



Control Number: 50960



Item Number: 10

Addendum StartPage: 0

DOCKET NO. 50960

APPLICATION OF NERRO SUPPLY, §
LLC AND UNDINE TEXAS, LLC FOR §
SALE, TRANSFER OF FACILITIES §
AND CERTIFICATE RIGHTS IN §
CHAMBERS, HARRIS AND LIBERTY §
COUNTIES §
§

PUBLIC UTILITY COMMISSION

2020 JUL 7 AM 10:44
PUBLIC UTILITY COMMISSION
FILED

APPLICANTS' FIRST AMENDMENT TO APPLICATION

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

Undine Texas, LLC (“Undine”) and Nerro Supply, LLC (“Nerro”) file this First Amendment to Application. In support thereof, Undine and Nerro state the following:

On June 19, 2020, Undine and Nerro submitted an application for sale, transfer or merger of facilities and certificate rights in Chambers, Harris and Liberty Counties. Undine has identified an error in the application. Attached as Exhibit A is a substitute page 8 of the application correcting Undine’s response to item no. 18 and the relevant attachments for that corrected response. Attached as Exhibit B are a new Oath of Transferor and Oath of Transferee for the application as amended.

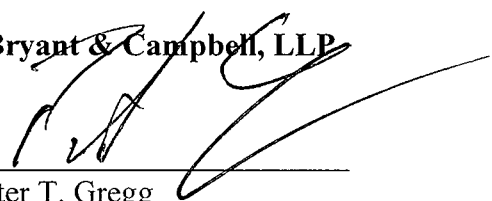
If for any reason Commission Staff does not view the attachments as sufficient for application acceptance, Undine respectfully requests that it be notified immediately and provided an opportunity to cure any deficiencies that are identified.

10

Respectfully submitted,

DuBois, Bryant & Campbell, LLP

By: _____


Peter T. Gregg
State Bar No. 00784174
303 Colorado, Suite 2300
Austin, Texas 78701
pgregg@dbcllp.com
(512) 457-8000
(512) 457-8008 (fax)

Attorneys for Undine Texas, LLC

CERTIFICATE OF SERVICE

I certify by my signature above that a true and correct copy of the foregoing document was served by email on this the 6th day of July, 2020, to:

Kourtnee Jinks
Public Utility Commission of Texas
Legal Division
1701 N. Congress Avenue
P. O. Box 13326
Austin, Texas 78711-3326
kourtnee.jinks@puc.texas.gov

EXHIBIT A

**SUBSTITUTED PAGE 8 OF THE APPLICATION
AND ATTACHMENTS**

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:

Undine Texas, LLC intends to raise the standards of quality for: 1) customer service, 2) customer and regulatory communications, 3) all regulatory compliance issues.

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.

Please see Attachment 'E'

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 quality of drinking water is extremely important to us. We believe in investment in procedure and treatment to ensure that the water supplied to our customers is safe to drink. This begins with the protection of our water sources and continues with the quality control in the water treatment process and the maintenance of the distribution system. Our commitment to maintaining regulatory standards in all of our systems means a safe, clean water supply and a healthy living environment.

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

The public will be better served through Undine Texas, LLC ownership of water and/or wastewater utilities due to the improvements to utility customer service and the improvements to operations and maintenance. The EPA reports to Congress state that the best possible future for small to midsize privately owned utilities is to be acquired by a larger more responsible provider that possesses the financial, managerial and technical experience to insure the system meets regulatory requirements.

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:

Please See Attachment 'E'

**Texas Commission on Environmental Quality
Compliance Agreement**

Undine Texas, LLC
Beaumont Place
Public Water Supply ID No. 1010098; RN101175057
Harris County, Texas

The Texas Commission on Environmental Quality ("Commission" or "TCEQ") is the state agency authorized to regulate public water systems in Texas and enforce TEX. HEALTH & SAFETY CODE ("THSC") ch. 341, TEX. WATER CODE ("TWC") chs. 7 and 26, and Commission rules and regulations promulgated pursuant to THSC and TWC.

Beaumont Place (the "Facility"), located at 12709 Danvers Lane ("Water Plant No. 1") and 13141 Flagstaff Lane ("Water Plant No. 2"), Houston, Harris County, Texas, consists of a community groundwater system that provides water for human consumption and equipment and facilities for the transmission, storage, distribution, sale, or provision of potable water to the public. As such, the Facility is a public water system and is being operated as a utility, as defined within TWC ch. 13 and 30 TEX. ADMIN. CODE chs. 290 and 291. SUBURBAN UTILITY CO ("Suburban") is the owner of the Facility, however, it has been operated and managed by a TCEQ or Public Utility Commission ("PUC") appointed Temporary Manager since March 27, 2017. Undine Texas, LLC ("Undine") currently operates and manages the Facility as the PUC appointed Temporary Manager.

It has been determined that the Facility's infrastructure and operations are not in compliance with state statutes and Commission rules and regulations for public water systems and utilities. Undine intends to acquire the Facility and filed a Sale, Transfer, and Merger application ("STM Application") with the PUC for that purpose on July 12, 2017. On October 13, 2017, the PUC issued an Order approving the STM Application and authorizing Undine to proceed with the acquisition of the Facility. In anticipation of this acquisition, Undine requested a Compliance Agreement ("CA") from the TCEQ so that it can bring the Facility into compliance within specified deadlines without incurring a TCEQ enforcement action. The specific violations and compliance deadlines subject to this CA are detailed below in the sections titled Violations and Provisions. These violations were documented during TCEQ investigations of the Facility and included within a TCEQ Emergency Order against the Facility. (Attachment A). Further, Undine has agreed to take additional proactive actions to identify and correct noncompliance at the Facility and those actions are also detailed in the Provisions section below. Pursuant to Undine's request, the Executive Director of the Commission ("Executive Director") and Undine have entered into this CA.

The effective date of this CA shall be the date upon which the PUC issues an order approving Undine's successful acquisition of the Facility and transfer of Certificate of Convenience and Necessity 10835 ("CCN 10835") in PUC Docket No. 47396. Undine shall forward a copy of the executed purchase contract for the Facility and the PUC order approving Undine's acquisition of the Facility and transfer of CCN 10835 to TCEQ within 10 business days after PUC issues the order.

Violations

This CA shall be limited to the violations listed below:

1. Failure to provide two or more wells having a total capacity of 0.6 gallon per minute (“gpm”) per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(i);
2. Failure to provide a total storage capacity of 200 gallons per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(ii);
3. Failure to provide pressure tank capacity of 20 gallons per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iv);
4. Failure to obtain a sanitary control easement for existing Well No. 1 (Source ID No. 1010098A) and Well No. 2 (Source ID No. 1010098B) and failed to obtain an exception under 30 TEX. ADMIN. CODE § 290.39(l), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F);
5. Failure to provide service pump capacity of 2.0 gpm per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iii); and
6. Failure to provide documentation verifying the status of abandoned Well No. 3 (Source ID No. G1010098C), in violation of 30 TEX. ADMIN. CODE § 290.46(u).

Provisions

Undine shall perform and complete the following provisions at the Facility:

1. Immediately after the effective date of this CA, collect one raw water sample per month for Well Nos. 1 and 2 (Source ID Nos. 1010098A and 1010098B) and submit the sample for bacteriological analysis at a TCEQ-accredited laboratory with a current National Environmental Laboratory Accreditation Program certification. The sampling procedure should be the same as the one used when collecting routine distribution samples, in accordance with 30 TEX. ADMIN. CODE § 290.109. The sample should be submitted to the laboratory clearly labeled with the proper TCEQ Well ID and marked “RAW”.
2. Within 15 days after the effective date of this CA, submit written certification, as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision No. 1.
3. Within 30 days after the effective date of this CA:
 - a. Provide a list of the operators in training and the licensed operators, including license level and date of expiration, employed or contracted to operate the Facility and identify their start dates. Additionally, include information on the decision-making process or protocols regarding when a licensed operator will be made available onsite and utilized to perform the physical operation of the Facility and when an operator in training will be utilized. Further, include the protocols for when and how an operator in training would utilize or request assistance from a licensed operator; and

- b. Submit completed plans and specifications for the construction activities listed below in Provision Nos. 5.a. through 5.c. for TCEQ review and approval, in accordance with 30 TEX. ADMIN. CODE § 290.39. Plans and specifications shall be submitted to:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the plans and specifications within 15 days after the date after such request, or by any other deadline specified in writing.

4. Within 45 days after the effective date of this CA, submit written certification, as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision Nos. 3.a. and 3.b.
5. Within 120 days after the effective date of this CA Undine shall complete the following actions at Water Plant No. 2:
- a. Install and maintain piping from the existing Well No. 1 (Source ID No. G1010098A) to the existing ground storage tank ("GST")¹²;
 - b. Install and maintain three service pumps, each with an individual capacity of 380 gpm ("Temporary Pumps")³;
 - c. Install and maintain piping from the Temporary Pumps to the existing GST and existing pressure tank⁴; and
 - d. Install a generator that can provide emergency power for the Facility in the event of the loss of normal power supply, in accordance with 30 TEX. ADMIN. CODE § 290.45.
6. Within 135 days after the effective date of this CA, submit written certification, as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision Nos. 5.a. through 5.d.
7. Within 365 days after the effective date of this CA:
- a. Provide and maintain a total storage capacity of 200 gallons per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45⁵;
 - b. Test existing Well No. 3 (Source ID No. G1010098C) and determine whether it can be placed back into service and notify TCEQ of that determination; and

¹ Undine has previously repaired the existing GST.

² Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

³ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

⁴ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

⁵ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

- c. Submit 12 consecutive monthly raw water sample results for Well Nos. 1 and 2 (Source ID Nos. 1010098A and 1010098B) for TCEQ review.⁶ The results shall be submitted to:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087
8. Within 380 days after the effective date of this CA, submit written certification, as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision Nos. 7.a. and 7.c.
9. Within 540 days after the effective date of this CA:
 - a. Ensure that if existing Well No. 3 (Source ID No. G1010098C) cannot be placed back into service that it is properly plugged with cement pursuant to 16 TEX. ADMIN. CODE ch. 76, in accordance with 30 TEX. ADMIN. CODE § 290.46; and
 - b. Submit completed plans and specifications for the construction activities listed below in Provision Nos. 11.a. through 11.f. and 11.h. for TCEQ review and approval, in accordance with 30 TEX. ADMIN. CODE § 290.39. Plans and specifications shall be submitted to:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the plans and specifications within 15 days after the date after such request, or by any other deadline specified in writing.
10. Within 555 days after the effective date of this CA, submit written certification as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision Nos. 9.a. and 9.b.

⁶ Undine shall continue to collect monthly raw water samples for Well Nos. 1 and 2 (Source ID Nos. 1010098A and 1010098B), have the samples analyzed, and submit 12 consecutive months of raw water sample results to TCEQ annually, until sanitary control easements pursuant to 30 TEX. ADMIN. CODE § 290.41(c) (1)(F) or exceptions under 30 TEX. ADMIN. CODE § 290.39(l) are obtained for Well Nos. 1 and 2 (Source ID Nos. 1010098A and 1010098B).

11. Within 730 days after the effective date of this CA:
 - a. Provide and maintain two or more wells having a total capacity of 0.6 gpm per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45⁷⁸;
 - b. Provide and maintain a total storage capacity of 200 gallons per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45⁹;
 - c. Provide and maintain a pressure tank capacity of 20 gallons per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iv)¹⁰;
 - d. Provide and maintain a service pump capacity of 2.0 gpm per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45¹¹;
 - e. Maintain all distribution system lines, storage and pressure maintenance facilities, water treatment units, and related appurtenances in a watertight condition, in accordance with 30 TEX. ADMIN. CODE § 290.46¹²;
 - f. Assure the plant operations manual is updated with a thorough description of the startup, operations, and maintenance required for the secondary constituent treatment systems (“Secondary Treatment”) chosen for Water Plant Nos. 1 and 2 prior to the Secondary Treatment becoming operational. Additionally, assure the updated plant operations manual is available for operator review and reference;
 - g. Install Secondary Treatment for the secondary constituent exceedances at Water Plant Nos. 1 and 2 and maintain compliance with secondary constituent levels and reporting requirements, in accordance with 30 TEX. ADMIN. CODE §§ 290.105 and 290.118¹³;
 - h. Assure that all existing and temporary equipment, including GSTs; pumps; and piping, not utilized for the operation of the Facility is removed from the site and properly disposed or recycled; and
 - i. Obtain a sanitary control easement that covers the land within 150 feet of each of the Facility's active wells, in accordance with 30 TEX. ADMIN. CODE § 290.41, or obtain Commission approval of an exception to the easement requirement pursuant to 30 TEX. ADMIN. CODE § 290.39(l). Any exception requests shall be submitted to:

⁷ If a new water source is utilized to meet capacity for the Facility, Undine shall submit all required documentation to TCEQ and receive approval from the Executive Director prior to placing the well into service, in accordance with 30 TEX. ADMIN. CODE § 290.41. Further, corrosive water will not be approved as a new source for the Facility without approved corrosion control treatment.

⁸ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

⁹ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

¹⁰ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

¹¹ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

¹² Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

¹³ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

Technical Review and Oversight Team, MC-159
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

12. Within 745 days after the effective date of this CA, submit written certification as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision Nos. 11.a. through 11.i.
13. Within 910 days after the effective date of this CA, complete a line leak detection survey of the entire distribution system.
14. Within 925 days after the effective date of this CA, submit written certification as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision No. 13.
15. Within 940 days after the effective date of this CA, submit documentation of the results of the line leak detection survey, including the location of identified leaks and proposed corrective actions and timelines to repair identified leaks, to TCEQ. Documentation of the line leak detection survey shall be submitted to:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087
16. Within 955 days after the effective date of this CA, submit written certification as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision No. 15.
17. The certifications and supporting documentation required by these Provisions shall be signed by Undine and shall include the following certification language:

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

Water Section Manager
Houston Regional Office
Texas Commission on Environmental Quality
5425 Polk Street, Suite H
Houston, Texas 77023-1452

18. Starting from the effective date of this CA, submit progress reports to the addresses identified in Provision No. 17 on a quarterly basis and until such time as compliance is achieved with Provision Nos. 1 through 16.
19. The Executive Director may grant an extension of any deadline in this CA or in any plan, report, or other document submitted pursuant to this CA, upon a written and substantiated showing of good cause. All requests for extensions by Undine shall be made in writing to the Executive Director and submitted to the addresses identified in Provision No. 16. Extensions are not effective until Undine receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
20. This CA shall terminate either three years from its effective date or upon completion of the Provision Nos. 1 through 16 whichever occurs first.
21. This CA shall in no manner preclude TCEQ from initiating enforcement actions against Undine, for the entirety of the CA's term, for violations, other than the violations specifically listed in the Violations section of this CA, occurring at the Facility which exceed levels protective of human health or the environment.

In return for Undine's agreement and adherence to the terms of this CA, the Executive Director will withhold further enforcement actions based upon the violations specifically addressed within this CA until the termination date. Should unforeseen circumstances indicate a need to alter the terms of this CA, Undine must immediately notify the Executive Director so that an amendment can be discussed.

Acceptance of the terms of this CA are indicated by the signatures below.

Printed Name of Authorized Representative
Undine Texas, LLC

Title

Authorized Representative
Undine Texas, LLC

Date

for Melissa Cardell
Megan Hamilton, Manager
Drinking Water Section
Enforcement Division

9/4/18
Date

Attachment A

TCEQ Emergency Order Against SUBURBAN UTILITY CO
March 27, 2017

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
Protecting Texas by Reducing and Preventing Pollution

April 4, 2017

Via Certified Mail, Return Receipt
Requested, Article No. 7011 0470
0003 6425 5849 and Via First Class
Mail, Postage Pre-paid
Mitchell M. Martin, Jr.
27493 Hanna Road, Suite 2
Conroe, Texas 77385

Via Certified Mail, Return Receipt
Requested, Article No. 7011 0470
0003 6425 5863 and Via First Class
Mail, Postage Pre-paid
Mitchell M. Martin, Jr.
P.O. Box 58
Spring, Texas 77383-0058

Via Certified Mail, Return Receipt
Requested, Article No. 7011 0470
0003 6425 5856 and Via First Class
Mail, Postage Pre-paid
Michael Martin
27493 Hanna Road, Suite 2
Conroe, Texas 77385

Via Certified Mail, Return Receipt
Requested, Article No. 7011 0470
0003 6425 5429 and Via First Class
Mail, Postage Pre-paid
Les Romo
307 Shannon Lane
Georgetown, Texas 78628-3655

Re: SUBURBAN UTILITY CO
TCEQ DOCKET NO. 2017-0392-UCR-E
**REVISED Notice of Emergency Order and of Hearing to Modify,
Affirm, or Set Aside**

Dear Messrs. Martin:

On March 27, 2017, the Executive Director of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") issued an Emergency Order pursuant to TEX. WATER CODE chs. 5 and 13, TEX. HEALTH & SAFETY CODE ch. 341, and 30 TEX. ADMIN. CODE chs. 35, 290, and 291. The party made the subject to this order is SUBURBAN UTILITY CO. The Emergency Order appointed Quadvest L.P. as temporary manager of the public water systems located at 2622 1/2 Balmorhea Avenue, Harris County; 13141 Flagstaff Lane and 12709 Danvers Lane, Harris County; 12026 Hamblin, Harris County; and 8119 Jackstone Drive, Harris County.

Pursuant to TEX. WATER CODE § 5.504 the Commission will consider whether to affirm, modify, or set aside the Emergency Order issued on March 27, 2017. Therefore, the Executive Director has scheduled this matter to be presented at the

State of Texas
County of Travis
APR 04 2017
I hereby certify this is a true and correct copy of a
Texas Commission on Environmental Quality (TCEQ)
document, which is filed in the Records of the Commission,
given under my hand and the seal of office.
Sharon Hendrix
Alternate Custodian of Records
Texas Commission on Environmental Quality

SUBURBAN UTILITY CO
April 4, 2017
Page 2

Commission's regular Agenda meeting on **May 24, 2017¹**. The Agenda begins at **9:30 a.m.** and will be held at **TCEQ Park 35 Complex, 12118 North I-35, Building E, Room 201 S, Austin, Texas**. The enclosed documentation is provided to you as a record of the materials that have been submitted to the Chief Clerk's Office and will be used in the Commission's Agenda process.

