583

Carrie Marie Thomas
CARRIE MARIE THOMAS

STATE OF TEXAS)
COUNTY OF BRAZORIA)

This instrument was acknowledged before me on the 30 day of December, 1997
by CARRIE MARIE THOMAS.



Matina Bonnen
Notary Public - State of Texas

Prepared in the Law Office of:
David C. Bonnen
122 E. Myrtle St.
Angleton, Texas 77515

THE STATE OF TEXAS
COUNTY OF BRAZORIA
I, DOLLY BAILEY, Clerk of the County Court in and for Brazoria County,
Texas, do hereby certify that this instrument was FILED FOR RECORD
and RECORDED in the OFFICIAL RECORD at the time and date as
stamped herein by me.
Dolly Bailey
County Clerk of Brazoria Co., TX



FILED FOR RECORD
98 APR 15 PM 4:10

Dolly Bailey
COUNTY CLERK
BRAZORIA COUNTY TEXAS

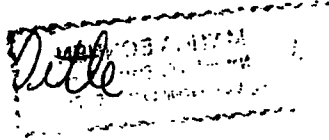
Ret. To: Alamo Title
9745258989

ASSET PURCHASE AGREEMENT
SCHEDULE 2.1(a) - Deed

98 013895

15
5M
7R
13.00
CR# 459

Alamo Title



Deed

SECURITY FEE 1.00
INSTRUMENT 5.00
RECORDING 7.00
TOTAL 13.00
FILE # 13895
CHECK 13.00
DRAWER-A 1
0001.2127-0000 0032 4/16/98 4:14PM THU

**WATER UTILITY TARIFF
FOR**

Michael H. Johnson dba Johnson's Water Service
(Utility Name)

1713 Oleander Street
(Business Address)

Rosharon, Texas 77583
(City, State, Zip Code)

(713) 436-1901
(Area Code/Telephone)

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

12004

This tariff is effective in the following counties:

Brazoria

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

None

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

Oleander Road Mobile Home Development (PWS ID # 0200158)

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	3
SECTION 3.0 -- EXTENSION POLICY	9
SECTION 4.0 -- DROUGHT CONTINGENCY PLAN	11
APPENDIX A -- SAMPLE SERVICE AGREEMENT	
APPENDIX B -- APPLICATION FOR SERVICE	

TEXAS COMM. ON ENVIRONMENTAL QUALITY
35806-G, CCN 12004, APRIL 24, 2008
APPROVED TARIFF BY *[Signature]*

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$27.00</u> (Includes 1,000 gallons)	<u>\$3.00</u> per 1000 gallons

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

Cash X, Check X, Money Order X, Credit Card _____, Other (specify) _____
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT
PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN
FOR CASH PAYMENTS.

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

Section 1.02 - Miscellaneous Fees

TAP FEE \$500.00
THE TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND
LABOR FOR STANDARD RESIDENTIAL CONNECTIONS OF 5/8" or 3/4" METER.

NON-RESIDENTIAL TAP FEE Actual Cost
THE TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND
LABOR FOR NON-RESIDENTIAL CONNECTIONS.

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 \$25.00

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

TEXAS COMM. ON ENVIRONMENTAL QUALITY
35806-G, CCN 12004, APRIL 24, 2008
APPROVED TARIFF BY S. Ikm

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SECTION 1.0 - RATE SCHEDULE

Section 1.02 - Miscellaneous Fees (continued)

TRANSFER FEE\$10.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE
LOCATION WHERE THE SERVICE IS NOT DISCONNECTED.

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

RETURNED CHECK CHARGE\$25.00

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

NON-RESIDENTIAL CUSTOMER DEPOSIT 1/6 of Estimated Annual Billing

METER TEST FEE\$25.00
THIS FEE 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.

METER CONVERSION FEEActual Cost
TO CHANGE LOCATION OR INCREASE THE SIZE OF THE METER AT THE CUSTOMER'S REQUEST

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TEXAS COMM. ON ENVIRONMENTAL QUALITY
35806-G, CCN 12004, APRIL 24, 2008
APPROVED TARIFF BY *[Signature]*

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SECTION 2.0--SERVICE RULES AND REGULATIONS

Section 2.01--Application for Service

All applications for service will be made on the utility's standard application or contract form (attached in Appendix A to this tariff) and 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 at each separate location.

Section 2.02--Water Installation

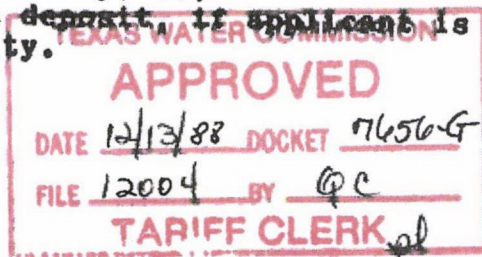
After the applicant has met all the requirements, conditions and regulations for service, the utility will install a tap, meter and cut-off valve and/or take all necessary actions to initiate service. The utility shall serve each qualified applicant for service within its certified area as rapidly as 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.

Section 2.03--Refusal of Service

The utility may decline to serve an applicant until such applicant has complied with both state and municipal regulations, the approved 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 applicant is required to make a deposit by the utility.



THOMAS WATER SERVICE
(Water Utility Name)

Water Tariff Page No. 4

SECTION 2.0--SERVICE RULES AND REGULATIONS (CONT.)

Section 2.03--Refusal of Service (cont.)

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

APPROVED
DATE 12/13/88 DOCKET 7656-G
FILE 12004 BY QC
TARIFF CLERK

Section 2.04--Customer Deposits

If the residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit that does not exceed \$50.00 for water utility service.

The utility must keep a record of each deposit, issue a receipt for it, and pay annual interest at a rate set each calendar year by the Commission. 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 nonpayment 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.

Non-residential applicants, if unable to establish satisfactory credit, may be required to make a deposit not to exceed one-sixth (1/6) of the estimated annual billings.

Section 2.05--Meter Requirements, Readings, and Testing

All water sold by the utility shall 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 facility. An apartment building or a trailer or mobile home park may be considered to be a single commercial facility.

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SECTION 2.0 SERVICE RULES AND REGULATIONS (CONT.)

Section 2.05--Meter Requirements, Readings, and Testing

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 \$15.00 may be assessed for an additional requested test within two years of the first test if the additional test shows the meter to be accurate.

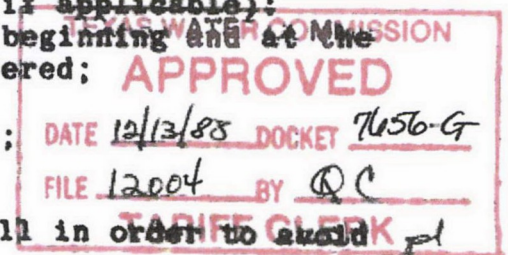
Section 2.06--Billing

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 of \$1.00 or 5.0%, whichever is larger, may be made on delinquent bills. 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.

SECTION 2.0 SERVICE RULES AND REGULATIONS (CONT.)

Section 2.06--Billing (cont.)

In the event of a dispute between a 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.

DATE 12/13/88 DOCKET 7056-G
FILE 12004 BY QC

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.

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:

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; and,
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 2.0 SERVICE RULES AND REGULATIONS (CONT.)

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

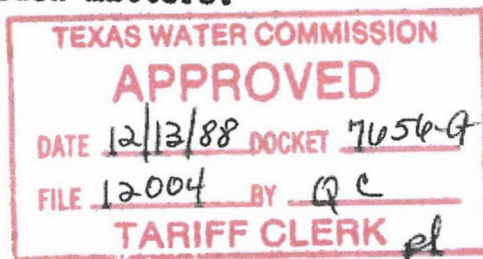
No utility may abandon any customer or any portion of its service area without prior written notice to affected customers and neighboring utilities and prior Commission approval.

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.

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.



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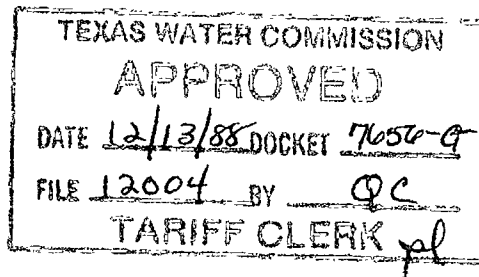
THOMAS WATER SERVICE
(Water Utility Name)

Water Tariff Page No. 8
Revision No. 1

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 Texas Water Commission to be effective.

None



TO BECOME EFFECTIVE, THIS PAGE MUST BE STAMPED APPROVED BY THE TEXAS WATER COMMISSION

Key to Codes

C--Regulation Change	D--Discontinued	I--Increase	N--New
R--Reduction	E--Error Correction		
T--Change in text, but no change in regulation			

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DEC 29 1988

THOMAS WATER SERVICE
(Water Utility Name)

Water Tariff Page No. 9

SECTION 3.0--EXTENSION POLICY

Section 3.01--Standard Extension Requirements

Contributions in aid of construction shall not be required of individual residential customers for production, storage, treatment or transmission facilities.

The utility will bear the cost of the first 200 feet of water main necessary to extend service to an individual residential customer. The utility shall bear the full cost of any oversizing of water mains to serve other residential customers in the area. If the specific utility extension policy stated in Section 3.20 of this tariff requires, residential customers may be required to pay for additional main beyond the first 200 feet.

The extension policy may not be applied to requests for service where the utility already has a line in place, even though the line may be overloaded.

Individual residential customers who place a unique or non-standard service demand on the system may be charged the actual costs of any additional transmission or storage facilities required over and above the standard requirements.

If specifically stated in Section 3.20 of this tariff, developers may be required to provide contributions in aid of construction in amounts to furnish the system with facilities compliant with Texas Department of Health minimum design criteria for facilities used in the production, transmission, pumping, storage or treatment of water.



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DEC 29 1988

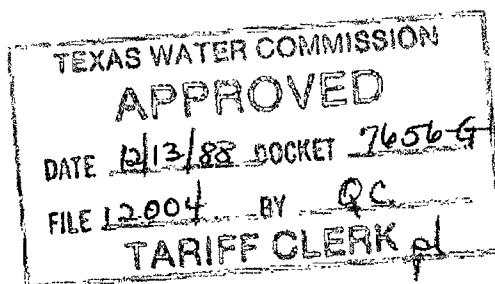
THOMAS WATER SERVICE
(Water Utility Name)

Water Tariff Page No. 10
Revision No. 2

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY

This section contain a specific extension policy in addition to the standard policy already stated under Section 3.0. It must be reviewed by the Texas Water Commission to be effective.

NONE



TO BECOME EFFECTIVE, THIS PAGE MUST BE STAMPED APPROVED BY THE TEXAS WATER COMMISSION

Key to Codes

C--Regulation Change D--Discontinued I--Increase N--New
R--Reduction E--Error Correction
T--Change in text, but no change in regulation

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SECTION 4.0 -- DROUGHT CONTINGENCY PLAN
(Utility must attach copy of TCEQ approved Drought Contingency Plan)

TEXAS COMM. ON ENVIRONMENTAL QUALITY
CCN 12004, MAY 21, 2007
APPROVED TARIFF BY SP/SP

DROUGHT CONTINGENCY PLAN
FOR THE
INVESTOR OWNED UTILITY

RECEIVED

SEP 07 2005

WATER RIGHTS PERMITTING

JOHNSONS WATER SERVICE

(Name of utility)

1713 OLEANDER ROSHARON TX 77583

(Address, City, Zip Code)

12004

(CCN#)

02 00158

(PWS #s)

4-22-05

(Date)

Section 1 Declaration of Policy, Purpose, and Intent

In cases of extreme drought, periods of abnormally high usage, system contamination, or extended reduction in ability to supply water due to equipment failure, temporary restrictions may be instituted to limit non-essential water usage. The purpose of the Drought Contingency Plan is to encourage customer conservation in order to maintain supply, storage, or pressure or to comply with the requirements of a court, government agency or other authority.

Please note: Water restriction is not a legitimate alternative if water system does not meet the Texas Commission on Environmental Quality's (TCEQ) capacity requirements under normal conditions or if the utility fails to take all immediate and necessary steps to replace or repair malfunctioning equipment.

I MICHAEL JOHNSON (Please print name), being the responsible official
for JOHNSONS WATER SERVICE (Name of utility), request a minor tariff
amendment to include the enclosed Drought Contingency Plan.

Michael Johnson 4-22-05

• Other _____

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- Drinking water treatment as % of capacity _____ %
- ☒ Total daily demand as % of pumping capacity 40 %
- Total daily demand as % of storage capacity _____ %
- Pump hours per day _____ hrs.
- Production or distribution limitations.
- ☒ System outage (see page 9).
- Other _____

Upon initiation and termination of Stage 4, the utility will mail a public announcement to its customers. Notice to TCEQ required.