Additionally, please be advised that, pursuant to 30 TEX. ADMIN. CODE § 35.25(c), **you may request at the time of the Agenda an evidentiary hearing on issuance of the Emergency Order**. An Administrative Law Judge will be available to conduct a hearing at Agenda on May 24, 2017. If you have any questions, please contact the TCEQ Litigation Division at (512) 239-3400.

Sincerely,



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

Enclosure

cc: Bryan Eastham, Water Section Manager, Houston Regional Office
Alex Hinz, Receivership Coordinator
Vic McWherter, Office of Public Interest Counsel
Taylor Kilroy, Office of the Public Utility Counsel
Quadvest L.P. c/o Simon Sequeira, Temporary Manager, P.O. Box 409,
Tomball, Texas 77377

¹ This matter was originally set for the May 10, 2017 Agenda meeting, however, pursuant to a request from SUBURBAN UTILITY CO's counsel this matter has been reset for the May 24, 2017 Agenda meeting.

TCEQ DOCKET NO. 2017-0392-UCR-E

IN THE MATTER OF	§	BEFORE THE
AN ENFORCEMENT ACTION AGAINST	§	
SUBURBAN UTILITY CO;	§	TEXAS COMMISSION ON
RN101175057; RN101241081;	§	
RN101252963; RN101209922	§	ENVIRONMENTAL QUALITY

**EMERGENCY ORDER
APPOINTING A TEMPORARY MANAGER
OF A WATER UTILITY**

On March 27, 2017, the Executive Director of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") issued this Emergency Order pursuant to TEX. WATER CODE chs. 5 and 13, TEX. HEALTH & SAFETY CODE ch. 341, and 30 TEX. ADMIN. CODE chs. 35, 290, and 291. The party made subject to this order is SUBURBAN UTILITY CO ("Suburban").

**I.
FINDINGS OF FACT**

1. Suburban owns and operates the following public water systems:
(1) Castlewood Subdivision located at 2622 ½ Balmorhea Avenue, Harris County, Texas; (2) Beaumont Place located at 13141 Flagstaff Lane and 12709 Danvers Lane, Harris County, Texas; (3) Cypress Bend Subdivision located at 12026 Hamblin in Harris County, Texas; and (4) Reservoir Acres Subdivision located at 8119 Jackstone Drive in Harris County, Texas (collectively, the "Utility").
2. The Utility provides potable water service for compensation to approximately 336 service connections at Castlewood Subdivision; approximately 694 service connections at Beaumont Place; approximately 228 service connections at Cypress Bend Subdivision; and approximately 209 service connections at Reservoir Acres Subdivision. Each system serves at least 25 people per day for at least 60 days per year, and provides water for human consumption. As such, the Utility consists of four public water systems ("PWSs") as defined in 30 TEX. ADMIN. CODE § 290.38(69).
3. The Utility operates pursuant to Certificate of Convenience and Necessity No. 10835.
4. Commission records and the Secretary of State database show that the mailing addresses for the Utility and its attorney are as follows:

Mitchell M. Martin, Jr.
President, SUBURBAN UTILITY CO
27493 Hanna Road, Suite 2
Conroe, Texas 77385

Mitchell M. Martin, Jr.
President, SUBURBAN UTILITY CO

P.O. Box 58
Spring, Texas 77383-0058

Michael Martin
Vice President, SUBURBAN UTILITY CO
27493 Hanna Road, Suite 2
Conroe, Texas 77385

Les Romo
Law Office of Les Romo
307 Shannon Lane
Georgetown, Texas 78628-3655

5. The Utility has displayed a pattern of hostility to its customers by repeatedly failing to respond to complaints and inquiries and has thereby abandoned the provision of service. Necessary repairs are required to ensure continuous and adequate water service to the Utility's customers.
6. The Utility has failed to adequately maintain facilities which has resulted in repeated service interruptions and potential health hazards. The Utility is non-compliant with the Agreed Final Judgement and Permanent Injunction¹ issued by the 353rd Travis County Judicial District Court on January 19, 2016 (the "AFJ") ("Exhibit A").
7. TCEQ referred the Utility to the Office of the Attorney General ("OAG") for the appointment of a receiver, pursuant to TEX. WATER CODE § 13.412, on September 16, 2013 and March 3, 2017.
8. The AFJ required the Utility to pay to the State civil penalties and attorney's fees and to complete injunctive provisions at each of its four PWSs by specific deadlines. On November 22, 2016, the TCEQ granted the Utility a deadline extension to complete the following AFJ injunctive provisions by March 17, 2017: 3.1.B, 3.1.C, 3.2.C, 3.2.D, 3.2.E, 3.2.F, 3.3.A, 3.3.B, 3.3.C, 3.3.D, 3.4.D, 3.4.E, and 3.4.F ("Exhibit B").
9. On March 21, 2017, during a comprehensive compliance investigation at Castlewood Subdivision, TCEQ Regional Office investigators documented the Utility:
 - a. Failed to maintain the ground storage tank in a watertight condition, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(4) and AFJ injunctive provision 3.1.A;
 - b. Failed to provide two or more wells having a total capacity of 0.6 gallon per minute ("gpm") per connection or 203.4 total gpm, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(i) and AFJ injunctive provision 3.1.B. Specifically, the total capacity was 150 gpm, approximately 28% deficient;
 - c. Failed to provide a total storage capacity of 200 gallons per connection or 67,800 total gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(ii) and AFJ injunctive provision 3.1.C. Specifically, the total storage capacity was zero, 100% deficient;

¹ Cause No. D-1-GN-14-003376

- d. Failed to provide service pump capacity of 2.0 gallons per minute per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iii). Specifically, the total service pump capacity was 310 gpm, approximately 55% deficient;
 - e. Failed to provide a copy of an electrical inspection report documenting that the electrical system is in accordance with local and national codes, in violation of AFJ injunctive provision 3.1.E;
 - f. Failed to verify installation of electronic phase monitor, in violation of AFJ injunctive provision 3.1.G;
 - g. Failed to provide an annual report that includes 12 months of Monthly Water Quantity Comparison reports, in violation of AFJ injunctive provision 3.1.H;
 - h. Failed to provide an infrastructure replacement plan that includes a schedule for replacement of water distribution lines that are past their useful life, in violation of AFJ injunctive provision 3.1.J;
 - i. Failed to maintain the ground storage tank by not removing corrosion, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - j. Failed to maintain the distribution lines leading to the ground storage tank by not removing corrosion, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - k. Failed to obtain a sanitary control easement for Well No. 1 (Source ID No. G101011A), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F);
 - l. Failed to maintain service pumps in good working condition, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(6); and
 - m. Failed to provide an up-to-date chemical and microbiological monitoring plan, in violation of 30 TEX. ADMIN. CODE § 290.121.
10. On March 21, 2017, during a comprehensive compliance investigation at Beaumont Place, TCEQ Regional Office investigators documented the Utility:
- a. Failed to provide a copy of an electrical inspection report documenting that the electrical system is in accordance with local and national codes, in violation of AFJ injunctive provision 3.2.A;
 - b. Failed to maintain the ground storage tank in a watertight condition, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(4) and AFJ injunctive provision 3.2.B;
 - c. Failed to provide two or more wells having a total capacity of 0.6 gpm per connection or 317.4 total gpm, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(i) and AFJ injunctive provision 3.2.C. Specifically, the total capacity was 195 gpm, approximately 53% deficient;
 - d. Failed to provide a total storage capacity of 200 gallons per connection or 105,800 total gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(ii) and AFJ injunctive provision 3.2.D.

- Specifically, the total storage capacity was 23,000 gallons, approximately 83% deficient;
- e. Failed to provide pressure tank capacity of 20 gallons per connection or 10,580 gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iv) and AFJ injunctive provision 3.2.E. Specifically, the pressure tank capacity was 900 gallons, approximately 94% deficient;
 - f. Failed to obtain a sanitary control easement for Well No. 1 (Source ID No. 1010098A) and Well No. 2 (Source ID No. 1010098B) and failed to obtain an exception under 30 TEX. ADMIN. CODE § 290.39(l), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F) and AFJ injunctive provision 3.2.F;
 - g. Failed to provide service pump capacity of 2.0 gallons per minute per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iii). Specifically, the total service pump capacity was 620 gpm, approximately 55% deficient;
 - h. Failed to provide an up-to-date chemical and microbiological monitoring plan, in violation of 30 TEX. ADMIN. CODE § 290.121;
 - i. Failed to provide an accurate and up-to-date map of the distribution system, in violation of 30 TEX. ADMIN. CODE § 290.46(n);
 - j. Failed to notify the Executive Director prior to installing a new 0.0009 million gallon pressure tank to the public water supply system, in violation of 30 TEX. ADMIN. CODE § 290.39(h)(1);
 - k. Failed to maintain the fence line by not removing vegetation, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - l. Failed to maintain the fence line by not repairing the damaged fence, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - m. Failed to provide an 85% planning report, in violation of 30 TEX. ADMIN. CODE § 291.93(3);
 - n. Failed to provide documentation verifying the status of abandoned Well No. 3 (Source ID No. G1010098C), in violation of 30 TEX. ADMIN. CODE § 290.46(u); and
 - o. Failed to have the public water system's operating records accessible for review during the investigation and available upon request by the Executive Director, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2). Specifically, the following records were not accessible for review during the investigation: a CSI certificate, monthly flushing records, and a well meter calibration for Well No. 1 (Source ID No. G1010098A) and Well No. 2 (Source ID No. G1010098B).
11. On March 21, 2017, during a comprehensive compliance investigation at Reservoir Acres, TCEQ Regional Office investigators documented the Utility:
- a. Failed to maintain electrical wiring in conduit and failed to provide a copy of an electrical inspection report, in violation of 30 TEX. ADMIN. CODE § 290.46(v) and AFJ injunctive provision 3.3.A;

- b. Failed to provide a total storage capacity of 200 gallons per connection or 43,400 total gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(ii) and AFJ injunctive provision 3.3.B. Specifically, the total storage capacity was 23,000 gallons, approximately 48% deficient;
 - c. Failed to provide pressure tank capacity of 20 gallons per connection or 4,340 total gallons, whichever is more, or an elevated storage capacity of 100 gallons per connection or 21,700 gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(iv) and AFJ injunctive provision 3.3.C. Specifically, the pressure tank capacity was zero, 100% deficient;
 - d. Failed to obtain a sanitary control easement for Well No. 1 (Source ID no. 1010197A) and failed to obtain an exception under 30 TEX. ADMIN. CODE § 290.39(l), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F) and AFJ injunctive provision 3.3.D;
 - e. Failed to provide a monitoring plan, in violation of 30 TEX. ADMIN. CODE § 290.121;
 - f. Failed to provide an 85% Planning Report, in violation of 30 TEX. ADMIN. CODE § 291.93(3);
 - g. Failed to maintain the barbed wire along the fence line, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - h. Failed to provide documentation verifying that Well No. 1 (Source ID no. G1010197A) is being maintained in a non-deteriorated state or documentation verifying that Well No. 1 will either be plugged with cement or repaired to a non-deteriorated condition, and failed to provide documentation verifying that capped Well No. 3 (Source ID no. G1010197C) will either be plugged with cement or repaired to a non-deteriorated condition, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(4); and
 - i. Failed to provide the well meter calibration for Well No. 2 (Source ID no. 1010197B), in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2).
12. On March 21, 2017, during a comprehensive compliance investigation at Cypress Bend, TCEQ Regional Office investigators documented the Utility:
- a. Failed to provide a copy of interior and exterior ground storage tank and pressure tank inspections, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2) and AFJ injunctive provision 3.4.A;
 - b. Failed to provide a copy of well meter calibration report for Well No. 1 (Source ID no. G1010119C), in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2) and AFJ injunctive provision 3.4.B;
 - c. Failed to provide a copy of monthly reports of water works operation, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(3)(A) and AFJ injunctive provision 3.4.C;
 - d. Failed to provide a total storage capacity of 200 gallons per connection or 46,200 total gallons, whichever is more, in violation of 30 TEX.

- ADMIN. CODE § 290.45(b)(1)(C)(ii) and AFJ injunctive provision 3.4.D. Specifically, the total storage capacity was 23,000 gallons, approximately 52% deficient;
- e. Failed to provide a well capacity of 0.6 gpm per connection or 138.6 total gpm, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(i) and AFJ injunctive provision 3.4.E. Specifically, the capacity was 63 gpm, approximately 56% deficient;
 - f. Failed to obtain a sanitary control easement and failed to obtain an exception under 30 TEX. ADMIN. CODE § 290.39(l), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F) and AFJ injunctive provision 3.4.F;
 - g. Failed to provide pressure tank capacity of 20 gallons per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(iv). Specifically, the pressure tank capacity was zero, 100% deficient;
 - h. Failed to provide an 85% Planning Report, in violation of 30 TEX. ADMIN. CODE § 291.93(3);
 - i. Failed to provide a monitoring plan, in violation of 30 TEX. ADMIN. CODE § 290.121;
 - j. Failed to provide distribution chlorine residual monitoring reports, in violation of 30 TEX. ADMIN. CODE § 290.110(e);
 - k. Failed to maintain the barbed wire along the fence line and secure the intruder-resistant fence next to the pressure tank, in violation of 30 TEX. ADMIN. CODE § 290.46(m); and
 - l. Failed to maintain the pressure tank in a watertight condition, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(4).
13. The Utility has a history of repeated service outages and low water pressure. The Utility has failed to comply with injunctive provisions required by the AFJ that would alleviate this long standing problem which TCEQ believes could be exacerbated by upcoming summer weather conditions. Specifically, since September 2013, the TCEQ has received:
- a. Sixty-one complaints of water outages², seven complaints of low water pressure, seven complaints of water quality issues, four complaints of water color issues, and eleven complaints of system leaks from the Utility's customers served by Castlewood Subdivision;

² The complaints regarding water outages for Castlewood Subdivision were received on the following dates: October 31, 2013, February 27, 2014, March 3, 2014, March 7, 2014, August 27, 2014, October 22, 2014, October 23, 2014, October 24, 2014, November 4, 2014, November 5, 2014, November 6, 2014, November 7, 2014, November 10, 2014, November 14, 2014, December 19, 2014, January 22, 2015, April 17, 2015, April 28, 2015, May 21, 2015, June 17, 2015, June 25, 2015, June 30, 2015, July 15, 2015, July 20, 2015, July 31, 2015, August 4, 2015, December 13, 2015, January 12, 2016, April 18, 2016, May 12, 2016, June 9, 2016, July 18, 2016, July 21, 2016, September 2, 2016, September 6, 2016, September 19, 2016, September 23, 2016, November 27, 2016, December 1, 2016, December 27, 2016, January 4, 2017, February 20, 2017, February 28, 2017, and March 2, 2017.

- b. Four complaints of water outages³, eight complaints of low water pressure, seven complaints of water quality issues, and thirteen complaints of water color issues from the Utility's customers served by Beaumont Place;
 - c. Three complaints of water quality issues, three complaints for water color issues, and three complaints for system leaks from the Utility's customers served by Reservoir Acres Subdivision; and
 - d. One complaint of low water pressure, one complaint of water quality issues, one complaint of water color, and three complaints of system leaks from the Utility's customers served by Cypress Bend.
- 14. No other source of water is available to the more than approximately 3,756 people whose water is supplied by the Utility.
 - 15. A potential health hazard exists as a result of the Utility's inability to provide continuous and adequate service. Immediate repairs to the Utility are necessary to ensure the quality of the water in the State and to ensure the Utility operates in a safe manner and meets requirements in the Texas Water Code, the Texas Health and Safety Code, and TCEQ rules. Therefore, a temporary manager is necessary to assume operations of the Utility to ensure the quality of the water meets TCEQ rule requirements and complies with the Texas Water Code as well as the Texas Health and Safety Code, and is safe for public use and consumption.
 - 16. Quadvest, L.P. ("Quadvest") has agreed to serve as temporary manager of the Utility. Quadvest can be reached by telephone at (281) 356-5347 and its mailing address is P.O. Box 409, Tomball, Texas 77377.
 - 17. This Order is necessary to ensure that continuous and adequate water service is provided to the customers of the Utility to effectuate the purposes of the Texas Water Code and the Texas Health and Safety Code.

II.

CONCLUSIONS OF LAW

- 1. As evidenced by Findings of Fact Nos. 1 through 3, Suburban owns and operates the retail public utility as defined in TEX. WATER CODE § 13.002(19).
- 2. Findings of Fact Nos. 5 through 15 show that as of the date of the signing of this Emergency Order the Utility has abandoned the provision of service and that the appointment of a temporary manager is justified as defined in TEX. WATER CODE §§ 13.412(f) and 13.4132 and 30 TEX. ADMIN. CODE § 291.142 (a) and (c).
- 3. TEX. WATER CODE § 13.4132 authorizes the Commission to appoint a willing person to temporarily manage and operate a utility if the utility has discontinued service or abandoned operations or the provision of services or has been or is being referred to the Attorney General for the appointment of a receiver under TEX. WATER CODE § 13.412.

³ The complaints regarding water outages for Beaumont Place were received on the following dates: April 4, 2014, April 23, 2014, April 5, 2016, and July 8, 2016.

4. TEX. WATER CODE § 5.507 provides that the Commission may issue an Emergency Order appointing a willing person to temporarily manage and operate a utility under TEX. WATER CODE § 13.4132.
5. This Emergency Order may be issued without notice or hearing pursuant to TEX. WATER CODE § 5.501(b) and 30 TEX. ADMIN. CODE § 35.25.
6. TEX. WATER CODE § 5.501(c) and 30 TEX. ADMIN CODE §§ 35.12 and 291.143(a) authorize the TCEQ Executive Director to issue this Emergency Order.
7. TEX. WATER CODE §§ 5.501 and 5.507 and 30 TEX. ADMIN. CODE § 291.143(a) authorize the Executive Director to appoint a person to temporarily manage and operate a utility that has discontinued or abandoned operations or which is being referred to the office of the Attorney General for the appointment of the receiver.
8. TEX. WATER CODE § 13.4132 provides to the temporary manager the powers and duties necessary to ensure continued operation of the utility and the provision of continuous and adequate services to customers including the power and duty to read meters, bill for services, collect revenues, disburse funds, access all system components, and request rate increases.
9. Notice of the emergency order, once it has been issued, is adequate if the notice is mailed or hand delivered to the last known address of the Utility's headquarters, in accordance with TEX. WATER CODE § 5.507. The last known addresses for Suburban and its attorney are set forth in Finding of Fact No. 4.