Requirements for termination:

Stage 4 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 4, Stage 3 becomes operative.

Operational Measures:

The utility shall visually inspect lines and repair leaks on a daily basis. Flushing is prohibited except for dead end mains and only between the hours of 9:00 p.m. and 3:00 a.m.. Emergency interconnects or alternative supply arrangements shall be initiated. All meters shall be read as often as necessary to insure compliance with this program for the benefit of all the customers. *Describe additional measures, if any, to be implemented directly to manage limited water supplies and/or reduce water demand.*

Mandatory Water Use Restrictions: All outdoor use of water is prohibited.

1. Irrigation of landscaped areas is absolutely prohibited.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.

SYSTEM OUTAGE or SUPPLY CONTAMINATION

Notify TCEQ Regional Office immediately.

- Total daily demand as % of storage capacity _____ %
- Pump hours per day _____ hrs.
- Production or distribution limitations.
- Other _____

Upon initiation and termination of Stage 3, the utility will mail a public announcement to its customers. Notice to TCEQ required.

Requirements for termination

Stage 3 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 3, Stage 2 becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a regular basis. Flushing is prohibited except for dead end mains.

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes; offering low-flow fixtures and water restrictors.

Mandatory Water Use Restrictions: The following water use restrictions shall apply to all customers.

1. Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0. Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of

- Other well _____
- Inter-connection with other system _____
- Purchased water _____
- Other _____

Voluntary Water Use Restrictions:

1. Restricted Hours: Outside watering is allowed daily, but only during periods specifically described in the customer notice; between 10:00 PM and 5:00 AM for example; OR
2. Restricted Days/Hours: Water customers are requested to voluntarily limit the irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems. Customers are requested to limit outdoor water use to Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0. Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
3. Other uses that waste water such as water running down the gutter.

STAGE III - MANDATORY WATER USE RESTRICTIONS:

The water utility will implement Stage 3 when any one of the selected triggers is reached:

TARGET: ACHIEVE A 2 PERCENT REDUCTION IN TOTAL WATER USE
Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☒ Well level reaches 30 ft. (m.s.l.)
- Overnight recovery rate reaches _____ ft.
- Reservoir elevation reaches _____ ft. (m.s.l.)
- Stream flow reaches _____ cfs at USGS gage # _____
- Wholesale supplier's drought Stage 3 _____
- Annual water use equals _____ % of well permit/Water Right/purchased water contract amount.
- Other _____

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- Drinking water treatment as % of capacity _____ %
- ☒ Total daily demand as % of pumping capacity 35 %

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☒ Well level reaches 33 ft. mean sea level (m.s.l.)
- ☐ Overnight recovery rate reaches _____ ft.
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USCS gage # _____
- ☐ Wholesale supplier's drought Stage 2 _____
- ☐ Annual water use equals _____ % of well permit/Water Right/purchased water contract amount.
- ☐ Other _____

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity _____ %
- ☒ Total daily demand as % of pumping capacity 30 %
- ☐ Total daily demand as % of storage capacity _____ %
- ☐ Pump hours per day _____ hrs.
- ☐ Production or distribution limitations.
- ☐ Other _____

Upon initiation and termination of Stage 2, the utility will mail a public announcement to its customers. No notice to TCEQ required.

Requirements for termination

Stage 2 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 2, Stage 1 becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a daily basis. Monthly review of customer use records and follow-up on any that have unusually high usage.

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: reduced or discontinued flushing of water mains, activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes.

The second water source for N/A (name of utility) is:
(check one)

Section 7 Exemptions or Variances

The utility may grant any customer an exemption or variance from the drought contingency plan for good cause upon written request. A customer who is refused an exemption or variance may appeal such action of the utility in writing to the Texas Commission on Environmental Quality. The utility will treat all customers equally concerning exemptions and variances, and shall not discriminate in granting exemptions and variances. No exemption or variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

Section 8 Response Stages

Unless there is an immediate and extreme reduction in water production, or other absolute necessity to declare an emergency or severe condition, the utility will initially declare Stage I restrictions. If, after a reasonable period of time, demand is not reduced enough to alleviate outages, reduce the risk of outages, or comply with restrictions required by a court, government agency or other authority, Stage II may be implemented with Stage III to follow if necessary.

STAGE I - CUSTOMER AWARENESS

Stage I will begin:

Every April 1st, the utility will mail a public announcement to its customers.

No notice to TCEQ required.

Stage I will end:

Every September 30th, the utility will mail a public announcement to its customers.

No notice to TCEQ required.

Utility Measures:

This announcement will be designed to increase customer awareness of water conservation and encourage the most efficient use of water. A copy of the current public announcement on water conservation awareness shall be kept on file available for inspection by the TCEQ.

Voluntary Water Use Restrictions:

Water customers are requested to voluntarily limit the use of water for non-essential purposes and to practice water conservation.

STAGE II - VOLUNTARY WATER CONSERVATION:

The water utility will implement Stage 2 when any one of the selected triggers is reached:

TARGET : ACHIEVE A 15 PERCENT REDUCTION IN TOTAL WATER USE

Regional Water Planning Group (RWPG) H

JOHNSONS WATER SERVICE (name of your utility) has mailed a copy of this Plan to the RWPG.

Section 5 Notice Requirements

Written notice will be provided to each customer prior to implementation or termination of each stage of the water restriction program. Mailed notice must be given to each customer 72 hours prior to the start of water restriction. If notice is hand delivered, the utility cannot enforce the provisions of the plan for 24 hours after notice is provided. The written notice to customers will contain the following information:

1. the date restrictions will begin,
2. the circumstances that triggered the restrictions,
3. the stages of response and explanation of the restrictions to be implemented, and,
4. an explanation of the consequences for violations.

The utility must notify the TCEQ by telephone at (512) 239-6020, or electronic mail at watermon@tceq.state.tx.us prior to implementing Stage III and must notify in writing the Public Drinking Water Section at MC - 155, P.O. Box 13687, Austin, Texas 78711-3687 within five (5) working days of implementation including a copy of the utility's restriction notice. The utility must file a status report of its restriction program with the TCEQ at the initiation and termination of mandatory water use restrictions (i.e. Stages III and IV).

Section 6 Violations

1. First violation - The customer will be notified by written notice of their specific violation.
2. Subsequent violations:
 - a. After written notice, the utility may install a flow restricting device in the line to limit the amount of water which will pass through the meter in a 24 hour period. The utility may charge the customer for the actual cost of installing and removing the flow restricting device, not to exceed \$50.00.
 - b. After written notice, the utility may discontinue service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The normal reconnect fee of the utility will apply for restoration of service.

(Signature)

(Date)

Section 2 Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by:
(check at least one of the following)

- *scheduling and providing public notice of a public meeting to accept input on the Plan.*

The meeting took place at:

Date: _____ Time: _____ L o c a t i o n : _____

- *mailed survey with summary of results. (attach survey and results)*

- *bill insert inviting comment. (attach bill insert)*

- *other method* _____

Section 3 Public Education

The JOHNSONS WATER SERVICE (name of utility) will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage.

Drought plan information will be provided by:

(check at least one of the following)

- *public meeting*

- *press releases*

☒ *utility bill inserts*

☒ *other* PUBLIC POSTINGS

Section 4 Coordination with Regional Water Planning Groups

The service area of the JOHNSONS WATER SERVICE (name of your utility) is located within:

the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.

3. Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or "jacuzzi" type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.
4. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
5. Use of water from hydrants or flush valves shall be limited to maintaining public health, safety, and welfare.
6. Use of water for the irrigation of golf courses, parks, and green belt areas is prohibited except by hand held hose and only on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.
7. The following uses of water are defined as non-essential and are prohibited:
 - a. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
 - b. use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - c. use of water for dust control;
 - d. flushing gutters or permitting water to run or accumulate in any gutter or street;
 - e. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
 - f. Any waste of water.

STAGE IV - CRITICAL WATER USE RESTRICTIONS:

The water utility will implement Stage 4 when any one of the selected triggers is reached:

TARGET: ACHIEVE A 3 PERCENT REDUCTION IN TOTAL WATER USE
Supply-Based Triggers (check at least one and fill in the appropriate value)

- X Well level reaches 20 ft. (m.s.l.)
- Overnight recovery rate reaches _____ ft.
- Reservoir elevation reaches _____ ft. (m.s.l.)
- Stream flow reaches _____ cfs at USCS gage # _____
- Wholesale supplier's drought Stage 4 _____
- Annual water use equals _____ % of well permit/Water Right/purchased water contract amount.
- X Supply contamination (see page 9).

Franchise Search Results

Public Information Report



As of : 11/26/2019 21:56:12

**This page is valid for most business transactions but is not sufficient for filings
with the Secretary of State**

[Obtain a certification](#) for filings with the Secretary of State.

SP UTILITY COMPANY, INC.

Texas Taxpayer Number 32011335893

Mailing Address 12111 SPRING CYPRESS RD STE C
TOMBALL, TX 77377-8245

? Right to Transact Business in Texas ACTIVE

State of Formation TX

Effective SOS Registration Date 05/06/2003

Texas SOS File Number 0800200690

Registered Agent Name JAMES H WILLIAMS

Registered Office Street Address 12111 SPRING CYPRESS, STE C
TOMBALL, TX 77377

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**ASSET PURCHASE AGREEMENT I
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS**

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



**IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
MICHAEL H. JOHNSON DBA
JOHNSONS WATER SERVICE
RN101193001**

**§ BEFORE THE
§
§ TEXAS COMMISSION ON
§
§
§ ENVIRONMENTAL QUALITY**

**AGREED ORDER
DOCKET NO. 2014-0415-PWS-E**

I. JURISDICTION AND STIPULATIONS

On _____, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Michael H. Johnson dba Johnsons Water Service ("Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 341. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent together stipulate that:

1. The Respondent owns and operates a public water supply located at 1713 Oleander Street in Rosharon, Brazoria County, Texas (the "Facility") that has approximately 33 service connections and serves at least 25 people per day for at least 60 days per year.
2. The Executive Director and the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.
3. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about February 26, 2014.
4. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
5. An administrative penalty in the amount of One Thousand Five Hundred Twenty-Two Dollars (\$1,522) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid One Hundred Eighteen Dollars (\$118) of the administrative penalty and Three Hundred Four Dollars (\$304) is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Agreed Order. If the Respondent fails to timely and satisfactorily comply with all

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requirements of this Agreed Order, the Executive Director may require the Respondent to pay all or part of the deferred penalty.

The remaining amount of One Thousand One Hundred Dollars (\$1,100) of the administrative penalty shall be payable in 11 monthly payments of One Hundred Dollars (\$100) each. The next monthly payment shall be paid within 30 days after the effective date of this Agreed Order. The subsequent payments shall each be paid not later than 30 days following the due date of the previous payment until paid in full. If the Respondent fails to timely and satisfactorily comply with the payment requirements of this Agreed Order, the Executive Director may, at the Executive Director's option, accelerate the maturity of the remaining installments, in which event the unpaid balance shall become immediately due and payable without demand or notice. In addition, the failure of the Respondent to meet the payment schedule of this Agreed Order constitutes the failure by the Respondent to timely and satisfactorily comply with all the terms of this Agreed Order.

6. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
7. The Executive Director and the Respondent agree on a settlement of the matters alleged in this enforcement action, subject to final approval in accordance with 30 TEX. ADMIN. CODE § 70.10(a).
8. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
9. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
10. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

II. ALLEGATIONS

As owner and operator of the Facility, the Respondent is alleged to have:

1. Failed to mail or directly deliver one copy of the Consumer Confidence Report ("CCR") to each bill paying customer by July 1 of each year and failed to submit to the TCEQ by July 1 of each year a copy of the annual CCR and certification that the CCR has been distributed to the customers of the Facility and that the information in the CCR is correct and consistent with compliance monitoring data, in violation of 30 TEX. ADMIN. CODE §§ 290.271(b) and 290.274(a) and (c), as documented during a record review conducted on January 27, 2014. Specifically, the Respondent did not mail or directly deliver the CCR to the bill paying customers nor did the Respondent submit the CCR or the required certification to the TCEQ for the years 2011 and 2012.