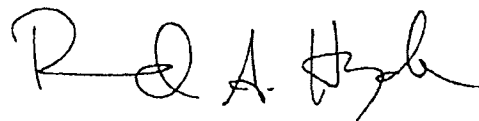
III.

ORDER

1. This Order shall be effective on the date it is executed by the TCEQ Executive Director, i.e. March 27, 2017.
2. Immediately upon the effective date of this Emergency Order, Quadvest is hereby appointed to temporarily manage and operate the Utility.
3. Quadvest shall serve as temporary manager until such time as a receiver is appointed to operate the Utility by a court of proper jurisdiction, or 180 days after the effective date of this Order i.e. September 23, 2017, whichever occurs first.
4. Quadvest is authorized to exercise those powers and duties necessary to ensure the continued operations of the Utility and the provision of continuous and adequate services to customers, including the powers and duties set forth in TEX. WATER CODE § 13.4132.
5. Quadvest shall give the Executive Director an inventory of all Utility property received within sixty (60) days of the effective date of this Order.
6. Quadvest's requirement to post financial assurance with the TCEQ in an amount and type acceptable to the Executive Director has been waived by the Executive Director pursuant to 30 TEX. ADMIN. CODE § 291.143(c).
7. Quadvest's compensation will come from Utility revenues in the amount of fourteen dollars (\$14.00) per month per connection.

7. Quadvest's compensation will come from Utility revenues in the amount of fourteen dollars (\$14.00) per month per connection.
8. Quadvest shall report to the Executive Director on a monthly basis in accordance with 30 TEX. ADMIN. CODE § 291.143(h).
9. Pursuant to TEX. WATER CODE § 5.504, the Commission will consider whether to affirm, modify or set aside this Order at its regular Agenda meeting on May 10, 2017 at 9:30 a.m., at TCEQ Park 35 Complex, 12118 North I-35, Building E, Room 201S, Austin, Texas. **At the May 10, 2017 Agenda meeting, Suburban may request an evidentiary hearing pursuant to 30 TEX. ADMIN. CODE § 35.25(c) for the purpose of presenting evidence and cross-examining witnesses regarding whether to affirm, modify, or set aside this Emergency Order. An Administrative Law Judge will be present at the Agenda to immediately hear the matter should a hearing be requested.**
10. The Chief Clerk shall provide a copy of this Order to each of the parties.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



Richard A. Hyde, P.E.
Executive Director

EXHIBIT A

Filed in The District Court
of Travis County, Texas

SC JAN 19 2016
At 3:22 P.M.
Velva L. Price, District Clerk

NO. D-1-GN-14-003376

STATE OF TEXAS,
Plaintiff

v.

SUBURBAN UTILITY CO.,
Defendant

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IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

353RD JUDICIAL DISTRICT

AGREED FINAL JUDGMENT AND PERMANENT INJUNCTION

Plaintiff, the State of Texas, and Defendant, Suburban Utility Co., submitted to the Court this Agreed Final Judgment and Permanent Injunction ("Judgment"). By presenting this Judgment to the Court, the State of Texas announces that it has published notice of this Judgment in the *Texas Register* for thirty (30) days as required by Texas Water Code section 7.110, and received no comments that the proposed settlement is inappropriate, improper, inadequate, or inconsistent with applicable law. Therefore, by the duly authorized signatures subscribed to this Judgment, all parties represent to the Court that they agree to the terms of this Judgment, and that the Judgment represents the compromise and settlement of all matters that were placed in issue by the *State's Fourth Amended Petition and Application for Injunctive Relief*.

The Court finds that it has jurisdiction over the subject matter of this action pursuant to Chapters 7 and 13 of the Texas Water Code. The Court finds this Judgment to be proper, necessary, and in the best interest of justice.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED as follows:



1. DEFINITIONS

1.1 As used in this Judgment, the words and terms set forth below have the following meanings:

- A. "Suburban" shall mean Defendant Suburban Utility Co., its officers, directors, managers, principals, partners, owners, employees, agents, servants, and all persons in active concert or participation with Suburban, on its behalf or under its control.
- B. "Effective Date" shall mean the date on which the Court signs this Judgment.
- C. "Castlewood" shall mean the ground-water system located at 2622 1/2 Balmorhea Avenue, Houston, Texas.
- D. "Reservoir Acres" shall mean the ground-water system located at 8119 Jackstone Drive, Houston, Texas.
- E. "Beaumont Place" shall mean the ground-water system located at 13141 Flagstaff Lane, Houston, Texas and 12709 Danvers Lane, Houston, Texas.
- F. "Cypress Bend" shall mean the ground-water system located at 12026 Hamblin, Cypress, Harris County, Texas.
- G. "TCEQ" shall mean the Texas Commission on Environmental Quality.
- H. The "State" shall mean the State of Texas.
- I. "Days" shall mean calendar days.
- J. "gpm" shall mean gallons per minute.
- K. "injunction" shall mean the Permanent Injunction in this Agreed Final Judgment and Permanent Injunction.
- L. "Judgment" shall mean this Agreed Final Judgment and Permanent Injunction.

2. COMMITMENTS BY DEFENDANT

2.1 Suburban acknowledges receipt of a copy of this Judgment, is aware of the duties placed upon it by the injunctive provisions contained in this Judgment, and is desirous and capable of carrying out those duties in full.

2.2 Suburban acknowledges that it has a true and correct copy of Chapter 290 of Title 30 of the Texas Administrative Code. Suburban further agrees that the terms of said document are hereby incorporated by reference and that it waives any objection that such document is not attached to this Judgment.

2.3 Suburban waives the necessity of the issuance and service of a writ of injunction pursuant to Rule 692 of the Texas Rules of Civil Procedure.

3. INJUNCTION

3.1 Castlewood:

- A. Within 45 Days of the Effective Date of this Injunction, Suburban shall repair any existing leaks on any and all ground storage tanks.
- B. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional well capacity so that Suburban maintains two or more wells having a total capacity of 0.6 gpm per connection or 203.4 total gpm, whichever is more, at Castlewood. Within 220 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional well capacity at Castlewood to the State.
- C. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek the TCEQ and other necessary government authority approval to install additional storage tank capacity so that Suburban maintains a total storage tank capacity of 200 gallons per connection or 67,800 total gallons, whichever is more, at Castlewood. Within 220 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional storage tank capacity at Castlewood to the State.
- D. Within 90 Days of the Effective Date of this Injunction, Suburban shall provide emergency power in accordance with its Emergency Preparedness Plan ("EPP").

Specifically, Suburban shall maintain automatically starting auxiliary generators at Castlewood. Alternatively, within 90 Days of the Effective Date of this Injunction, Suburban shall submit for approval a modified EPP selecting Option 3a to the TCEQ. Specifically, Suburban shall utilize the Texas Water/Wastewater Agency Response Network ("TXWARN") to receive alternative power equipment during an emergency.

Water Outages

- E. Within 20 Days of the Effective Date of this Injunction, Suburban shall ensure that all electrical wiring at Castlewood is properly secured and covered in accordance with local and national code and shall within 30 Days of the Effective Date of this Injunction provide a copy of an electrical inspection report to the State, documenting that the electrical system is in accordance with local and national codes.
- F. Within 60 days of the Effective Date of this Injunction, Suburban shall maintain an auto dialer at Castlewood, which shall automatically alert Suburban of a water pressure drop or water outage at Castlewood.
- G. Within 60 days of the Effective Date of this Injunction, Suburban shall maintain an electrical phase monitor at Castlewood, which shall protect and re-start electrical equipment in the event of a phase power loss.
- H. Within 30 days of the Effective Date of this Injunction, Suburban shall perform a Monthly Water Quantity Comparison ("MWQC") comparing the quantity of water sold versus the quantity of water produced at Castlewood to determine water loss in the distribution system. The MWQC shall also include:
 - i. Customer complaints concerning water loss or leaks and how Suburban responds to the complaints.
 - ii. Any repairs and/or infrastructure construction or replacement due to water loss or leaks.

Thereafter, Suburban shall perform the MWQC on a monthly basis. At the end of 12 months, Suburban shall provide to the State an annual report including all 12 MWQCs.

If any MWQC or the Water Loss Audit (see part I) shows a water loss greater than 10%, Suburban shall make repairs to address any such water loss, including meter and line replacement, and provide documentation, including photographs, that the repairs have been performed, or a timeline for their accomplishment to the State within 30 Days of such determination.

- I. Within 120 Days of the Effective Date of this Injunction, Suburban shall conduct and submit to the State a Water Loss Audit of the Castlewood distribution system, including identifying leaking infrastructure. The audit shall be conducted in accordance with the Texas Water Development Board ("TWDB") manual "Water Loss Audit Manual for Texas Utilities" revised March 2008. The TWDB manual is available at:
<http://www.twdb.texas.gov/conservation/resources/waterloss-resources.as>
- J. Within 180 Days of the Effective Date of this Injunction, Suburban shall submit to the State an infrastructure replacement plan that includes a schedule for replacement of water distribution lines that are past their useful life.

3.2 Beaumont Place:

- A. Within 60 Days of the Effective Date of this Injunction, Suburban shall ensure that all electrical wiring at Beaumont Place is properly secured and covered in accordance with local and national code and shall within 60 Days of the Effective Date of this Injunction provide a copy of an electrical inspection report to the State, documenting that the electrical system is in accordance with local and national code.
- B. Within 45 Days of the Effective Date of this Injunction, Suburban shall repair any existing leaks on any and all storage tanks.
- C. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional well capacity so that Suburban maintains two or more wells having a total capacity of 0.6 gpm per connection or 317.4 total gpm, whichever is more, at Beaumont Place. Within 250 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional well capacity at Beaumont Place to the State.
- D. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional storage tank capacity so that Suburban maintains a total storage tank capacity of 200 gallons per connection or 105,800 total gallons, whichever is more, at Beaumont Place. Within 250 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional storage tank capacity at Beaumont Place to the State.
- E. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional pressure tank capacity of 20 gallons per connection or 10,580 gallons, whichever is more, at

Beaumont Place. Within 250 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional capacity at Beaumont Place to the State.

- F. Within 120 Days of the Effective Date of this Injunction, Suburban shall obtain and file in the appropriate county property records a sanitary control easement or easements covering all land within 150 feet of each and every well in service at Beaumont Place. Alternatively, within 120 Days of the Effective Date of this Injunction, Suburban shall obtain an exception under 30 Tex. Admin. Code § 290.39(l).
- G. Within 90 Days of the Effective Date of this Injunction, Suburban shall provide emergency power in accordance with its Emergency Preparedness Plan ("EPP"). Specifically, Suburban shall maintain automatically starting auxiliary generators at Beaumont Place. Alternatively, within 90 Days of the Effective Date of this Injunction, Suburban shall submit for approval a modified EPP selecting Option 3a to the TCEQ. Specifically, Suburban shall utilize the Texas Water/Wastewater Agency Response Network ("TXWARN") to receive alternative power equipment during an emergency.

3.3 Reservoir Acres:

- A. Within 90 Days of the Effective Date of this Injunction, Suburban shall ensure that all electrical wiring at Reservoir Acres is properly secured and covered in accordance with local and national code and shall within 90 Days of the Effective Date of this Injunction provide a copy of an electrical inspection report to the State, documenting that the electrical system is in accordance with local and national code.
- B. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional storage tank capacity so that Suburban maintains a total storage tank capacity of 200 gallons per connection or 43,400 total gallons, whichever is more, at Reservoir Acres. Within 300 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional storage tank capacity at Reservoir Acres to the State.
- C. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional pressure tank capacity of 20 gallons per connection or 4,340 gallons, whichever is more, or an elevated storage capacity of 100 gallons per connection or 21,700 gallons, whichever is more, at Reservoir Acres. Within 300 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional capacity at Reservoir Acres to the State.

- D. Within 120 Days of the Effective Date of this Injunction, Suburban shall obtain and file in the appropriate county property records a sanitary control easement or easements covering all land within 150 feet of each and every well in service at Reservoir Acres. Alternatively, within 120 Days of the Effective Date of this Injunction, Suburban shall obtain an exception under 30 Tex. Admin. Code § 290.39(l).
- E. Within 90 Days of the Effective Date of this Injunction, Suburban shall provide emergency power in accordance with its Emergency Preparedness Plan ("EPP"). Specifically, Suburban shall maintain automatically starting auxiliary generators at Reservoir Acres. Alternatively, within 90 Days of the Effective Date of this Injunction, Suburban shall submit for approval a modified EPP selecting Option 3a to the TCEQ. Specifically, Suburban shall utilize the Texas Water/Wastewater Agency Response Network ("TXWARN") to receive alternative power equipment during an emergency.

3.4 Cypress Bend:

- A. Within 30 Days of the Effective Date of this Injunction, Suburban shall have inspected the ground storage tank and pressure tank at Cypress Bend, in accordance with 30 Tex. Admin Code § 290.45(m)(1), and submit copies of the inspection reports to the State.
- B. Within 30 Days of the Effective Date of this Injunction, Suburban shall calibrate all well meters and submit a copy of the well meter calibration report to the TCEQ within 14 days of calibrating the meters. Thereafter, Suburban shall calibrate all well meters in accordance with 30 Tex. Admin Code § 290.46(s)(1).
- C. Within 30 days of the Effective Date of this Injunction, Suburban shall have in place and available for TCEQ review monthly reports of water works operation at Cypress Bend as set forth in 30 Tex. Admin. Code § 290.46(f)(3)(A), including but not limited to, documents showing the amount of chemicals used each week; the volume of water treated each week; the date, location and nature of water quality, pressure or outage complaints and the results of any subsequent complaint investigations; dates that dead-end mains were flushed; and maintenance records for water system equipment and facilities.
- D. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional storage tank capacity so that Suburban maintains a total storage tank capacity of 200 gallons per connection or 46,200 total gallons, whichever is more, at Cypress Bend. Within 320 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional storage tank capacity at Cypress Bend to the State.

E. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional well capacity so that Suburban maintains a total well capacity of 0.6 gpm per connection or 138.6 total gpm, whichever is more, at Cypress Bend. Within 320 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional well capacity at Cypress Bend to the State.

F. Within 120 Days of the Effective Date of this Injunction, Suburban shall obtain and file in the appropriate county property records a sanitary control easement or easements covering all land within 150 feet of the each and every well in service at Cypress Bend. Alternatively, within 120 Days of the Effective Date of this Injunction, Suburban shall obtain an exception under 30 Tex. Admin. Code § 290.39(l).

3.5 Suburban shall submit all documentation required by this Injunction to:

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

and

Emily Petrick / Amy Davis
Environmental Protection Division
Office of the Attorney General, A.G. # 143482701
P.O. Box 12548, MC-066
Austin, Texas 78711-2548

Unless otherwise provided, Suburban shall submit to the addresses above any other documentation that is required by this Judgment to be submitted to the State.

4. DEADLINE EXTENSIONS

4.1 The State may grant an extension of any deadline in the Injunction. All requests for extensions by Suburban shall be made in writing to the Office of the Attorney General of Texas ("OAG") and the TCEQ at the addresses listed in paragraph 3.5 of this Judgment. Suburban shall submit the request to the TCEQ and the OAG within a reasonable time before the deadline that Suburban seeks to extend, but not less than 14 days before the deadline unless an emergency exists and the emergency was not reasonably expected. A deadline shall be extended by the TCEQ or OAG upon a written and substantial showing that:

- A. Suburban has made and continues to make good faith efforts to meet the deadline;
- B. the failure to meet the deadline is due to events or persons beyond Suburban's reasonable control, including any delay caused by a contractor's failure to perform improvements within a timely manner and at no fault of Suburban and;
- C. but for said events or persons, the deadline would be attained.

4.2 Extensions are not effective until Suburban receives written approval from the TCEQ or OAG. The TCEQ or OAG shall respond within 14 days of receipt of the request to extend the deadline.

5. CIVIL PENALTIES

5.1 The State of Texas shall have judgment against Suburban for civil penalties in the amount of TWO HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$225,000.00).

6. ATTORNEY'S FEES

6.1 The State of Texas shall have judgment against Suburban for attorney's fees in the amount of SEVENTY-FIVE THOUSAND DOLLARS (\$75,000.00).

7. PAYMENT

7.1 Suburban shall make payment on the amounts awarded to the State in this Judgment as follows:

- A. Suburban shall pay \$10,000.00 to the State no later than 30 Days after the Effective Date of the Judgment.
- B. Suburban shall pay an additional \$190,000.00 to the State in forty-eight consecutive monthly payments. The first payment of \$3,958.33 shall be sent to the State on or before the fifteenth Day of the month in which the sixtieth Day after the Effective Date of the Judgment occurs. The following forty-seven payments of \$3,958.33 each shall be sent to the State on or before the fifteenth Day of each consecutive month thereafter.

7.2 The State shall have the right to initiate collection proceedings on any overdue amounts if the payment is more than thirty Days late. If a payment becomes late by more than sixty Days, all remaining payments shall be immediately due and payable without notice and will be subject to all available collection processes.

7.3 All amounts required to be paid to the State in accordance with this Judgment shall be paid by certified check made payable to the "State of Texas" and shall reference "AG No. 143482701." Checks shall be delivered to Division Chief, Environmental Protection Division, Office of the Attorney General, P.O. Box 12548, Capitol Station, Austin, Texas 78711-2548.

8. RELEASE FOR COMPLIANCE

8.1 If Suburban timely complies with all terms in this Judgment, the State agrees to release Suburban from payment of \$100,000.00 due on this Judgment for civil penalties (the "Deferred

Judgment Amount"). If Suburban does not timely comply with any term in this Judgment, the Deferred Judgment Amount shall become due and payable within 30 Days after the State provides notice to Suburban that it has not timely complied with a term in the Judgment.