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2. Failed to collect the annual nitrate sample and provide the results to the Executive Director for the 2012 and 2013 monitoring periods, in violation of 30 TEX. ADMIN. CODE § 290.106(c) and (e), as documented during a record review conducted on January 27, 2014.
3. Failed to submit a Disinfectant Level Quarterly Operating Report ("DLQOR") to the Executive Director each quarter by the tenth day of the month following the end of the quarter, in violation of 30 TEX. ADMIN. CODE § 290.110(e)(4)(A) and (f)(3), as documented during a record review conducted on January 27, 2014. Specifically, the Respondent did not submit the DLQOR for the second quarter of 2013.
4. Failed to collect routine distribution water samples for coliform analysis for the months of November and December 2013, in violation of 30 TEX. ADMIN. CODE § 290.109(c)(2)(A)(ii) and TEX. HEALTH & SAFETY CODE § 341.033(d), as documented during a record review conducted on January 27, 2014.
5. Failed to provide the results of triennial metal, mineral, and synthetic organic chemical ("SOC") (methods 504, 515, and 531) contaminants sampling to the Executive Director, in violation of 30 TEX. ADMIN. CODE §§ 290.106(e) and 290.107(e), as documented during a record review conducted on January 27, 2014. Specifically, the Respondent failed to provide mineral, metal, and SOC results for the January 1, 2011 to December 31, 2013 monitoring period.
6. Failed to provide public notification for the failure to collect routine coliform monitoring samples for the month of May 2013, in violation of 30 TEX. ADMIN. CODE § 290.122(c)(2)(A), as documented during a record review conducted on January 27, 2014.

III. DENIALS

The Respondent generally denies each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 5 above. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Michael H. Johnson dba Johnsons Water Service, Docket No. 2014-0415-PWS-E" to:

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

2. It is further ordered that the Respondent shall undertake the following technical requirements:
 - a. Within 30 days after the effective date of this Agreed Order:
 - i. Update the Facility's operational guidance and conduct employee training to ensure that self-reporting requirements are properly accomplished, including the timely submittal of signed and certified DLQORs, in accordance with 30 TEX. ADMIN. CODE § 290.110;
 - ii. Implement procedures to ensure that all necessary public notifications are provided in a timely manner to the customers of the Facility, including but not limited to providing public notification for the failure to collect routine samples, in accordance with 30 TEX. ADMIN. CODE § 290.122;
 - iii. Implement improvements to the Facility's process procedures, guidance, training, and/or oversight to ensure that all future drinking water chemical samples are collected and the results are released by the Facility's laboratories and reported to the Executive Director within ten days of Executive Director request or of their receipt by the Facility, whichever is later, in accordance with 30 TEX. ADMIN. CODE § 290.106 (Inorganic Contaminants) and 290.107 (Organic Contaminants);
 - iv. Mail or directly deliver one copy of the CCR prepared using the compliance monitoring data for the year 2013 to each bill paying customer and make good faith effort to deliver the CCR to non-bill paying customers, in accordance with 30 TEX. ADMIN. CODE § 290.274;
 - v. Ensure that all delinquent drinking water chemical analysis results are reported to the Executive Director or demonstrate that a compliance schedule has been established, in accordance with 30 TEX. ADMIN. CODE §§ 290.106 (Inorganic Contaminants) and 290.107 (Organic Contaminants); and
 - vi. Begin complying with applicable coliform monitoring requirements by collecting routine coliform distribution samples and providing water that meets the provisions regarding microbial contaminants, in accordance with 30 TEX. ADMIN. CODE § 290.109. This provision will be satisfied upon six consecutive months of compliant monitoring and reporting.
 - b. Within 45 days after the effective date of this Agreed Order:
 - i. Submit written certification of compliance with Ordering Provisions Nos. 2.a.i. through 2.a.v., in accordance with Ordering Provision No. 2.g. below; and

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- ii. Submit to the Commission a copy of the CCR provided to customers of the Facility and the certification that the CCR has been distributed to the customers of the Facility and that the information in the CCR is correct and consistent with the compliance monitoring data, in accordance with 30 TEX. ADMIN CODE § 290.274. The copy of the CCR and certification shall be mailed to:

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

- c. Within 60 days after the effective date of this Agreed Order, submit written certification of compliance with Ordering Provision No. 2.b.ii., in accordance with Ordering Provision No. 2.g below.
- d. Within 90 days after the effective date of this Agreed Order, begin submitting DLQORs to the Executive Director each quarter by the tenth day of the month following the end of the quarter, in accordance with 30 TEX. ADMIN. CODE § 290.110. This provision will be satisfied upon two consecutive quarters of compliant reporting. DLQORs shall be submitted to:

DLQOR Coordinator
Water Supply Division, MC 155
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087.

- e. Within 225 days after the effective date of this Agreed Order, submit written certification of compliance with Ordering Provision No. 2.a.vi., in accordance with Ordering Provision No. 2.g. below
- f. Within 285 days after the effective date of this Agreed Order, submit written certification of compliance with Ordering Provision No. 2.d, in accordance with Ordering Provision No. 2.g. below.
- g. The written certifications of compliance required by Ordering Provisions Nos. 2.b.i., 2.c., 2.e. and 2.f. shall include detailed supporting documentation including photographs, receipts, and/or other records, shall be notarized by a State of Texas Notary Public, and include the following certification language:

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

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information, including the possibility of fines and imprisonment for knowing violations."

The certification shall be submitted to:

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

with a copy to:

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

3. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Facility operations referenced in this Agreed Order.
4. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
5. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
6. This Agreed Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Agreed Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Agreed Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms "electronic transmission", "owner", "person", "writing",

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and "written" shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.

7. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, whichever is earlier.

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Received:
DEC-01-2014(MON) 14:17 Stephen Hale DDS

Dec 1 2014 01:12pm
(FAX)409 9459901

P. 009/009

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SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

For the Executive Director

Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.

Michael Johnson
Signature

12-1-14
Date

Michael Johnson
Name (Printed or typed)
Authorized Representative of
Michael H. Johnson dba Johnsons Water Service

Owner
Title

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenue Operations Section at the address in Section IV, Paragraph 1 of this Agreed Order.

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**TEXAS COMMISSION
ON ENVIRONMENTAL QUALITY**

[Questions or Comments >>](#)

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Central Registry

The Customer Name displayed may be different than the Customer Name associated to the Additional IDs related to the customer. This name may be different due to ownership changes, legal name changes, or other administrative changes.