8.2 The State shall take no other action to collect on the Deferred Judgment Amount, except that the State may abstract the Deferred Judgment Amount, unless or until Suburban does not timely comply with any term in the Judgment.

8.3 Upon timely compliance with all terms in the Judgment, Suburban may in writing request from the State a release from the Deferred Judgment Amount. The State shall provide the release of the Judgment in writing if Suburban has timely complied with all terms in the Judgment.

8.4 Suburban's compliance with any term in the Judgment shall be considered timely if Suburban complies with the term's deadline(s) and/or if Suburban receives approval from the State to extend the term's deadline(s) and complies with the extended deadline(s) approved by the State.

9. PLAINTIFF'S RESERVATION OF RIGHTS

9.1 Notwithstanding any other provision of this Judgment, the State reserves, and this Judgment is without prejudice to, all rights against Suburban with respect to all other matters, including but not limited to, the following:

- A. claims that are not within the enforcement authority of the TCEQ;
- B. claims based on a failure of Suburban to meet a requirement of this Judgment;
- C. criminal liability; and
- D. liability for violations of federal, state or local law that occur on or after the Effective Date of this Judgment.

9.2 This Judgment shall not be construed in any way to relieve Suburban or its agents or

contractors from the obligation to comply with any federal, state or local law.

9.3 The TCEQ and the State reserve their right to seek additional administrative and/or civil penalties for violations of the Health and Safety Code, the Water Code and rules of the TCEQ that occur after the Effective Date of this Judgment.

10. PUBLIC NOTICE

10.1 The signature on this Judgment for the State is subject to the public notice and comment required by the Texas Water Code Section 7.110. This Judgment will not be presented to the Court and the State's consent will not be effective until public notice of this Judgment has been published in the *Texas Register*, the public has been given thirty (30) days during which to comment to the State on the terms of this Judgment, and the State has re-affirmed its consent after considering any comments by presenting the Judgment to the Court for signature and entry.

11. RETENTION OF JURISDICTION

11.1 This Court retains jurisdiction over both the subject matter of this Judgment and the State and Suburban (the "Parties") for the duration of the performance of the terms and provisions of this Judgment for the purpose of enabling the State or Defendant to apply to the Court at any time for such further direction or relief as may be necessary or appropriate for the construction or modification of this Judgment, to effectuate or enforce compliance with its terms, or to resolve disputes related to it.

12. POST-JUDGMENT INTEREST

12.1 Suburban shall pay post-judgment interest on all amounts required to be paid in Section 7 of this Judgment at the legal rate of 5.00 percent per annum from the date that the amounts are five days overdue to the State, until paid.

12.2 Suburban shall pay post-judgment interest on the Deferred Judgment Amount at the legal rate of 5.00 per cent per annum from five Days after the date that the Deferred Judgment Amount is due under paragraph 8.1 of this Judgment until paid.

13. GENERAL PROVISIONS

13.1 This Judgment constitutes the entire agreement between the Parties and supersedes any and all prior agreements or understandings between the Parties relating to the referenced cause, including but not limited to, Rule 11 agreements between the Parties prior to the signing of this Judgment.

13.2 Nothing in this Judgment shall be construed to create any rights in, or grant any cause of action to, any person not a party to this Judgment.

13.3 This Judgment may be executed in multiple parts, which together shall constitute a single original instrument. Any executed signature page to this Judgment may be transmitted by facsimile or email to the other Party, which shall constitute an original signature for all purposes.

13.4 The State shall be allowed such writs and processes as may be needed for the enforcement of this Judgment.

13.5 Each of the undersigned representatives of a party to this Judgment certifies that it is fully authorized to enter into the terms and conditions of the Judgment and to legally execute and bind that party to this Judgment.

13.6 The Parties waive any appeal from this Judgment.

13.7 This Judgment disposes of all parties and all claims in this cause.

Signed this 19th day of January, 2018. DT

Seibel
JUDGE PRESIDING

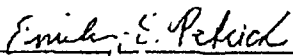
AGREED TO AND ENTRY REQUESTED BY:

KEN PAXTON
Attorney General of Texas

CHARLES E. ROY
First Assistant Attorney General

JAMES E. DAVIS
Deputy Attorney General for Civil Litigation

PRISCILLA M. HUBENAK
Chief, Environmental Protection Division


EMILY E. PETRICK
Assistant Attorney General
State Bar No. 24077709
emily.petrick@texasattorneygeneral.gov

AMY E. DAVIS
Assistant Attorney General
State Bar No. 24082897
amy.davis@texasattorneygeneral.gov

EKATERINA DEANGELO
Assistant Attorney General
State Bar No. 24087398
ekaterina.deangelo@texasattorneygeneral.gov

Office of the Attorney General
Environmental Protection Division
P.O. Box 12548, MC 066
Austin, Texas 78711-2548
Tel.: (512) 463-2012
Fax: (512) 320-0911

ATTORNEYS FOR THE PLAINTIFF,
THE STATE OF TEXAS

Mitchell M. Martin, Jr.
Mitchell M. Martin, Jr.
President, Suburban Utility Co.

DEFENDANT

LES ROMO
State Bar No. 17225800
Lesromo.lawoffice@gmail.com

Law Office of Les Romo
307 Shannon Lane
Georgetown, Texas 77628-3655

ATTORNEY FOR DEFENDANT SUBURBAN
UTILITY CO.

[Signature]
Presiding Judge

January 19th, 2016

EXHIBIT B

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 22, 2016

Mr. Les Romo, Attorney
Suburban Utility Co.
102 West Morrow Street, Suite 202
Georgetown, Texas 78627

Re: Amended Schedule for Compliance with Injunctive Provision
Suburban Utility Co.; RN101175057, RN101209922, RN101241081, RN101252963
Cause No. D-1-GN-14-003376; Enforcement Case No. 45890
Agreed Final Judgment Effective Date: January 19, 2016

Dear Mr. Romo:

We are in receipt of a letter dated September 29, 2016 from Mr. Mitchell Martin and your electronic mail dated November 10, 2016, which requested an amended schedule for completion of Injunctive Provision Nos. 3.1.B., 3.1.C., 3.2.C., 3.2.D., 3.2.E., 3.2.F., 3.3.A., 3.3.B., 3.3.C., 3.3.D., 3.4.D., 3.4.E., and 3.4.F. of the above-referenced Agreed Final Judgment. The letter provided specific reasons for delays.

Based upon the reviewed information, we approve an amended schedule. The new deadline for compliance with Injunctive Provision Nos. 3.1.B., 3.1.C., 3.2.C., 3.2.D., 3.2.E., 3.2.F., 3.3.A., 3.3.B., 3.3.C., 3.3.D., 3.4.D., 3.4.E., and 3.4.F. is March 17, 2017, provided that a progress report is submitted by December 17, 2016.

Thank you for your continuing efforts to achieve compliance. If you have any questions, please contact Gilbert Angelle of the Enforcement Division staff at (512) 239-4489.

Sincerely,

A handwritten signature in cursive script that reads "Bryan Sinclair".

Bryan Sinclair, Director
Enforcement Division

cc: Ms. Emily Petrick, Assistant Attorney General, P.O. Box 12548, Mail Code 066, Austin, Texas 78711-2548

Mr. Les Romo
Page 2

bcc: Manager, Water Section, Houston Regional Office, TCEQ
Jess Robinson, Staff Attorney, Litigation Division, MC-175
Gilbert Angelle, Coordinator, Enforcement Division, MC 149A
Central Records, MC 213, Building E, 1st Floor
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PWS_1010111_CP_20161122_Enforcement
PWS_1010098_CP_20161122_Enforcement
Enforcement Division Reader File

**Texas Commission on Environmental Quality
Compliance Agreement**

Undine Texas, LLC
Castlewood Subdivision
Public Water Supply ID No. 1010111; RN101241081
Harris County, Texas

The Texas Commission on Environmental Quality ("Commission" or "TCEQ") is the state agency authorized to regulate public water systems in Texas and enforce TEX. HEALTH & SAFETY CODE ("THSC") ch. 341, TEX. WATER CODE ("TWC") chs. 7 and 26, and Commission rules and regulations promulgated pursuant to THSC and TWC.

Castlewood Subdivision (the "Facility"), located at 2622 ½ Balmorhea Avenue, Houston, Harris County, Texas, consists of a community groundwater system that provides water for human consumption and equipment and facilities for the transmission, storage, distribution, sale, or provision of potable water to the public. As such, the Facility is a public water system and is being operated as a utility, as defined within TWC ch. 13 and 30 TEX. ADMIN. CODE chs. 290 and 291. SUBURBAN UTILITY CO ("Suburban") is the owner of the Facility, however, it has been operated and managed by a TCEQ or Public Utility Commission ("PUC") appointed Temporary Manager since March 27, 2017. Currently, Undine Texas, LLC ("Undine") operates and manages the Facility as the PUC appointed Temporary Manager.

It has been determined that the Facility's infrastructure and operations are not in compliance with state statutes and Commission rules and regulations for public water systems and utilities. Undine intends to acquire the Facility and filed a Sale, Transfer, and Merger application ("STM Application") with the PUC for that purpose on July 12, 2017. On October 13, 2017, the PUC issued an Order approving the STM Application and authorizing Undine to proceed with the acquisition of the Facility. In anticipation of this acquisition, Undine requested a Compliance Agreement ("CA") from the TCEQ so that it can bring the Facility into compliance within specified deadlines without incurring a TCEQ enforcement action. The specific violations and compliance deadlines subject to this CA are detailed below in the sections titled Violations and Provisions. These violations were documented during TCEQ investigations of the Facility and included within a TCEQ Emergency Order against the Facility. (Attachment A). Further, Undine has agreed to take additional proactive actions to identify and correct noncompliance at the Facility and those actions are also detailed in the Provisions section below. Pursuant to Undine's request, the Executive Director of the Commission ("Executive Director") and Undine have entered into this CA.

The effective date of this CA shall be the date upon which the PUC issues an order approving Undine's successful acquisition of the Facility and transfer of Certificate of Convenience and Necessity 10835 ("CCN 10835") in PUC Docket No. 47396. Undine shall forward a copy of the executed purchase contract for the Facility and the PUC order approving Undine's acquisition of the Facility and transfer of CCN 10835 to TCEQ within 10 business days after PUC issues the order.

Violations

This CA shall be limited to the violations listed below:

1. Failed to provide two or more wells having a total capacity of 0.6 gallon per minute ("gpm") per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(i);
2. Failed to provide a total storage capacity of 200 gallons per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(ii);
3. Failed to provide service pump capacity of 2.0 gpm per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iii); and
4. Failed to obtain a sanitary control easement for Well No. 1 (Source ID No. G101011A), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F).

Provisions

Undine shall perform and complete the following provisions at the Facility:

1. Immediately after the effective date of this CA, collect one raw water sample per month for Well No. 1 (Source ID No. G101011A) and submit the sample for bacteriological analysis at a TCEQ-accredited laboratory with a current National Environmental Laboratory Accreditation Program certification. The sampling procedure should be the same as the one used when collecting routine distribution samples, in accordance with 30 TEX. ADMIN. CODE § 290.109. The sample should be submitted to the laboratory clearly labeled with the proper TCEQ Well ID and marked "RAW".
2. Within 15 days after the effective date of this CA, submit written certification, as described in Provision No. 19 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision No. 1.
3. Within 30 days after the effective date of this CA:
 - a. Provide a list of the operators in training and the licensed operators, including license level and date of expiration, employed or contracted to operate the Facility and identify their start dates. Additionally, include information on the decision-making process or protocols regarding when a licensed operator will be made available onsite and utilized to perform the physical operation of the Facility and when an operator in training will be utilized. Further, include the protocols for when and how an operator in training would utilize or request assistance from a licensed operator; and
 - b. Submit completed plans and specifications for the construction activities listed below in Provision Nos. 5.a through 5.b for TCEQ review and approval, in accordance with 30 TEX. ADMIN. CODE § 290.39. Plans and specifications shall be submitted to:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the plans and specifications within 15 days after the date after such request, or by any other deadline specified in writing.

4. Within 45 days after the effective date of this CA, submit written certification, as described in Provision No. 19 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision Nos. 3.a and 3.b.
5. Within 120 days after the effective date of this CA:
 - a. Install and maintain three service pumps, each with an individual capacity of 380 gpm ("Temporary Pumps");
 - b. Install and maintain piping from the Temporary Pumps to the existing pressure tank²; and
 - c. Install a generator that can provide emergency power for the Facility in the event of the loss of normal power supply, in accordance with 30 TEX. ADMIN. CODE § 290.45.
6. Within 135 days after the effective date of this CA, submit written certification, as described in Provision No. 19 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision Nos. 5.a through 5.c.
7. Within 270 days after the effective date of this CA, submit completed plans and specifications for the construction activities listed below in Provision No 9.a. for TCEQ review and approval, in accordance with 30 TEX. ADMIN. CODE § 290.39. Plans and specifications shall be submitted to:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the plans and specifications within 15 days after the date after such request, or by any other deadline specified in writing.

8. Within 285 days after the effective date of this CA, submit written certification, as described in Provision No. 19 below, and include detailed

¹ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

² Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision No. 7.

9. Within 365 days after the effective date of this CA:
 - a. Provide and maintain a total storage capacity of 200 gallons per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45;
 - b. Test existing Well Nos. 2 and 3 (Source ID Nos. G1010111B and G1010111C) and determine whether either well can be placed back into service and notify TCEQ of that determination; and
 - c. Submit 12 consecutive monthly raw water sample results for Well No. 1 (Source ID No. G101011A) to TCEQ for review.³ The results shall be submitted to:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087
10. Within 380 days after the effective date of this CA, submit written certification, as described in Provision No. 19 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision Nos. 9.a through 9.c.
11. Within 540 days after the effective date of this CA:
 - a. Ensure that if existing Well Nos. 2 and 3 (Source ID Nos. G1010111B and G1010111C) cannot be placed back into service that they are properly plugged with cement pursuant to 16 TEX. ADMIN. CODE ch. 76, in accordance with 30 TEX. ADMIN. CODE § 290.46; and
 - b. Submit completed plans and specifications for the construction activities listed below in Provision Nos. 13.a through 13.c for TCEQ review and approval, in accordance with 30 TEX. ADMIN. CODE § 290.39. Plans and specifications shall be submitted to:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the plans and specifications within 15 days after the date after such request, or by any other deadline specified in writing.
12. Within 555 days after the effective date of this CA, submit written certification as described in Provision No. 19 below, and include detailed

³ Undine shall continue to collect monthly raw water samples for Well No. 1 (Source ID No. G101011A), have the samples analyzed, and submit annually the results of 12 consecutive months of raw water samples to TCEQ, until a sanitary control easement pursuant to 30 TEX. ADMIN. CODE § 290.41(c)(1)(F) or an exception under 30 TEX. ADMIN. CODE § 290.39(l) is obtained for Well No. 1 (Source ID No. G101011A).

supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision Nos. 11.a and 11.b.

13. Within 730 days after the effective date of this CA and after TCEQ approval:
 - a. Provide and maintain two or more wells having a total capacity of 0.6 gpm per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45⁴⁵;
 - b. Provide and maintain a service pump capacity of 2.0 gpm per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45⁶;
 - c. Maintain all distribution system lines, storage and pressure maintenance facilities, water treatment units, and related appurtenances in a watertight condition, in accordance with 30 TEX. ADMIN. CODE § 290.46⁷;
 - d. Assure that all existing and temporary equipment, including GSTs; pumps; and piping, not utilized for the operation of the Facility is removed from the site and properly disposed or recycled; and
 - e. Obtain a sanitary control easement that covers the land within 150 feet of each of the Facility's active wells, in accordance with 30 TEX. ADMIN. CODE § 290.41, or obtain Commission approval of an exception to the easement requirement pursuant to 30 TEX. ADMIN. CODE § 290.39(l). Any exception requests shall be submitted to:

Technical Review and Oversight Team, MC-159
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087
14. Within 745 days after the effective date of this CA, submit written certification as described in Provision No. 19 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision Nos. 13.a through 13.e.
15. Within 910 days after the effective date of this CA, complete a line leak detection survey of the entire distribution system.
16. Within 925 days after the effective date of this CA, submit written certification as described in Provision No. 19 below, and include detailed

⁴ If a new water source is utilized to meet capacity for the Facility, Undine shall submit all required documentation to TCEQ and receive approval from the Executive Director prior to placing the well into service, in accordance with 30 TEX. ADMIN. CODE § 290.41. Further, corrosive water will not be approved as a new source for the Facility without approved corrosion control treatment.

⁵ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications

⁶ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications

⁷ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications

supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision No. 15.

17. Within 940 days after the effective date of this CA, submit documentation of the results of the line leak detection survey, including the location of identified leaks and proposed corrective actions and timelines to repair identified leaks, to TCEQ. Documentation of the line leak detection survey shall be submitted to:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

18. Within 955 days after the effective date of this CA, submit written certification as described in Provision No. 19 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision No. 17.
19. The certifications and supporting documentation required by these Provisions shall be signed by Undine and shall include the following certification language:

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

Water Section Manager
Houston Regional Office
Texas Commission on Environmental Quality
5425 Polk Street, Suite H
Houston, Texas 77023-1452

20. Starting from the effective date of this CA, submit progress reports to the addresses identified in Provision No. 19 on a quarterly basis and until such time as compliance is achieved with Provision Nos. 1 through 18.
21. The Executive Director may grant an extension of any deadline in this CA or in any plan, report, or other document submitted pursuant to this CA, upon a written and substantiated showing of good cause. All requests for extensions by Undine shall be made in writing to the Executive Director and

submitted to the addresses identified in Provision No. 19. Extensions are not effective until Undine receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.

22. This CA shall terminate either three years from its effective date or upon completion of Provision Nos. 1 through 18, whichever occurs first.
23. This CA shall in no manner preclude TCEQ from initiating enforcement actions against Undine, for the entirety of the CA's term, for violations, other than the violations specifically listed in the Violations section of this CA, occurring at the Facility which exceed levels protective of human health or the environment.

In return for Undine's agreement and adherence to the terms of this CA, the Executive Director will withhold further enforcement actions based upon the violations specifically addressed within this CA until the termination date. Should unforeseen circumstances indicate a need to alter the terms of this CA, Undine must immediately notify the Executive Director so that an amendment can be discussed.

Acceptance of the terms of this CA are indicated by the signatures below.

Printed Name of Authorized Representative
Undine Texas, LLC

Title

Authorized Representative
Undine Texas, LLC

Date

Megan Hamilton

3/13/18

Megan Hamilton, Manager
Drinking Water Section
Enforcement Division

Date

Attachment A

TCEQ Emergency Order Against SUBURBAN UTILITY CO
March 27, 2017

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

April 4, 2017

Via Certified Mail, Return Receipt
Requested, Article No. 7011 0470
0003 6425 5849 and Via First Class
Mail, Postage Pre-paid
Mitchell M. Martin, Jr.
27493 Hanna Road, Suite 2
Conroe, Texas 77385

Via Certified Mail, Return Receipt
Requested, Article No. 7011 0470
0003 6425 5863 and Via First Class
Mail, Postage Pre-paid
Mitchell M. Martin, Jr.
P.O. Box 58
Spring, Texas 77383-0058

Via Certified Mail, Return Receipt
Requested, Article No. 7011 0470
0003 6425 5856 and Via First Class
Mail, Postage Pre-paid
Michael Martin
27493 Hanna Road, Suite 2
Conroe, Texas 77385

Via Certified Mail, Return Receipt
Requested, Article No. 7011 0470
0003 6425 5429 and Via First Class
Mail, Postage Pre-paid
Les Romo
307 Shannon Lane
Georgetown, Texas 78628-3655

Re: SUBURBAN UTILITY CO
TCEQ DOCKET NO. 2017-0392-UCR-E
**REVISED Notice of Emergency Order and of Hearing to Modify,
Affirm, or Set Aside**

Dear Messrs. Martin:

On March 27, 2017, the Executive Director of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") issued an Emergency Order pursuant to TEX. WATER CODE chs. 5 and 13, TEX. HEALTH & SAFETY CODE ch. 341, and 30 TEX. ADMIN. CODE chs. 35, 290, and 291. The party made the subject to this order is SUBURBAN UTILITY CO. The Emergency Order appointed Quadvest L.P. as temporary manager of the public water systems located at 2622 ½ Balmorhea Avenue, Harris County; 13141 Flagstaff Lane and 12709 Danvers Lane, Harris County; 12026 Hamblin, Harris County; and 8119 Jackstone Drive, Harris County.

Pursuant to TEX. WATER CODE § 5.504 the Commission will consider whether to affirm, modify, or set aside the Emergency Order issued on March 27, 2017. Therefore, the Executive Director has scheduled this matter to be presented at the

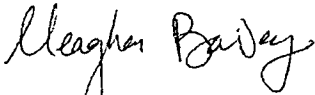
State of Texas
County of Travis
APR 04 2017
I hereby certify this is a true and correct copy of a
Texas Commission on Environmental Quality (TCEQ)
document, which is filed in the Records of the Commission,
Given under my hand and the seal of office.
Sharon Hendrick
Alternative Custodian of Records
Texas Commission on Environmental Quality

SUBURBAN UTILITY CO
April 4, 2017
Page 2

Commission's regular Agenda meeting on **May 24, 2017**¹. The Agenda begins at **9:30 a.m.** and will be held at **TCEQ Park 35 Complex, 12118 North I-35, Building E, Room 201 S, Austin, Texas**. The enclosed documentation is provided to you as a record of the materials that have been submitted to the Chief Clerk's Office and will be used in the Commission's Agenda process.

Additionally, please be advised that, pursuant to 30 TEX. ADMIN. CODE § 35.25(c), **you may request at the time of the Agenda an evidentiary hearing on issuance of the Emergency Order**. An Administrative Law Judge will be available to conduct a hearing at Agenda on May 24, 2017. If you have any questions, please contact the TCEQ Litigation Division at (512) 239-3400.

Sincerely,



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

Enclosure

cc: Bryan Eastham, Water Section Manager, Houston Regional Office
Alex Hinz, Receivership Coordinator
Vic McWherter, Office of Public Interest Counsel
Taylor Kilroy, Office of the Public Utility Counsel
Quadvest L.P. c/o Simon Sequeira, Temporary Manager, P.O. Box 409,
Tomball, Texas 77377

¹ This matter was originally set for the May 10, 2017 Agenda meeting, however, pursuant to a request from SUBURBAN UTILITY CO's counsel this matter has been reset for the May 24, 2017 Agenda meeting.

TCEQ DOCKET NO. 2017-0392-UCR-E

IN THE MATTER OF	§	BEFORE THE
AN ENFORCEMENT ACTION AGAINST	§	
SUBURBAN UTILITY CO;	§	TEXAS COMMISSION ON
RN101175057; RN101241081;	§	
RN101252963; RN101209922	§	ENVIRONMENTAL QUALITY

**EMERGENCY ORDER
APPOINTING A TEMPORARY MANAGER
OF A WATER UTILITY**

On March 27, 2017, the Executive Director of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") issued this Emergency Order pursuant to TEX. WATER CODE chs. 5 and 13, TEX. HEALTH & SAFETY CODE ch. 341, and 30 TEX. ADMIN. CODE chs. 35, 290, and 291. The party made subject to this order is SUBURBAN UTILITY CO ("Suburban").

**I.
FINDINGS OF FACT**

1. Suburban owns and operates the following public water systems: (1) Castlewood Subdivision located at 2622 ½ Balmorhea Avenue, Harris County, Texas; (2) Beaumont Place located at 13141 Flagstaff Lane and 12709 Danvers Lane, Harris County, Texas; (3) Cypress Bend Subdivision located at 12026 Hamblin in Harris County, Texas; and (4) Reservoir Acres Subdivision located at 8119 Jackstone Drive in Harris County, Texas (collectively, the "Utility").
2. The Utility provides potable water service for compensation to approximately 336 service connections at Castlewood Subdivision; approximately 694 service connections at Beaumont Place; approximately 228 service connections at Cypress Bend Subdivision; and approximately 209 service connections at Reservoir Acres Subdivision. Each system serves at least 25 people per day for at least 60 days per year, and provides water for human consumption. As such, the Utility consists of four public water systems ("PWSs") as defined in 30 TEX. ADMIN. CODE § 290.38(69).
3. The Utility operates pursuant to Certificate of Convenience and Necessity No. 10835.
4. Commission records and the Secretary of State database show that the mailing addresses for the Utility and its attorney are as follows:

Mitchell M. Martin, Jr.
President, SUBURBAN UTILITY CO
27493 Hanna Road, Suite 2
Conroe, Texas 77385

Mitchell M. Martin, Jr.
President, SUBURBAN UTILITY CO

P.O. Box 58
Spring, Texas 77383-0058

Michael Martin
Vice President, SUBURBAN UTILITY CO
27493 Hanna Road, Suite 2
Conroe, Texas 77385

Les Romo
Law Office of Les Romo
307 Shannon Lane
Georgetown, Texas 78628-3655

5. The Utility has displayed a pattern of hostility to its customers by repeatedly failing to respond to complaints and inquiries and has thereby abandoned the provision of service. Necessary repairs are required to ensure continuous and adequate water service to the Utility's customers.
6. The Utility has failed to adequately maintain facilities which has resulted in repeated service interruptions and potential health hazards. The Utility is non-compliant with the Agreed Final Judgement and Permanent Injunction¹ issued by the 353rd Travis County Judicial District Court on January 19, 2016 (the "AFJ") ("Exhibit A").
7. TCEQ referred the Utility to the Office of the Attorney General ("OAG") for the appointment of a receiver, pursuant to TEX. WATER CODE § 13.412, on September 16, 2013 and March 3, 2017.
8. The AFJ required the Utility to pay to the State civil penalties and attorney's fees and to complete injunctive provisions at each of its four PWSs by specific deadlines. On November 22, 2016, the TCEQ granted the Utility a deadline extension to complete the following AFJ injunctive provisions by March 17, 2017: 3.1.B, 3.1.C, 3.2.C, 3.2.D, 3.2.E, 3.2.F, 3.3.A, 3.3.B, 3.3.C, 3.3.D, 3.4.D, 3.4.E, and 3.4.F ("Exhibit B").
9. On March 21, 2017, during a comprehensive compliance investigation at Castlewood Subdivision, TCEQ Regional Office investigators documented the Utility:
 - a. Failed to maintain the ground storage tank in a watertight condition, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(4) and AFJ injunctive provision 3.1.A;
 - b. Failed to provide two or more wells having a total capacity of 0.6 gallon per minute ("gpm") per connection or 203.4 total gpm, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(i) and AFJ injunctive provision 3.1.B. Specifically, the total capacity was 150 gpm, approximately 28% deficient;
 - c. Failed to provide a total storage capacity of 200 gallons per connection or 67,800 total gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(ii) and AFJ injunctive provision 3.1.C. Specifically, the total storage capacity was zero, 100% deficient;

¹ Cause No. D-1-GN-14-003376

- d. Failed to provide service pump capacity of 2.0 gallons per minute per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iii). Specifically, the total service pump capacity was 310 gpm, approximately 55% deficient;
 - e. Failed to provide a copy of an electrical inspection report documenting that the electrical system is in accordance with local and national codes, in violation of AFJ injunctive provision 3.1.E;
 - f. Failed to verify installation of electronic phase monitor, in violation of AFJ injunctive provision 3.1.G;
 - g. Failed to provide an annual report that includes 12 months of Monthly Water Quantity Comparison reports, in violation of AFJ injunctive provision 3.1.H;
 - h. Failed to provide an infrastructure replacement plan that includes a schedule for replacement of water distribution lines that are past their useful life, in violation of AFJ injunctive provision 3.1.J;
 - i. Failed to maintain the ground storage tank by not removing corrosion, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - j. Failed to maintain the distribution lines leading to the ground storage tank by not removing corrosion, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - k. Failed to obtain a sanitary control easement for Well No. 1 (Source ID No. G101011A), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F);
 - l. Failed to maintain service pumps in good working condition, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(6); and
 - m. Failed to provide an up-to-date chemical and microbiological monitoring plan, in violation of 30 TEX. ADMIN. CODE § 290.121.
10. On March 21, 2017, during a comprehensive compliance investigation at Beaumont Place, TCEQ Regional Office investigators documented the Utility:
- a. Failed to provide a copy of an electrical inspection report documenting that the electrical system is in accordance with local and national codes, in violation of AFJ injunctive provision 3.2.A;
 - b. Failed to maintain the ground storage tank in a watertight condition, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(4) and AFJ injunctive provision 3.2.B;
 - c. Failed to provide two or more wells having a total capacity of 0.6 gpm per connection or 317.4 total gpm, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(i) and AFJ injunctive provision 3.2.C. Specifically, the total capacity was 195 gpm, approximately 53% deficient;
 - d. Failed to provide a total storage capacity of 200 gallons per connection or 105,800 total gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(ii) and AFJ injunctive provision 3.2.D.

Specifically, the total storage capacity was 23,000 gallons, approximately 83% deficient;

- e. Failed to provide pressure tank capacity of 20 gallons per connection or 10,580 gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iv) and AFJ injunctive provision 3.2.E. Specifically, the pressure tank capacity was 900 gallons, approximately 94% deficient;
 - f. Failed to obtain a sanitary control easement for Well No. 1 (Source ID No. 1010098A) and Well No. 2 (Source ID No. 1010098B) and failed to obtain an exception under 30 TEX. ADMIN. CODE § 290.39(l), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F) and AFJ injunctive provision 3.2.F;
 - g. Failed to provide service pump capacity of 2.0 gallons per minute per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iii). Specifically, the total service pump capacity was 620 gpm, approximately 55% deficient;
 - h. Failed to provide an up-to-date chemical and microbiological monitoring plan, in violation of 30 TEX. ADMIN. CODE § 290.121;
 - i. Failed to provide an accurate and up-to-date map of the distribution system, in violation of 30 TEX. ADMIN. CODE § 290.46(n);
 - j. Failed to notify the Executive Director prior to installing a new 0.0009 million gallon pressure tank to the public water supply system, in violation of 30 TEX. ADMIN. CODE § 290.39(h)(1);
 - k. Failed to maintain the fence line by not removing vegetation, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - l. Failed to maintain the fence line by not repairing the damaged fence, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - m. Failed to provide an 85% planning report, in violation of 30 TEX. ADMIN. CODE § 291.93(3);
 - n. Failed to provide documentation verifying the status of abandoned Well No. 3 (Source ID No. G1010098C), in violation of 30 TEX. ADMIN. CODE § 290.46(u); and
 - o. Failed to have the public water system's operating records accessible for review during the investigation and available upon request by the Executive Director, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2). Specifically, the following records were not accessible for review during the investigation: a CSI certificate, monthly flushing records, and a well meter calibration for Well No. 1 (Source ID No. G1010098A) and Well No. 2 (Source ID No. G1010098B).
11. On March 21, 2017, during a comprehensive compliance investigation at Reservoir Acres, TCEQ Regional Office investigators documented the Utility:
- a. Failed to maintain electrical wiring in conduit and failed to provide a copy of an electrical inspection report, in violation of 30 TEX. ADMIN. CODE § 290.46(v) and AFJ injunctive provision 3.3.A;

- b. Failed to provide a total storage capacity of 200 gallons per connection or 43,400 total gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(ii) and AFJ injunctive provision 3.3.B. Specifically, the total storage capacity was 23,000 gallons, approximately 48% deficient;
 - c. Failed to provide pressure tank capacity of 20 gallons per connection or 4,340 total gallons, whichever is more, or an elevated storage capacity of 100 gallons per connection or 21,700 gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(iv) and AFJ injunctive provision 3.3.C. Specifically, the pressure tank capacity was zero, 100% deficient;
 - d. Failed to obtain a sanitary control easement for Well No. 1 (Source ID no. 1010197A) and failed to obtain an exception under 30 TEX. ADMIN. CODE § 290.39(l), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F) and AFJ injunctive provision 3.3.D;
 - e. Failed to provide a monitoring plan, in violation of 30 TEX. ADMIN. CODE § 290.121;
 - f. Failed to provide an 85% Planning Report, in violation of 30 TEX. ADMIN. CODE § 291.93(3);
 - g. Failed to maintain the barbed wire along the fence line, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - h. Failed to provide documentation verifying that Well No. 1 (Source ID no. G1010197A) is being maintained in a non-deteriorated state or documentation verifying that Well No. 1 will either be plugged with cement or repaired to a non-deteriorated condition, and failed to provide documentation verifying that capped Well No. 3 (Source ID no. G1010197C) will either be plugged with cement or repaired to a non-deteriorated condition, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(4); and
 - i. Failed to provide the well meter calibration for Well No. 2 (Source ID no. 1010197B), in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2).
12. On March 21, 2017, during a comprehensive compliance investigation at Cypress Bend, TCEQ Regional Office investigators documented the Utility:
- a. Failed to provide a copy of interior and exterior ground storage tank and pressure tank inspections, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2) and AFJ injunctive provision 3.4.A;
 - b. Failed to provide a copy of well meter calibration report for Well No. 1 (Source ID no. G1010119C), in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2) and AFJ injunctive provision 3.4.B;
 - c. Failed to provide a copy of monthly reports of water works operation, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(3)(A) and AFJ injunctive provision 3.4.C;
 - d. Failed to provide a total storage capacity of 200 gallons per connection or 46,200 total gallons, whichever is more, in violation of 30 TEX.

- ADMIN. CODE § 290.45(b)(1)(C)(ii) and AFJ injunctive provision 3.4.D. Specifically, the total storage capacity was 23,000 gallons, approximately 52% deficient;
- e. Failed to provide a well capacity of 0.6 gpm per connection or 138.6 total gpm, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(i) and AFJ injunctive provision 3.4.E. Specifically, the capacity was 63 gpm, approximately 56% deficient;
 - f. Failed to obtain a sanitary control easement and failed to obtain an exception under 30 TEX. ADMIN. CODE § 290.39(l), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F) and AFJ injunctive provision 3.4.F;
 - g. Failed to provide pressure tank capacity of 20 gallons per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(iv). Specifically, the pressure tank capacity was zero, 100% deficient;
 - h. Failed to provide an 85% Planning Report, in violation of 30 TEX. ADMIN. CODE § 291.93(3);
 - i. Failed to provide a monitoring plan, in violation of 30 TEX. ADMIN. CODE § 290.121;
 - j. Failed to provide distribution chlorine residual monitoring reports, in violation of 30 TEX. ADMIN. CODE § 290.110(e);
 - k. Failed to maintain the barbed wire along the fence line and secure the intruder-resistant fence next to the pressure tank, in violation of 30 TEX. ADMIN. CODE § 290.46(m); and
 - l. Failed to maintain the pressure tank in a watertight condition, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(4).
13. The Utility has a history of repeated service outages and low water pressure. The Utility has failed to comply with injunctive provisions required by the AFJ that would alleviate this long standing problem which TCEQ believes could be exacerbated by upcoming summer weather conditions. Specifically, since September 2013, the TCEQ has received:
- a. Sixty-one complaints of water outages², seven complaints of low water pressure, seven complaints of water quality issues, four complaints of water color issues, and eleven complaints of system leaks from the Utility's customers served by Castlewood Subdivision;

² The complaints regarding water outages for Castlewood Subdivision were received on the following dates: October 31, 2013, February 27, 2014, March 3, 2014, March 7, 2014, August 27, 2014, October 22, 2014, October 23, 2014, October 24, 2014, November 4, 2014, November 5, 2014, November 6, 2014, November 7, 2014, November 10, 2014, November 14, 2014, December 19, 2014, January 22, 2015, April 17, 2015, April 28, 2015, May 21, 2015, June 17, 2015, June 25, 2015, June 30, 2015, July 15, 2015, July 20, 2015, July 31, 2015, August 4, 2015, December 13, 2015, January 12, 2016, April 18, 2016, May 12, 2016, June 9, 2016, July 18, 2016, July 21, 2016, September 2, 2016, September 6, 2016, September 19, 2016, September 23, 2016, November 27, 2016, December 1, 2016, December 27, 2016, January 4, 2017, February 20, 2017, February 28, 2017, and March 2, 2017.