Detail of: **Public Water System/Supply Registration 0200158**

For: **JOHNSONS WATER SERVICE (RN101193001)**

KEY MAP 612T

Registration Status: **ACTIVE**

Held by: **Michael H. Johnson (CN602791899)** [View 'Issued To' History](#)

OWNER Since 11/10/1997

Mailing Address: Not on file

Notice of Violations [Current TCEQ Rules](#)

NOV Date	Status	Citation/Requirement Provision	Allegation	Classification	Self Reporting Indicator
01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.41(c)(3)(J) (Not applicable to CH)	Failure to maintain a concrete sealing block extending at least three feet from the well casing in all directions, with a minimum thickness of six inches and sloped to drain away at not less than 0.25 inches per foot shall be provided around the wellhead.	MODERATE	NO
01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.45(b)(1)(A)(i) (Not applicable to CH)	Failure to provide minimum well capacity of 1.5 gallons per minute per connection.	MINOR	NO
01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.46(f)(3)(A)(i) (Not applicable to CH)	Failure to provide the public water system's weekly chemical usage records accessible for review during inspections and available to the executive director upon request.	MODERATE	NO

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01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.46(i) (Not applicable to CH)	Failure to provide an updated customer service agreement at the time of investigation.	MINOR	NO
01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.46(f)(3)(E)(v) (Not applicable to CH)	Failure to provide a copy of any Initial Distribution System Evaluation (IDSE) plan, report, approval letters and other compliance documentation.	MODERATE	NO
01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.41(c)(3)(J) (Not applicable to CH)	Failure to repair the cracked concrete sealing block surrounding Well Number 1, G0200158A, using a flexible, nontoxic, waterproof compound.	MINOR	NO
01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.41(c)(3)(K) (Not applicable to CH)	Failure to fully seal the wellhead with the use of gaskets or a pliable crack resistant caulking compound.	MODERATE	NO
09/22/2014	RESOLVED	30 TAC Chapter 290, SubChapter F 290.110(c)(4) (Not applicable to CH)	Failure to perform at least once every seven days, chlorine residual tests on water collected from various locations within the distribution system. A record of these tests and the sample location should be kept in your files for a minimum of 3 years. At the time of the investigation, the chlorine residuals were recorded on a calendar and	MODERATE	NO

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			the location and sampler were not noted.		
09/22/2014	RESOLVED	30 TAC Chapter 290, SubChapter D 290.46(s)(2)(C)(i) (Not applicable to CH)	Failure by the regulated entity to verify the accuracy of the manual disinfectant residual analyzer at least once every 90 days by calibrating it with chlorine solutions of a known concentration At the time of the investigation, no documentation was provided demonstrating that the accuracy of the chlorine meter was being verified.	MODERATE	NO
09/22/2014	RESOLVED	30 TAC Chapter 290, SubChapter D 290.46(e) (Not applicable to CH)	Failure by the regulated entity to be under the direct supervision of licensed water works operator at all times. A valid license issued under the direction of the Texas Commission on Environmental Quality is required. To assist you in complying with this statutory requirement, we are enclosing the following material: (a) application for water works operator's license, and (b) license information. Please have your operator complete and return the application at the time of the	MAJOR	NO

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<u>Texas Commission on Environmental Quality</u>	<u>Office of Water</u>	<u>Public Drinking Water Section</u>
<u>County Map of TX</u>	<u>Water System Search</u>	<u>Office of Compliance and Enforcement</u>

<u>Water System Detail</u>			
<u>Water System Facilities</u> <u>Source Water Assessment</u> <u>Results</u>	<u>Violations</u> <u>Enforcement</u> <u>Actions</u>	<u>TCR Sample Results</u>	<u>TTHM HAA5 Summaries</u>
<u>Sample Points</u>	<u>Assistance Actions</u>	<u>Recent Positive TCR</u> <u>Results</u>	<u>PBCU Summaries</u>
<u>Sample Schedules /</u> <u>FANLs / Plans</u>	<u>Compliance Schedules</u>	<u>Other Chemical Results</u>	<u>Chlorine Summaries</u>
<u>Site Visits</u> <u>Milestones</u>	<u>TOC/Alkalinity Results</u>	<u>Chemical Results: Sort by:</u> <u>Name Code</u>	<u>Turbidity Summaries</u>
<u>Operators</u> <u>All POC</u>	<u>LRAA (TTHM/HAA5)</u>	<u>Recent Non-TCR Sample</u> <u>Results</u>	<u>TCR Sample Summaries</u>
<u>Glossary</u>		<u>DWW Instructions</u>	

<u>Water System Detail Information</u>			
Water System No.:	TX0200158	Federal Type:	C
Water System Name:	JOHNSONS WATER SERVICE	Federal Source:	GW
Principal County Served:	BRAZORIA	System Status:	A
Principal City Served:		Activity Date:	01-01-1913

<u>Group Violations</u>					
<u>Fed Fiscal Year</u>	<u>Determ. Date</u>	<u>Violation Type</u>	<u>Violation Name</u>	<u>Analyte Group</u>	<u>Analyte Group Name</u>
<u>2013</u>	01-29-2014	03	MONITORING, ROUTINE MAJOR	<u>515</u>	SOC METHOD 515.4
<u>2013</u>	01-29-2014	03	MONITORING, ROUTINE MAJOR	<u>MIN</u>	MINERALS
<u>2013</u>	01-29-2014	03	MONITORING, ROUTINE MAJOR	<u>504</u>	EDB/DBCP
<u>2013</u>	01-29-2014	03	MONITORING, ROUTINE MAJOR	<u>531</u>	SOC METHOD 531.1
<u>2013</u>	01-29-2014	03	MONITORING, ROUTINE MAJOR	<u>MTL</u>	METALS

<u>Individual Violations</u>							
<u>Violation</u>	<u>Compliance</u>	<u>Violation Type</u>	<u>Violation Name</u>	<u>Analyte</u>	<u>Analyte Name</u>	<u>Has the Violation been Addressed?</u>	<u>Has the Violation been Resolved?</u>