- b. Four complaints of water outages³, eight complaints of low water pressure, seven complaints of water quality issues, and thirteen complaints of water color issues from the Utility's customers served by Beaumont Place;
 - c. Three complaints of water quality issues, three complaints for water color issues, and three complaints for system leaks from the Utility's customers served by Reservoir Acres Subdivision; and
 - d. One complaint of low water pressure, one complaint of water quality issues, one complaint of water color, and three complaints of system leaks from the Utility's customers served by Cypress Bend.
14. No other source of water is available to the more than approximately 3,756 people whose water is supplied by the Utility.
 15. A potential health hazard exists as a result of the Utility's inability to provide continuous and adequate service. Immediate repairs to the Utility are necessary to ensure the quality of the water in the State and to ensure the Utility operates in a safe manner and meets requirements in the Texas Water Code, the Texas Health and Safety Code, and TCEQ rules. Therefore, a temporary manager is necessary to assume operations of the Utility to ensure the quality of the water meets TCEQ rule requirements and complies with the Texas Water Code as well as the Texas Health and Safety Code, and is safe for public use and consumption.
 16. Quadvest, L.P. ("Quadvest") has agreed to serve as temporary manager of the Utility. Quadvest can be reached by telephone at (281) 356-5347 and its mailing address is P.O. Box 409, Tomball, Texas 77377.
 17. This Order is necessary to ensure that continuous and adequate water service is provided to the customers of the Utility to effectuate the purposes of the Texas Water Code and the Texas Health and Safety Code.

II.

CONCLUSIONS OF LAW

1. As evidenced by Findings of Fact Nos. 1 through 3, Suburban owns and operates the retail public utility as defined in TEX. WATER CODE § 13.002(19).
2. Findings of Fact Nos. 5 through 15 show that as of the date of the signing of this Emergency Order the Utility has abandoned the provision of service and that the appointment of a temporary manager is justified as defined in TEX. WATER CODE §§ 13.412(f) and 13.4132 and 30 TEX. ADMIN. CODE § 291.142 (a) and (c).
3. TEX. WATER CODE § 13.4132 authorizes the Commission to appoint a willing person to temporarily manage and operate a utility if the utility has discontinued service or abandoned operations or the provision of services or has been or is being referred to the Attorney General for the appointment of a receiver under TEX. WATER CODE § 13.412.

³ The complaints regarding water outages for Beaumont Place were received on the following dates: April 4, 2014, April 23, 2014, April 5, 2016, and July 8, 2016.

4. TEX. WATER CODE § 5.507 provides that the Commission may issue an Emergency Order appointing a willing person to temporarily manage and operate a utility under TEX. WATER CODE § 13.4132.
5. This Emergency Order may be issued without notice or hearing pursuant to TEX. WATER CODE § 5.501(b) and 30 TEX. ADMIN. CODE § 35.25.
6. TEX. WATER CODE § 5.501(c) and 30 TEX. ADMIN. CODE §§ 35.12 and 291.143(a) authorize the TCEQ Executive Director to issue this Emergency Order.
7. TEX. WATER CODE §§ 5.501 and 5.507 and 30 TEX. ADMIN. CODE § 291.143(a) authorize the Executive Director to appoint a person to temporarily manage and operate a utility that has discontinued or abandoned operations or which is being referred to the office of the Attorney General for the appointment of the receiver.
8. TEX. WATER CODE § 13.4132 provides to the temporary manager the powers and duties necessary to ensure continued operation of the utility and the provision of continuous and adequate services to customers including the power and duty to read meters, bill for services, collect revenues, disburse funds, access all system components, and request rate increases.
9. Notice of the emergency order, once it has been issued, is adequate if the notice is mailed or hand delivered to the last known address of the Utility's headquarters, in accordance with TEX. WATER CODE § 5.507. The last known addresses for Suburban and its attorney are set forth in Finding of Fact No. 4.

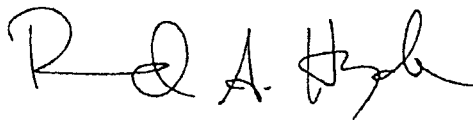
III.

ORDER

1. This Order shall be effective on the date it is executed by the TCEQ Executive Director, i.e. March 27, 2017.
2. Immediately upon the effective date of this Emergency Order, Quadvest is hereby appointed to temporarily manage and operate the Utility.
3. Quadvest shall serve as temporary manager until such time as a receiver is appointed to operate the Utility by a court of proper jurisdiction, or 180 days after the effective date of this Order i.e. September 23, 2017, whichever occurs first.
4. Quadvest is authorized to exercise those powers and duties necessary to ensure the continued operations of the Utility and the provision of continuous and adequate services to customers, including the powers and duties set forth in TEX. WATER CODE § 13.4132.
5. Quadvest shall give the Executive Director an inventory of all Utility property received within sixty (60) days of the effective date of this Order.
6. Quadvest's requirement to post financial assurance with the TCEQ in an amount and type acceptable to the Executive Director has been waived by the Executive Director pursuant to 30 TEX. ADMIN. CODE § 291.143(c).
7. Quadvest's compensation will come from Utility revenues in the amount of fourteen dollars (\$14.00) per month per connection.

7. Quadvest's compensation will come from Utility revenues in the amount of fourteen dollars (\$14.00) per month per connection.
8. Quadvest shall report to the Executive Director on a monthly basis in accordance with 30 TEX. ADMIN. CODE § 291.143(h).
9. Pursuant to TEX. WATER CODE § 5.504, the Commission will consider whether to affirm, modify or set aside this Order at its regular Agenda meeting on May 10, 2017 at 9:30 a.m., at TCEQ Park 35 Complex, 12118 North I-35, Building E, Room 201S, Austin, Texas. **At the May 10, 2017 Agenda meeting, Suburban may request an evidentiary hearing pursuant to 30 TEX. ADMIN. CODE § 35.25(c) for the purpose of presenting evidence and cross-examining witnesses regarding whether to affirm, modify, or set aside this Emergency Order. An Administrative Law Judge will be present at the Agenda to immediately hear the matter should a hearing be requested.**
10. The Chief Clerk shall provide a copy of this Order to each of the parties.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



Richard A. Hyde, P.E.
Executive Director

EXHIBIT A

Filed in The District Court
of Travis County, Texas

SC JAN 19 2016
At 3:22 P.M.
Velva L. Price, District Clerk

NO. D-1-GN-14-003376

STATE OF TEXAS,
Plaintiff

v.

SUBURBAN UTILITY CO.,
Defendant

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§

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

353RD JUDICIAL DISTRICT

AGREED FINAL JUDGMENT AND PERMANENT INJUNCTION

Plaintiff, the State of Texas, and Defendant, Suburban Utility Co., submitted to the Court this Agreed Final Judgment and Permanent Injunction ("Judgment"). By presenting this Judgment to the Court, the State of Texas announces that it has published notice of this Judgment in the *Texas Register* for thirty (30) days as required by Texas Water Code section 7.110, and received no comments that the proposed settlement is inappropriate, improper, inadequate, or inconsistent with applicable law. Therefore, by the duly authorized signatures subscribed to this Judgment, all parties represent to the Court that they agree to the terms of this Judgment, and that the Judgment represents the compromise and settlement of all matters that were placed in issue by the *State's Fourth Amended Petition and Application for Injunctive Relief*.

The Court finds that it has jurisdiction over the subject matter of this action pursuant to Chapters 7 and 13 of the Texas Water Code. The Court finds this Judgment to be proper, necessary, and in the best interest of justice.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED as follows:



1. DEFINITIONS

1.1 As used in this Judgment, the words and terms set forth below have the following meanings:

- A. "Suburban" shall mean Defendant Suburban Utility Co., its officers, directors, managers, principals, partners, owners, employees, agents, servants, and all persons in active concert or participation with Suburban, on its behalf or under its control.
- B. "Effective Date" shall mean the date on which the Court signs this Judgment.
- C. "Castlewood" shall mean the ground-water system located at 2622 1/2 Balmorhea Avenue, Houston, Texas.
- D. "Reservoir Acres" shall mean the ground-water system located at 8119 Jackstone Drive, Houston, Texas.
- E. "Beaumont Place" shall mean the ground-water system located at 13141 Flagstaff Lane, Houston, Texas and 12709 Danvers Lane, Houston, Texas.
- F. "Cypress Bend" shall mean the ground-water system located at 12026 Hamblin, Cypress, Harris County, Texas.
- G. "TCEQ" shall mean the Texas Commission on Environmental Quality.
- H. The "State" shall mean the State of Texas.
- I. "Days" shall mean calendar days.
- J. "gpm" shall mean gallons per minute.
- K. "injunction" shall mean the Permanent Injunction in this Agreed Final Judgment and Permanent Injunction.
- L. "Judgment" shall mean this Agreed Final Judgment and Permanent Injunction.

2. COMMITMENTS BY DEFENDANT

2.1 Suburban acknowledges receipt of a copy of this Judgment, is aware of the duties placed upon it by the injunctive provisions contained in this Judgment, and is desirous and capable of carrying out those duties in full.

2.2 Suburban acknowledges that it has a true and correct copy of Chapter 290 of Title 30 of the Texas Administrative Code. Suburban further agrees that the terms of said document are hereby incorporated by reference and that it waives any objection that such document is not attached to this Judgment.

2.3 Suburban waives the necessity of the issuance and service of a writ of injunction pursuant to Rule 692 of the Texas Rules of Civil Procedure.

3. INJUNCTION

3.1 Castlewood:

- A. Within 45 Days of the Effective Date of this Injunction, Suburban shall repair any existing leaks on any and all ground storage tanks.
- B. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional well capacity so that Suburban maintains two or more wells having a total capacity of 0.6 gpm per connection or 203.4 total gpm, whichever is more, at Castlewood. Within 220 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional well capacity at Castlewood to the State.
- C. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek the TCEQ and other necessary government authority approval to install additional storage tank capacity so that Suburban maintains a total storage tank capacity of 200 gallons per connection or 67,800 total gallons, whichever is more, at Castlewood. Within 220 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional storage tank capacity at Castlewood to the State.
- D. Within 90 Days of the Effective Date of this Injunction, Suburban shall provide emergency power in accordance with its Emergency Preparedness Plan ("EPP").

Specifically, Suburban shall maintain automatically starting auxiliary generators at Castlewood. Alternatively, within 90 Days of the Effective Date of this Injunction, Suburban shall submit for approval a modified EPP selecting Option 3a to the TCEQ. Specifically, Suburban shall utilize the Texas Water/Wastewater Agency Response Network ("TXWARN") to receive alternative power equipment during an emergency.

Water Outages

- E. Within 20 Days of the Effective Date of this Injunction, Suburban shall ensure that all electrical wiring at Castlewood is properly secured and covered in accordance with local and national code and shall within 30 Days of the Effective Date of this Injunction provide a copy of an electrical inspection report to the State, documenting that the electrical system is in accordance with local and national codes.
- F. Within 60 days of the Effective Date of this Injunction, Suburban shall maintain an auto dialer at Castlewood, which shall automatically alert Suburban of a water pressure drop or water outage at Castlewood.
- G. Within 60 days of the Effective Date of this Injunction, Suburban shall maintain an electrical phase monitor at Castlewood, which shall protect and re-start electrical equipment in the event of a phase power loss.
- H. Within 30 days of the Effective Date of this Injunction, Suburban shall perform a Monthly Water Quantity Comparison ("MWQC") comparing the quantity of water sold versus the quantity of water produced at Castlewood to determine water loss in the distribution system. The MWQC shall also include:
 - i. Customer complaints concerning water loss or leaks and how Suburban responds to the complaints.
 - ii. Any repairs and/or infrastructure construction or replacement due to water loss or leaks.

Thereafter, Suburban shall perform the MWQC on a monthly basis. At the end of 12 months, Suburban shall provide to the State an annual report including all 12 MWQCs.

If any MWQC or the Water Loss Audit (see part I) shows a water loss greater than 10%, Suburban shall make repairs to address any such water loss, including meter and line replacement, and provide documentation, including photographs, that the repairs have been performed, or a timeline for their accomplishment to the State within 30 Days of such determination.

- I. Within 120 Days of the Effective Date of this Injunction, Suburban shall conduct and submit to the State a Water Loss Audit of the Castlewood distribution system, including identifying leaking infrastructure. The audit shall be conducted in accordance with the Texas Water Development Board ("TWDB") manual "Water Loss Audit Manual for Texas Utilities" revised March 2008. The TWDB manual is available at:
<http://www.twdb.texas.gov/conservation/resources/waterloss-resources.as>
- J. Within 180 Days of the Effective Date of this Injunction, Suburban shall submit to the State an infrastructure replacement plan that includes a schedule for replacement of water distribution lines that are past their useful life.

3.2 Beaumont Place:

- A. Within 60 Days of the Effective Date of this Injunction, Suburban shall ensure that all electrical wiring at Beaumont Place is properly secured and covered in accordance with local and national code and shall within 60 Days of the Effective Date of this Injunction provide a copy of an electrical inspection report to the State, documenting that the electrical system is in accordance with local and national code.
- B. Within 45 Days of the Effective Date of this Injunction, Suburban shall repair any existing leaks on any and all storage tanks.
- C. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional well capacity so that Suburban maintains two or more wells having a total capacity of 0.6 gpm per connection or 317.4 total gpm, whichever is more, at Beaumont Place. Within 250 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional well capacity at Beaumont Place to the State.
- D. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional storage tank capacity so that Suburban maintains a total storage tank capacity of 200 gallons per connection or 105,800 total gallons, whichever is more, at Beaumont Place. Within 250 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional storage tank capacity at Beaumont Place to the State.
- E. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional pressure tank capacity of 20 gallons per connection or 10,580 gallons, whichever is more, at

Beaumont Place. Within 250 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional capacity at Beaumont Place to the State.

- F. Within 120 Days of the Effective Date of this Injunction, Suburban shall obtain and file in the appropriate county property records a sanitary control easement or easements covering all land within 150 feet of each and every well in service at Beaumont Place. Alternatively, within 120 Days of the Effective Date of this Injunction, Suburban shall obtain an exception under 30 Tex. Admin. Code § 290.39(l).
- G. Within 90 Days of the Effective Date of this Injunction, Suburban shall provide emergency power in accordance with its Emergency Preparedness Plan ("EPP"). Specifically, Suburban shall maintain automatically starting auxiliary generators at Beaumont Place. Alternatively, within 90 Days of the Effective Date of this Injunction, Suburban shall submit for approval a modified EPP selecting Option 3a to the TCEQ. Specifically, Suburban shall utilize the Texas Water/Wastewater Agency Response Network ("TXWARN") to receive alternative power equipment during an emergency.

3.3 Reservoir Acres:

- A. Within 90 Days of the Effective Date of this Injunction, Suburban shall ensure that all electrical wiring at Reservoir Acres is properly secured and covered in accordance with local and national code and shall within 90 Days of the Effective Date of this Injunction provide a copy of an electrical inspection report to the State, documenting that the electrical system is in accordance with local and national code.
- B. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional storage tank capacity so that Suburban maintains a total storage tank capacity of 200 gallons per connection or 43,400 total gallons, whichever is more, at Reservoir Acres. Within 300 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional storage tank capacity at Reservoir Acres to the State.
- C. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional pressure tank capacity of 20 gallons per connection or 4,340 gallons, whichever is more, or an elevated storage capacity of 100 gallons per connection or 21,700 gallons, whichever is more, at Reservoir Acres. Within 300 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional capacity at Reservoir Acres to the State.

- D. Within 120 Days of the Effective Date of this Injunction, Suburban shall obtain and file in the appropriate county property records a sanitary control easement or easements covering all land within 150 feet of each and every well in service at Reservoir Acres. Alternatively, within 120 Days of the Effective Date of this Injunction, Suburban shall obtain an exception under 30 Tex. Admin. Code § 290.39(l).
- E. Within 90 Days of the Effective Date of this Injunction, Suburban shall provide emergency power in accordance with its Emergency Preparedness Plan ("EPP"). Specifically, Suburban shall maintain automatically starting auxiliary generators at Reservoir Acres. Alternatively, within 90 Days of the Effective Date of this Injunction, Suburban shall submit for approval a modified EPP selecting Option 3a to the TCEQ. Specifically, Suburban shall utilize the Texas Water/Wastewater Agency Response Network ("TXWARN") to receive alternative power equipment during an emergency.

3.4 Cypress Bend:

- A. Within 30 Days of the Effective Date of this Injunction, Suburban shall have inspected the ground storage tank and pressure tank at Cypress Bend, in accordance with 30 Tex. Admin Code § 290.45(m)(1), and submit copies of the inspection reports to the State.
- B. Within 30 Days of the Effective Date of this Injunction, Suburban shall calibrate all well meters and submit a copy of the well meter calibration report to the TCEQ within 14 days of calibrating the meters. Thereafter, Suburban shall calibrate all well meters in accordance with 30 Tex. Admin Code § 290.46(s)(1).
- C. Within 30 days of the Effective Date of this Injunction, Suburban shall have in place and available for TCEQ review monthly reports of water works operation at Cypress Bend as set forth in 30 Tex. Admin. Code § 290.46(f)(3)(A), including but not limited to, documents showing the amount of chemicals used each week; the volume of water treated each week; the date, location and nature of water quality, pressure or outage complaints and the results of any subsequent complaint investigations; dates that dead-end mains were flushed; and maintenance records for water system equipment and facilities.
- D. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional storage tank capacity so that Suburban maintains a total storage tank capacity of 200 gallons per connection or 46,200 total gallons, whichever is more, at Cypress Bend. Within 320 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional storage tank capacity at Cypress Bend to the State.

E. Within 60 Days of the Effective Date of this Injunction, Suburban shall seek TCEQ and other necessary government authority approval to install additional well capacity so that Suburban maintains a total well capacity of 0.6 gpm per connection or 138.6 total gpm, whichever is more, at Cypress Bend. Within 320 Days of the Effective Date of this Injunction, Suburban shall install and submit proof of installation of additional well capacity at Cypress Bend to the State.

F. Within 120 Days of the Effective Date of this Injunction, Suburban shall obtain and file in the appropriate county property records a sanitary control easement or easements covering all land within 150 feet of the each and every well in service at Cypress Bend. Alternatively, within 120 Days of the Effective Date of this Injunction, Suburban shall obtain an exception under 30 Tex. Admin. Code § 290.39(l).

3.5 Suburban shall submit all documentation required by this Injunction to:

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

and

Emily Petrick / Amy Davis
Environmental Protection Division
Office of the Attorney General, A.G. # 143482701
P.O. Box 12548, MC-066
Austin, Texas 78711-2548

Unless otherwise provided, Suburban shall submit to the addresses above any other documentation that is required by this Judgment to be submitted to the State.

4. DEADLINE EXTENSIONS

4.1 The State may grant an extension of any deadline in the Injunction. All requests for extensions by Suburban shall be made in writing to the Office of the Attorney General of Texas ("OAG") and the TCEQ at the addresses listed in paragraph 3.5 of this Judgment. Suburban shall submit the request to the TCEQ and the OAG within a reasonable time before the deadline that Suburban seeks to extend, but not less than 14 days before the deadline unless an emergency exists and the emergency was not reasonably expected. A deadline shall be extended by the TCEQ or OAG upon a written and substantial showing that:

- A. Suburban has made and continues to make good faith efforts to meet the deadline;
- B. the failure to meet the deadline is due to events or persons beyond Suburban's reasonable control, including any delay caused by a contractor's failure to perform improvements within a timely manner and at no fault of Suburban and;
- C. but for said events or persons, the deadline would be attained.

4.2 Extensions are not effective until Suburban receives written approval from the TCEQ or OAG. The TCEQ or OAG shall respond within 14 days of receipt of the request to extend the deadline.

5. CIVIL PENALTIES

5.1 The State of Texas shall have judgment against Suburban for civil penalties in the amount of TWO HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$225,000.00).

6. ATTORNEY'S FEES

6.1 The State of Texas shall have judgment against Suburban for attorney's fees in the amount of SEVENTY-FIVE THOUSAND DOLLARS (\$75,000.00).

7. PAYMENT

7.1 Suburban shall make payment on the amounts awarded to the State in this Judgment as follows:

- A. Suburban shall pay \$10,000.00 to the State no later than 30 Days after the Effective Date of the Judgment.
- B. Suburban shall pay an additional \$190,000.00 to the State in forty-eight consecutive monthly payments. The first payment of \$3,958.33 shall be sent to the State on or before the fifteenth Day of the month in which the sixtieth Day after the Effective Date of the Judgment occurs. The following forty-seven payments of \$3,958.33 each shall be sent to the State on or before the fifteenth Day of each consecutive month thereafter.

7.2 The State shall have the right to initiate collection proceedings on any overdue amounts if the payment is more than thirty Days late. If a payment becomes late by more than sixty Days, all remaining payments shall be immediately due and payable without notice and will be subject to all available collection processes.

7.3 All amounts required to be paid to the State in accordance with this Judgment shall be paid by certified check made payable to the "State of Texas" and shall reference "AG No. 143482701." Checks shall be delivered to Division Chief, Environmental Protection Division, Office of the Attorney General, P.O. Box 12548, Capitol Station, Austin, Texas 78711-2548.

8. RELEASE FOR COMPLIANCE

8.1 If Suburban timely complies with all terms in this Judgment, the State agrees to release Suburban from payment of \$100,000.00 due on this Judgment for civil penalties (the "Deferred

Judgment Amount"). If Suburban does not timely comply with any term in this Judgment, the Deferred Judgment Amount shall become due and payable within 30 Days after the State provides notice to Suburban that it has not timely complied with a term in the Judgment.

8.2 The State shall take no other action to collect on the Deferred Judgment Amount, except that the State may abstract the Deferred Judgment Amount, unless or until Suburban does not timely comply with any term in the Judgment.

8.3 Upon timely compliance with all terms in the Judgment, Suburban may in writing request from the State a release from the Deferred Judgment Amount. The State shall provide the release of the Judgment in writing if Suburban has timely complied with all terms in the Judgment.

8.4 Suburban's compliance with any term in the Judgment shall be considered timely if Suburban complies with the term's deadline(s) and/or if Suburban receives approval from the State to extend the term's deadline(s) and complies with the extended deadline(s) approved by the State.

9. PLAINTIFF'S RESERVATION OF RIGHTS

9.1 Notwithstanding any other provision of this Judgment, the State reserves, and this Judgment is without prejudice to, all rights against Suburban with respect to all other matters, including but not limited to, the following:

- A. claims that are not within the enforcement authority of the TCEQ;
- B. claims based on a failure of Suburban to meet a requirement of this Judgment;
- C. criminal liability; and
- D. liability for violations of federal, state or local law that occur on or after the Effective Date of this Judgment.

9.2 This Judgment shall not be construed in any way to relieve Suburban or its agents or

contractors from the obligation to comply with any federal, state or local law.

9.3 The TCEQ and the State reserve their right to seek additional administrative and/or civil penalties for violations of the Health and Safety Code, the Water Code and rules of the TCEQ that occur after the Effective Date of this Judgment.

10. PUBLIC NOTICE

10.1 The signature on this Judgment for the State is subject to the public notice and comment required by the Texas Water Code Section 7.110. This Judgment will not be presented to the Court and the State's consent will not be effective until public notice of this Judgment has been published in the *Texas Register*, the public has been given thirty (30) days during which to comment to the State on the terms of this Judgment, and the State has re-affirmed its consent after considering any comments by presenting the Judgment to the Court for signature and entry.

11. RETENTION OF JURISDICTION

11.1 This Court retains jurisdiction over both the subject matter of this Judgment and the State and Suburban (the "Parties") for the duration of the performance of the terms and provisions of this Judgment for the purpose of enabling the State or Defendant to apply to the Court at any time for such further direction or relief as may be necessary or appropriate for the construction or modification of this Judgment, to effectuate or enforce compliance with its terms, or to resolve disputes related to it.

12. POST-JUDGMENT INTEREST

12.1 Suburban shall pay post-judgment interest on all amounts required to be paid in Section 7 of this Judgment at the legal rate of 5.00 percent per annum from the date that the amounts are five days overdue to the State, until paid.

12.2 Suburban shall pay post-judgment interest on the Deferred Judgment Amount at the legal rate of 5.00 per cent per annum from five Days after the date that the Deferred Judgment Amount is due under paragraph 8.1 of this Judgment until paid.

13. GENERAL PROVISIONS

13.1 This Judgment constitutes the entire agreement between the Parties and supersedes any and all prior agreements or understandings between the Parties relating to the referenced cause, including but not limited to, Rule 11 agreements between the Parties prior to the signing of this Judgment.

13.2 Nothing in this Judgment shall be construed to create any rights in, or grant any cause of action to, any person not a party to this Judgment.

13.3 This Judgment may be executed in multiple parts, which together shall constitute a single original instrument. Any executed signature page to this Judgment may be transmitted by facsimile or email to the other Party, which shall constitute an original signature for all purposes.

13.4 The State shall be allowed such writs and processes as may be needed for the enforcement of this Judgment.

13.5 Each of the undersigned representatives of a party to this Judgment certifies that it is fully authorized to enter into the terms and conditions of the Judgment and to legally execute and bind that party to this Judgment.

13.6 The Parties waive any appeal from this Judgment.

13.7 This Judgment disposes of all parties and all claims in this cause.

Signed this 19th day of January, 2016. (ST)

Judge Presiding *see below*

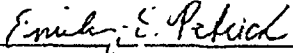
AGREED TO AND ENTRY REQUESTED BY:

KEN PAXTON
Attorney General of Texas

CHARLES E. ROY
First Assistant Attorney General

JAMES E. DAVIS
Deputy Attorney General for Civil Litigation

PRISCILLA M. HUBENAK
Chief, Environmental Protection Division


EMILY E. PETRICK
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AMY E. DAVIS
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EKATERINA DEANGELO
Assistant Attorney General
State Bar No. 24087398
ekaterina.deangelo@texasattorneygeneral.gov

Office of the Attorney General
Environmental Protection Division
P.O. Box 12548, MC 066
Austin, Texas 78711-2548
Tel.: (512) 463-2012
Fax: (512) 320-0911

ATTORNEYS FOR THE PLAINTIFF,
THE STATE OF TEXAS

Mitchell M. Martin, Jr.
Mitchell M. Martin, Jr.
President, Suburban Utility Co.

DEFENDANT

Les Romo
LES ROMO
State Bar No. 17225800
Lesromo.lawoffice@gmail.com

Law Office of Les Romo
307 Shannon Lane
Georgetown, Texas 77628-3655

ATTORNEY FOR DEFENDANT SUBURBAN
UTILITY CO

[Signature]
Presiding Judge

January 19th, 2016

EXHIBIT B

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 22, 2016

Mr. Les Romo, Attorney
Suburban Utility Co.
102 West Morrow Street, Suite 202
Georgetown, Texas 78627

Re: Amended Schedule for Compliance with Injunctive Provision
Suburban Utility Co.; RN101175057, RN101209922, RN101241081, RN101252963
Cause No. D-1-GN-14-003376; Enforcement Case No. 45890
Agreed Final Judgment Effective Date: January 19, 2016

Dear Mr. Romo:

We are in receipt of a letter dated September 29, 2016 from Mr. Mitchell Martin and your electronic mail dated November 10, 2016, which requested an amended schedule for completion of Injunctive Provision Nos. 3.1.B., 3.1.C., 3.2.C., 3.2.D., 3.2.E., 3.2.F., 3.3.A., 3.3.B., 3.3.C., 3.3.D., 3.4.D., 3.4.E., and 3.4.F. of the above-referenced Agreed Final Judgment. The letter provided specific reasons for delays.

Based upon the reviewed information, we approve an amended schedule. The new deadline for compliance with Injunctive Provision Nos. 3.1.B., 3.1.C., 3.2.C., 3.2.D., 3.2.E., 3.2.F., 3.3.A., 3.3.B., 3.3.C., 3.3.D., 3.4.D., 3.4.E., and 3.4.F. is March 17, 2017, provided that a progress report is submitted by December 17, 2016.

Thank you for your continuing efforts to achieve compliance. If you have any questions, please contact Gilbert Angelle of the Enforcement Division staff at (512) 239-4489.

Sincerely,

A handwritten signature in cursive script that reads "Bryan Sinclair".

Bryan Sinclair, Director
Enforcement Division

cc: ✓ Ms. Emily Petrick, Assistant Attorney General, P.O. Box 12548, Mail Code 066, Austin, Texas 78711-2548

Mr. Les Romo
Page 2

bcc: Manager, Water Section, Houston Regional Office, TCEQ
Jess Robinson, Staff Attorney, Litigation Division, MC-175
Gilbert Angelle, Coordinator, Enforcement Division, MC 149A
Central Records, MC 213, Building E, 1st Floor
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Enforcement Division Reader File

**Texas Commission on Environmental Quality
Compliance Agreement**

Undine Texas, LLC
Cypress Bend
Public Water Supply ID No. 1010119; RN101252963
Harris County, Texas

The Texas Commission on Environmental Quality ("Commission" or "TCEQ") is the state agency authorized to regulate public water systems in Texas and enforce TEX. HEALTH & SAFETY CODE ("THSC") ch. 341, TEX. WATER CODE ("TWC") chs. 7 and 26, and Commission rules and regulations promulgated pursuant to THSC and TWC.

Cypress Bend (the "Facility"), located at 12026 Hamblin Road, Houston, Harris County, Texas, consists of a community groundwater system that provides water for human consumption and equipment and facilities for the transmission, storage, distribution, sale, or provision of potable water to the public. As such, the Facility is a public water system and is being operated as a utility, as defined within TWC ch. 13 and 30 TEX. ADMIN. CODE chs. 290 and 291. SUBURBAN UTILITY CO ("Suburban") is the owner of the Facility, however, it has been operated and managed by a TCEQ or Public Utility Commission ("PUC") appointed Temporary Manager since March 27, 2017. Undine Texas, LLC ("Undine") currently operates and manages the Facility as the PUC appointed Temporary Manager

It has been determined that the Facility's infrastructure and operations are not in compliance with state statutes and Commission rules and regulations for public water systems and utilities. Undine intends to acquire the Facility and filed a Sale, Transfer, and Merger application ("STM Application") with the PUC for that purpose on July 12, 2017. On October 13, 2017, the PUC issued an Order approving the STM Application and authorizing Undine to proceed with the acquisition of the Facility. In anticipation of this acquisition, Undine requested a Compliance Agreement ("CA") from the TCEQ so that it can bring the Facility into compliance within specified deadlines without incurring a TCEQ enforcement action. The specific violations and compliance deadlines subject to this CA are detailed below in the sections titled Violations and Provisions. These violations were documented during TCEQ investigations of the Facility and included within a TCEQ Emergency Order against the Facility. (Attachment A). Further, Undine has agreed to take additional proactive actions to identify and correct noncompliance at the Facility and those actions are also detailed in the Provisions section below. Pursuant to Undine's request, the Executive Director of the Commission ("Executive Director") and Undine have entered into this CA.

The effective date of this CA shall be the date upon which the PUC issues an order approving Undine's successful acquisition of the Facility and transfer of the Certificate of Convenience and Necessity 10835 ("CCN 10835") in PUC Docket No. 47396. Undine shall forward a copy of the executed purchase contract for the Facility and the PUC order approving Undine's acquisition of the Facility and transfer of CCN 10835 to TCEQ within 10 business days after PUC issues the order.

Violations

This CA shall be limited to the violations listed below:

1. Failed to provide a total storage capacity of 200 gallons per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(ii);
2. Failed to provide a well capacity of 0.6 gallon per minute (“gpm”) per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(i);
3. Failed to obtain a sanitary control easement for Well No. 1 (Source ID No. G1010119A) and failed to obtain an exception under 30 TEX. ADMIN. CODE § 290.39(l), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F); and
4. Failed to provide pressure tank capacity of 20 gallons per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(iv).

Provisions

Undine shall perform and complete the following provisions at the Facility:

1. Immediately after the effective date of this CA, collect one raw water sample per month for Well No. 1 (Source ID No. G1010119A) and submit the sample for bacteriological analysis at a TCEQ-accredited laboratory with a current National Environmental Laboratory Accreditation Program certification. The sampling procedure should be the same as the one used when collecting routine distribution samples, in accordance with 30 TEX. ADMIN. CODE § 290.109. The sample should be submitted to the laboratory clearly labeled with the proper TCEQ Well ID and marked “RAW”.
2. Within 15 days after the effective date of this CA, submit written certification, as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision No. 1.
3. Within 30 days after the effective date of this CA:
 - a. Provide a list of the operators in training and the licensed operators, including license level and date of expiration, employed or contracted to operate the Facility and identify their start dates. Additionally, include information on the decision-making process or protocols regarding when a licensed operator will be made available onsite and utilized to perform the physical operation of the Facility and when an operator in training will be utilized. Further, include the protocols for when and how an operator in training would utilize or request assistance from a licensed operator; and
 - b. Submit completed plans and specifications for the construction activities listed below in Provision Nos. 5.a through 5.c for TCEQ review and approval, in accordance with 30 TEX. ADMIN. CODE § 290.39. Plans and specifications shall be submitted to:

Plan Review and Oversight Team, MC-159
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the plans and specifications within 15 days after the date after such request, or by any other deadline specified in writing.

4. Within 45 days after the effective date of this CA, submit written certification, as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision Nos. 3.a and 3.b.
5. Within 120 days after the effective date of this CA and after TCEQ approval:
 - a. Install and maintain a 1,000-gallon pressure tank ("Temporary PST")¹;
 - b. Install and maintain three services pumps, each with an individual capacity of 300 gpm ("Temporary Pumps")²;
 - c. Install and maintain piping from the Temporary PST and Temporary Pumps to the existing ground storage tank³; and
 - d. Install a generator that can provide emergency power for the Facility in the event of the loss of normal power supply, in accordance with 30 TEX. ADMIN. CODE § 290.45.
6. Within 135 days after the effective date of this CA, submit written certification, as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision Nos. 5.a through 5.d.
7. Within 365 days after the effective date of this CA, submit 12 consecutive monthly raw water sample results for Well No. 1 (Source ID No. G1010197A) to TCEQ for review.⁴ The results shall be submitted to:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087
8. Within 380 days after the effective date of this CA, submit written certification, as described in Provision No. 17 below, and include detailed

¹ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

² Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

³ Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

⁴ Undine shall continue to collect monthly raw water samples for Well No. 1 (Source ID No. G1010119A), have the samples analyzed, and submit the results of 12 consecutive months of raw water samples to TCEQ annually, until a sanitary control easement pursuant to 30 TEX. ADMIN. CODE § 290.41(c)(1)(F) or an exception under 30 TEX. ADMIN. CODE § 290.39(l) is obtained Well No. 1 (Source ID No. G1010119A).

supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision No. 7.

9. Within 540 days after the effective date of this CA, submit completed plans and specifications for the construction activities listed below in Provision Nos. 11.a through 11.d for TCEQ review and approval, in accordance with 30 TEX. ADMIN. CODE § 290.39. Plans and specifications shall be submitted to:

Technical Review and Oversight Team, MC-159
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the plans and specifications within 15 days after the date after such request, or by any other deadline specified in writing.

10. Within 555 days after the effective date of this CA, submit written certification as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision No. 9.
11. Within 730 days after the effective date of this CA and after TCEQ approval:
 - a. Provide a total storage capacity of 200 gallons per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(ii)⁵;
 - b. Provide a minimum well capacity of 0.6 gpm per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(i)⁶⁷;
 - c. Provide a pressure tank capacity of 20 gallons per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(iv)⁸;
 - d. Maintain all distribution system lines, storage and pressure maintenance facilities, water treatment units, and related appurtenances in a watertight condition, in accordance with 30 TEX. ADMIN. CODE § 290.46⁹;

5 Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

6 If a new water source is utilized to meet capacity for the Facility, Undine shall submit all required documentation to TCEQ and receive approval from the Executive Director prior to placing the well into service, in accordance with 30 TEX. ADMIN. CODE § 290.41. Further, corrosive water will not be approved as a new source for the Facility without approved corrosion control treatment.