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No.	Period	Code		Code		(On the Path to Compliance)	(Returned to Compliance)
<u>2019-100068768</u>	03-01-2019-03-31-2019	3A	MONITORING, ROUTINE, MAJOR (RTCR)	8000	REVISED TOTAL COLIFORM RULE (RTCR)	Yes - Informal	Yes
<u>2018-100068767</u>	08-01-2017-08-31-2017	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Informal	No
<u>2018-100068766</u>	08-01-2017-08-31-2017	3A	MONITORING, ROUTINE, MAJOR (RTCR)	8000	REVISED TOTAL COLIFORM RULE (RTCR)	Yes - Informal	Yes
<u>2015-100068763</u>	07-01-2014-07-31-2014	34	MONITOR GWR TRIGGERED/ADDITIONAL, MAJOR	3014	E. COLI	Yes - Informal	Yes
<u>2015-100068761</u>	12-30-2014-04-17-2015	66	LEAD CONSUMER NOTICE (LCR)	5000	LEAD & COPPER RULE	Yes - Informal	Yes
<u>2014-100068762</u>	07-01-2014-09-30-2014	27	MONITORING, ROUTINE (DBP), MAJOR	0999	CHLORINE	Yes - Formal and Informal	Yes
<u>2014-100068760</u>	10-01-2013-12-31-2013	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Informal	Yes
<u>2014-100068759</u>	07-01-2013-09-30-2013	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Informal	Yes
<u>2014-100068758</u>	02-01-2014-02-28-2014	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Formal and Informal	Yes
<u>2013-100068756</u>	07-01-2013-09-30-2013	27	MONITORING, ROUTINE (DBP), MAJOR	0999	CHLORINE	Yes - Formal and Informal	Yes
<u>2013-100068757</u>	10-01-2013-12-31-2013	27	MONITORING, ROUTINE (DBP), MAJOR	0999	CHLORINE	Yes - Formal and Informal	Yes
<u>2014-100068755</u>	12-01-2013-12-31-2013	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Formal and Informal	Yes
<u>2014-100068754</u>	02-01-2014-02-28-2014	23	MONITORING (TCR), ROUTINE MAJOR	3100	COLIFORM (TCR)	Yes - Formal and Informal	Yes
<u>2014-100068753</u>	11-01-2013-11-30-2013	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Formal and	Yes

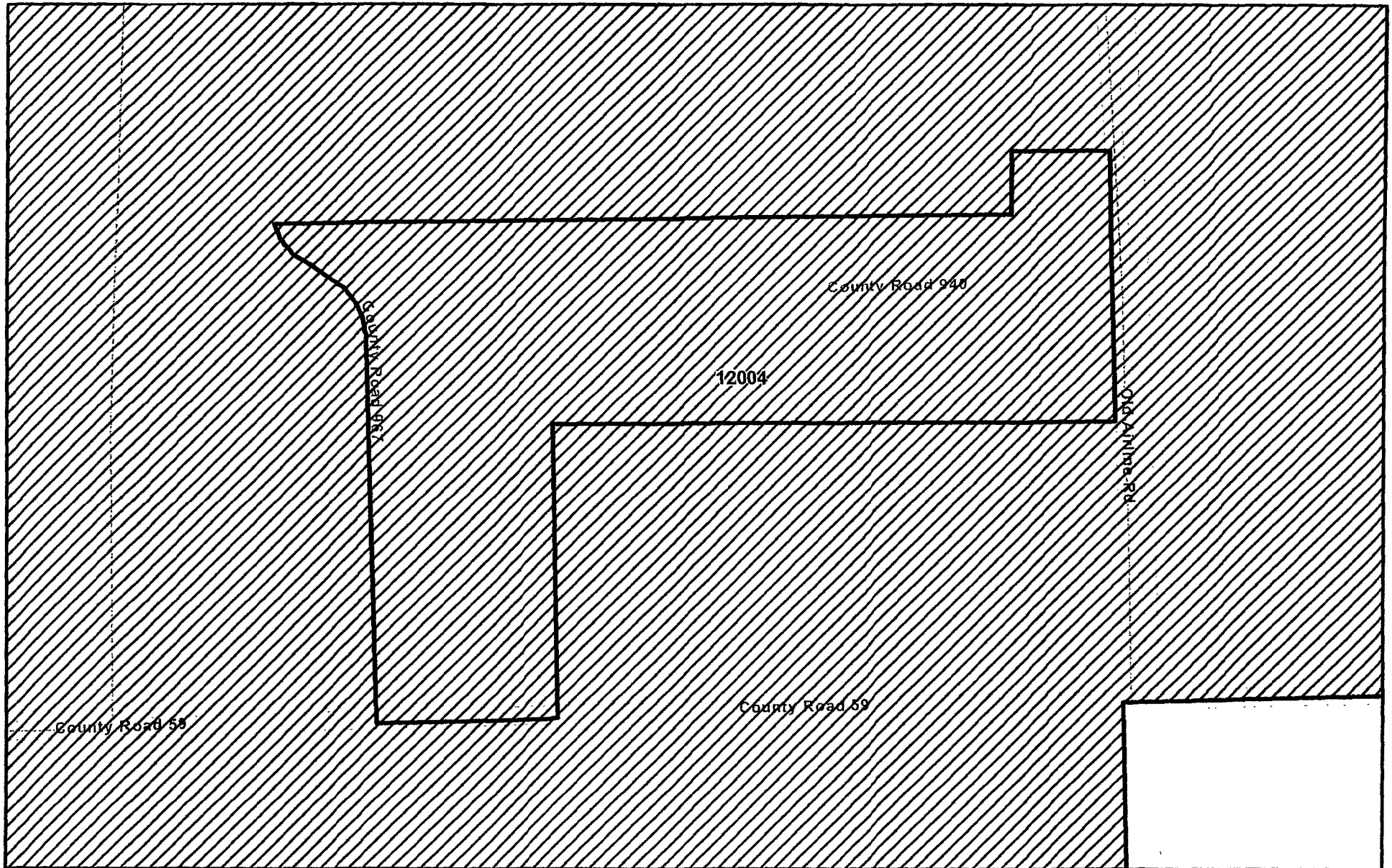
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						Informal	
<u>2014-100068752</u>	01-01-2012-12-31-2012	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Informal	Yes
<u>2014-100068751</u>	04-01-2013-06-30-2013	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Informal	Yes
<u>2014-100068750</u>	12-01-2013-12-31-2013	23	MONITORING (TCR), ROUTINE MAJOR	3100	COLIFORM (TCR)	Yes - Formal and Informal	Yes
<u>2013-100068718</u>	01-01-2013-12-31-2013	03	MONITORING, ROUTINE MAJOR	1040	NITRATE	Yes - Formal and Informal	Yes
<u>2014-100068717</u>	11-01-2013-11-30-2013	23	MONITORING (TCR), ROUTINE MAJOR	3100	COLIFORM (TCR)	Yes - Formal and Informal	Yes
<u>2013-100068716</u>	01-01-2012-12-31-2012	03	MONITORING, ROUTINE MAJOR	1040	NITRATE	Yes - Formal and Informal	Yes
<u>2013-100068715</u>	04-01-2013-06-30-2013	27	MONITORING, ROUTINE (DBP), MAJOR	0999	CHLORINE	Yes - Formal and Informal	Yes
<u>2013-100068714</u>	07-01-2013-07-18-2014	71	CCR REPORT	7000	CONSUMER CONFIDENCE RULE	Yes - Formal and Informal	Yes
<u>2013-100068713</u>	05-01-2013-05-31-2013	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Formal and Informal	Yes
<u>2013-100068711</u>	05-01-2013-05-31-2013	23	MONITORING (TCR), ROUTINE MAJOR	3100	COLIFORM (TCR)	Yes - Informal	Yes
<u>2013-100068709</u>	07-01-2012-07-18-2014	71	CCR REPORT	7000	CONSUMER CONFIDENCE RULE	Yes - Formal and Informal	Yes
<u>2012-100068708</u>	05-01-2012-05-31-2012	23	MONITORING (TCR), ROUTINE MAJOR	3100	COLIFORM (TCR)	Yes - Informal	Yes
<u>2010-100068515</u>	07-01-2010-12-22-2010	71	CCR REPORT	7000	CONSUMER CONFIDENCE RULE	Yes - Informal	Yes
<u>2010-100068703</u>	07-01-2010-12-22-2010	72	CCR ADEQUACY/AVAILABILITY/CONTENT	7000	CONSUMER CONFIDENCE RULE	Yes - Informal	Yes