7 Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

8 Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

9 Undine shall not begin this construction activity prior to receiving TCEQ approval of the plans and specifications.

- e. Assure that all existing and temporary equipment, including GSTs; pumps; and piping, not utilized for the operation of the Facility is removed from the site and properly disposed or recycled; and
- f. Obtain a sanitary control easement that covers the land within 150 feet of each of the Facility's active wells, in accordance with 30 TEX. ADMIN. CODE § 290.41, or obtain Commission approval of an exception to the easement requirement pursuant to 30 TEX. ADMIN. CODE § 290.39(l). Any exception requests shall be submitted to:

Technical Review and Oversight Team, MC-159
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

- 12. Within 745 days after the effective date of this CA, submit written certification as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision Nos. 11.a through 11.f.
- 13. Within 910 days after the effective date of this CA, complete a line leak detection survey of the entire distribution system.
- 14. Within 925 days after the effective date of this CA, submit written certification as described in Provision No. 17 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision No. 13.
- 15. Within 940 days after the effective date of this CA, submit documentation of the results of the line leak detection survey, including the location of identified leaks and proposed corrective actions and timelines to repair identified leaks, to TCEQ. Documentation of the line leak detection survey shall be submitted to:
 - Plan Review Team, MC-159
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087
- 16. Within 955 days after the effective date of this CA, submit written certification as described in Provision No. 13 below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Provision No. 11.
- 17. The certifications and supporting documentation required by these Provisions shall be signed by Undine and shall include the following certification language:

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true,

accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of 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

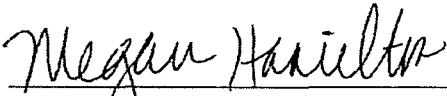
with a copy to:

Water Section Manager
Houston Regional Office
Texas Commission on Environmental Quality
5425 Polk Street, Suite H
Houston, Texas 77023-1452

18. Starting from the effective date of this CA, submit progress reports to the addresses identified in Provision No. 13 on a quarterly basis and until such time as compliance is achieved with Provision Nos. 1 through 12.
19. The Executive Director may grant an extension of any deadline in this CA or in any plan, report, or other document submitted pursuant to this CA, upon a written and substantiated showing of good cause. All requests for extensions by Undine shall be made in writing to the Executive Director and submitted to the addresses identified in Provision No. 13. Extensions are not effective until Undine receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
20. This CA shall terminate either three years from its effective date or upon completion of Provision Nos. 1 through 12, whichever occurs first.
21. This CA shall in no manner preclude TCEQ from initiating enforcement actions against Undine, for the entirety of the CA's term, for violations, other than the violations specifically listed in the Violations section of this CA, occurring at the Facility which exceed levels protective of human health or the environment.

In return for Undine's agreement and adherence to the terms of this CA, the Executive Director will withhold further enforcement actions based upon the violations specifically addressed within this CA until the termination date. Should unforeseen circumstances indicate a need to alter the terms of this CA, Undine must immediately notify the Executive Director so that an amendment can be discussed.

Acceptance of the terms of this CA are indicated by the signatures below.

_____ Printed Name of Authorized Representative Undine Texas, LLC	_____ Title
_____ Authorized Representative Undine Texas, LLC 	_____ Date 3/13/2018
Megan Hamilton, Manager Drinking Water Section Enforcement Division	Date

Attachment A

TCEQ Emergency Order Against SUBURBAN UTILITY CO
March 27, 2017

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

April 4, 2017

Via Certified Mail, Return Receipt
Requested, Article No. 7011 0470
0003 6425 5849 and Via First Class
Mail, Postage Pre-paid
Mitchell M. Martin, Jr.
27493 Hanna Road, Suite 2
Conroe, Texas 77385

Via Certified Mail, Return Receipt
Requested, Article No. 7011 0470
0003 6425 5863 and Via First Class
Mail, Postage Pre-paid
Mitchell M. Martin, Jr.
P.O. Box 58
Spring, Texas 77383-0058

Via Certified Mail, Return Receipt
Requested, Article No. 7011 0470
0003 6425 5856 and Via First Class
Mail, Postage Pre-paid
Michael Martin
27493 Hanna Road, Suite 2
Conroe, Texas 77385

Via Certified Mail, Return Receipt
Requested, Article No. 7011 0470
0003 6425 5429 and Via First Class
Mail, Postage Pre-paid
Les Romo
307 Shannon Lane
Georgetown, Texas 78628-3655

Re: SUBURBAN UTILITY CO
TCEQ DOCKET NO. 2017-0392-UCR-E
**REVISED Notice of Emergency Order and of Hearing to Modify,
Affirm, or Set Aside**

Dear Messrs. Martin:

On March 27, 2017, the Executive Director of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") issued an Emergency Order pursuant to TEX. WATER CODE chs. 5 and 13, TEX. HEALTH & SAFETY CODE ch. 341, and 30 TEX. ADMIN. CODE chs. 35, 290, and 291. The party made the subject to this order is SUBURBAN UTILITY CO. The Emergency Order appointed Quadvest L.P. as temporary manager of the public water systems located at 2622 1/2 Balmorhea Avenue, Harris County; 13141 Flagstaff Lane and 12709 Danvers Lane, Harris County; 12026 Hamblin, Harris County; and 8119 Jackstone Drive, Harris County.

Pursuant to TEX. WATER CODE § 5.504 the Commission will consider whether to affirm, modify, or set aside the Emergency Order issued on March 27, 2017. Therefore, the Executive Director has scheduled this matter to be presented at the


State of Texas
County of Travis
APR 04 2017
I hereby certify this is a true and correct copy of a
Texas Commission on Environmental Quality (TCEQ)
document, which is filed in the Records of the Commission,
Given under my hand and the seal of office.
Sharon Henderson
Attest: Sharon Henderson
Texas Commission on Environmental Quality

SUBURBAN UTILITY CO
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Commission's regular Agenda meeting on **May 24, 2017¹**. The Agenda begins at **9:30 a.m.** and will be held at **TCEQ Park 35 Complex, 12118 North I-35, Building E, Room 201 S, Austin, Texas**. The enclosed documentation is provided to you as a record of the materials that have been submitted to the Chief Clerk's Office and will be used in the Commission's Agenda process.

Additionally, please be advised that, pursuant to 30 TEX. ADMIN. CODE § 35.25(c), **you may request at the time of the Agenda an evidentiary hearing on issuance of the Emergency Order**. An Administrative Law Judge will be available to conduct a hearing at Agenda on May 24, 2017. If you have any questions, please contact the TCEQ Litigation Division at (512) 239-3400.

Sincerely,



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

Enclosure

cc: Bryan Eastham, Water Section Manager, Houston Regional Office
Alex Hinz, Receivership Coordinator
Vic McWherter, Office of Public Interest Counsel
Taylor Kilroy, Office of the Public Utility Counsel
Quadvest L.P. c/o Simon Sequeira, Temporary Manager, P.O. Box 409,
Tomball, Texas 77377

¹ This matter was originally set for the May 10, 2017 Agenda meeting, however, pursuant to a request from SUBURBAN UTILITY CO's counsel this matter has been reset for the May 24, 2017 Agenda meeting.

TCEQ DOCKET NO. 2017-0392-UCR-E

IN THE MATTER OF	§	BEFORE THE
AN ENFORCEMENT ACTION AGAINST	§	
SUBURBAN UTILITY CO;	§	TEXAS COMMISSION ON
RN101175057; RN101241081;	§	
RN101252963; RN101209922	§	ENVIRONMENTAL QUALITY

**EMERGENCY ORDER
APPOINTING A TEMPORARY MANAGER
OF A WATER UTILITY**

On March 27, 2017, the Executive Director of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") issued this Emergency Order pursuant to TEX. WATER CODE chs. 5 and 13, TEX. HEALTH & SAFETY CODE ch. 341, and 30 TEX. ADMIN. CODE chs. 35, 290, and 291. The party made subject to this order is SUBURBAN UTILITY CO ("Suburban").

**I.
FINDINGS OF FACT**

1. Suburban owns and operates the following public water systems:
(1) Castlewood Subdivision located at 2622 ½ Balmorhea Avenue, Harris County, Texas; (2) Beaumont Place located at 13141 Flagstaff Lane and 12709 Danvers Lane, Harris County, Texas; (3) Cypress Bend Subdivision located at 12026 Hamblin in Harris County, Texas; and (4) Reservoir Acres Subdivision located at 8119 Jackstone Drive in Harris County, Texas (collectively, the "Utility").
2. The Utility provides potable water service for compensation to approximately 336 service connections at Castlewood Subdivision; approximately 694 service connections at Beaumont Place; approximately 228 service connections at Cypress Bend Subdivision; and approximately 209 service connections at Reservoir Acres Subdivision. Each system serves at least 25 people per day for at least 60 days per year, and provides water for human consumption. As such, the Utility consists of four public water systems ("PWSs") as defined in 30 TEX. ADMIN. CODE § 290.38(69).
3. The Utility operates pursuant to Certificate of Convenience and Necessity No. 10835.
4. Commission records and the Secretary of State database show that the mailing addresses for the Utility and its attorney are as follows:

Mitchell M. Martin, Jr.
President, SUBURBAN UTILITY CO
27493 Hanna Road, Suite 2
Conroe, Texas 77385

Mitchell M. Martin, Jr.
President, SUBURBAN UTILITY CO

P.O. Box 58
Spring, Texas 77383-0058

Michael Martin
Vice President, SUBURBAN UTILITY CO
27493 Hanna Road, Suite 2
Conroe, Texas 77385

Les Romo
Law Office of Les Romo
307 Shannon Lane
Georgetown, Texas 78628-3655

5. The Utility has displayed a pattern of hostility to its customers by repeatedly failing to respond to complaints and inquiries and has thereby abandoned the provision of service. Necessary repairs are required to ensure continuous and adequate water service to the Utility's customers.
6. The Utility has failed to adequately maintain facilities which has resulted in repeated service interruptions and potential health hazards. The Utility is non-compliant with the Agreed Final Judgement and Permanent Injunction¹ issued by the 353rd Travis County Judicial District Court on January 19, 2016 (the "AFJ") ("Exhibit A").
7. TCEQ referred the Utility to the Office of the Attorney General ("OAG") for the appointment of a receiver, pursuant to TEX. WATER CODE § 13.412, on September 16, 2013 and March 3, 2017.
8. The AFJ required the Utility to pay to the State civil penalties and attorney's fees and to complete injunctive provisions at each of its four PWSs by specific deadlines. On November 22, 2016, the TCEQ granted the Utility a deadline extension to complete the following AFJ injunctive provisions by March 17, 2017: 3.1.B, 3.1.C, 3.2.C, 3.2.D, 3.2.E, 3.2.F, 3.3.A, 3.3.B, 3.3.C, 3.3.D, 3.4.D, 3.4.E, and 3.4.F ("Exhibit B").
9. On March 21, 2017, during a comprehensive compliance investigation at Castlewood Subdivision, TCEQ Regional Office investigators documented the Utility:
 - a. Failed to maintain the ground storage tank in a watertight condition, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(4) and AFJ injunctive provision 3.1.A;
 - b. Failed to provide two or more wells having a total capacity of 0.6 gallon per minute ("gpm") per connection or 203.4 total gpm, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(i) and AFJ injunctive provision 3.1.B. Specifically, the total capacity was 150 gpm, approximately 28% deficient;
 - c. Failed to provide a total storage capacity of 200 gallons per connection or 67,800 total gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(ii) and AFJ injunctive provision 3.1.C. Specifically, the total storage capacity was zero, 100% deficient;

¹ Cause No. D-1-GN-14-003376

- d. Failed to provide service pump capacity of 2.0 gallons per minute per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iii). Specifically, the total service pump capacity was 310 gpm, approximately 55% deficient;
 - e. Failed to provide a copy of an electrical inspection report documenting that the electrical system is in accordance with local and national codes, in violation of AFJ injunctive provision 3.1.E;
 - f. Failed to verify installation of electronic phase monitor, in violation of AFJ injunctive provision 3.1.G;
 - g. Failed to provide an annual report that includes 12 months of Monthly Water Quantity Comparison reports, in violation of AFJ injunctive provision 3.1.H;
 - h. Failed to provide an infrastructure replacement plan that includes a schedule for replacement of water distribution lines that are past their useful life, in violation of AFJ injunctive provision 3.1.J;
 - i. Failed to maintain the ground storage tank by not removing corrosion, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - j. Failed to maintain the distribution lines leading to the ground storage tank by not removing corrosion, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - k. Failed to obtain a sanitary control easement for Well No. 1 (Source ID No. G101011A), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F);
 - l. Failed to maintain service pumps in good working condition, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(6); and
 - m. Failed to provide an up-to-date chemical and microbiological monitoring plan, in violation of 30 TEX. ADMIN. CODE § 290.121.
10. On March 21, 2017, during a comprehensive compliance investigation at Beaumont Place, TCEQ Regional Office investigators documented the Utility:
- a. Failed to provide a copy of an electrical inspection report documenting that the electrical system is in accordance with local and national codes, in violation of AFJ injunctive provision 3.2.A;
 - b. Failed to maintain the ground storage tank in a watertight condition, in violation of 30 TEX. ADMIN. CODE § 290.46(m)(4) and AFJ injunctive provision 3.2.B;
 - c. Failed to provide two or more wells having a total capacity of 0.6 gpm per connection or 317.4 total gpm, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(i) and AFJ injunctive provision 3.2.C. Specifically, the total capacity was 195 gpm, approximately 53% deficient;
 - d. Failed to provide a total storage capacity of 200 gallons per connection or 105,800 total gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(ii) and AFJ injunctive provision 3.2.D.

Specifically, the total storage capacity was 23,000 gallons, approximately 83% deficient;

- e. Failed to provide pressure tank capacity of 20 gallons per connection or 10,580 gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iv) and AFJ injunctive provision 3.2.E. Specifically, the pressure tank capacity was 900 gallons, approximately 94% deficient;
 - f. Failed to obtain a sanitary control easement for Well No. 1 (Source ID No. 1010098A) and Well No. 2 (Source ID No. 1010098B) and failed to obtain an exception under 30 TEX. ADMIN. CODE § 290.39(l), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F) and AFJ injunctive provision 3.2.F;
 - g. Failed to provide service pump capacity of 2.0 gallons per minute per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(D)(iii). Specifically, the total service pump capacity was 620 gpm, approximately 55% deficient;
 - h. Failed to provide an up-to-date chemical and microbiological monitoring plan, in violation of 30 TEX. ADMIN. CODE § 290.121;
 - i. Failed to provide an accurate and up-to-date map of the distribution system, in violation of 30 TEX. ADMIN. CODE § 290.46(n);
 - j. Failed to notify the Executive Director prior to installing a new 0.0009 million gallon pressure tank to the public water supply system, in violation of 30 TEX. ADMIN. CODE § 290.39(h)(1);
 - k. Failed to maintain the fence line by not removing vegetation, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - l. Failed to maintain the fence line by not repairing the damaged fence, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - m. Failed to provide an 85% planning report, in violation of 30 TEX. ADMIN. CODE § 291.93(3);
 - n. Failed to provide documentation verifying the status of abandoned Well No. 3 (Source ID No. G1010098C), in violation of 30 TEX. ADMIN. CODE § 290.46(u); and
 - o. Failed to have the public water system's operating records accessible for review during the investigation and available upon request by the Executive Director, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2). Specifically, the following records were not accessible for review during the investigation: a CSI certificate, monthly flushing records, and a well meter calibration for Well No. 1 (Source ID No. G1010098A) and Well No. 2 (Source ID No. G1010098B).
11. On March 21, 2017, during a comprehensive compliance investigation at Reservoir Acres, TCEQ Regional Office investigators documented the Utility:
- a. Failed to maintain electrical wiring in conduit and failed to provide a copy of an electrical inspection report, in violation of 30 TEX. ADMIN. CODE § 290.46(v) and AFJ injunctive provision 3.3.A;

- b. Failed to provide a total storage capacity of 200 gallons per connection or 43,400 total gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(ii) and AFJ injunctive provision 3.3.B. Specifically, the total storage capacity was 23,000 gallons, approximately 48% deficient;
 - c. Failed to provide pressure tank capacity of 20 gallons per connection or 4,340 total gallons, whichever is more, or an elevated storage capacity of 100 gallons per connection or 21,700 gallons, whichever is more, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(iv) and AFJ injunctive provision 3.3.C. Specifically, the pressure tank capacity was zero, 100% deficient;
 - d. Failed to obtain a sanitary control easement for Well No. 1 (Source ID no. 1010197A) and failed to obtain an exception under 30 TEX. ADMIN. CODE § 290.39(l), in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F) and AFJ injunctive provision 3.3.D;
 - e. Failed to provide a monitoring plan, in violation of 30 TEX. ADMIN. CODE § 290.121;
 - f. Failed to provide an 85% Planning Report, in violation of 30 TEX. ADMIN. CODE § 291.93(3);
 - g. Failed to maintain the barbed wire along the fence line, in violation of 30 TEX. ADMIN. CODE § 290.46(m);
 - h. Failed to provide documentation verifying that Well No. 1 (Source ID no. G1010197A) is being maintained in a non-deteriorated state or documentation verifying that Well No. 1 will either be plugged with cement or repaired to a non-deteriorated condition, and failed to provide documentation verifying that capped Well No. 3 (Source ID no. G1010197C) will either be plugged with cement or repaired to a non-deteriorated condition, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(4); and
 - i. Failed to provide the well meter calibration for Well No. 2 (Source ID no. 1010197B), in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2).
12. On March 21, 2017, during a comprehensive compliance investigation at Cypress Bend, TCEQ Regional Office investigators documented the Utility:
- a. Failed to provide a copy of interior and exterior ground storage tank and pressure tank inspections, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2) and AFJ injunctive provision 3.4.A;
 - b. Failed to provide a copy of well meter calibration report for Well No. 1 (Source ID no. G1010119C), in violation of 30 TEX. ADMIN. CODE § 290.46(f)(2) and AFJ injunctive provision 3.4.B;
 - c. Failed to provide a copy of monthly reports of water works operation, in violation of 30 TEX. ADMIN. CODE § 290.46(f)(3)(A) and AFJ injunctive provision 3.4.C;
 - d. Failed to provide a total storage capacity of 200 gallons per connection or 46,200 total gallons, whichever is more, in violation of 30 TEX.