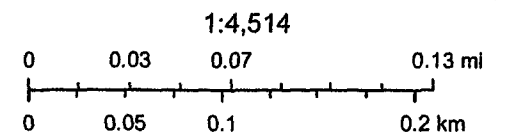
SCHEDULE 4.10
Compliance

Seller has no information responsive to this request other than what Seller has already disclosed in Schedule 4.15(f).

CCN 12004

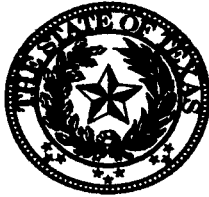


December 30, 2019



Sources: Esri, HERE, Garmin, FAO, NOAA, USGS, © OpenStreetMap

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Texas Commission On Environmental Quality

By These Presents Be It Known To All That

Michael H. Johnson dba Johnson's Water Service

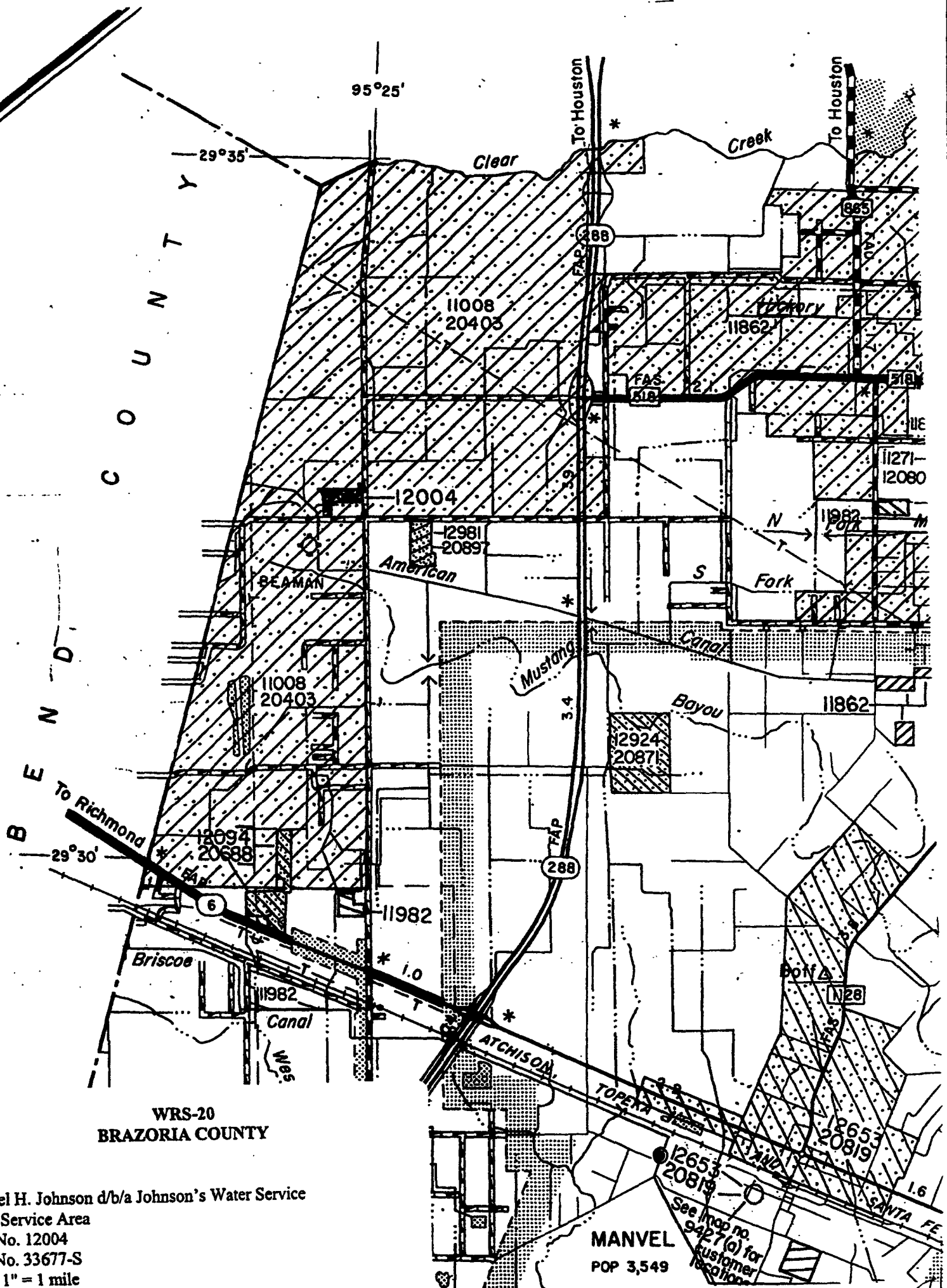
having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 12004

to provide continuous and adequate water utility service to that service area or those service areas in Brazoria County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 33677-S are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Michael H. Johnson dba Johnson's Water Service to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this DEC 04 2002


For the Commission



ael H. Johnson d/b/a Johnson's Water Service
r Service Area
No. 12004
No. 33677-S
1" = 1 mile